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CASE: Sarky Mouradian vs. Bankers Multiple Line Insurance Company
 No: CV 90-38274-GB (MCK)

X-Comp: Bankers vs. Sue Visco 3/20/95
 JUDGE: Lourdes G. Baird U.S. Central District
 TRIAL: 2 Weeks JURY OUT: 4 Hours POLL: 12-0

FACTS

Bifurcated Trial on liability and punitive damages

11/89: Plaintiff, Armenian submitted an application and payment of three months of premium to agent Sue Visco for health insurance policy from Bankers Multiple Line Insurance Company. The application was signed and completed. The premium money was received by Visco, in November of 1989. During the application process, Mouradian revealed to Visco that he had previously undergone bypass surgery. He currently was in good health and not feeling any symptoms. In January 1990, prior to any receipt of acceptance of his application from Bankers, the Plaintiff underwent quadruple bypass surgery. The Plaintiff was required to pay \$20,000 for the hospitalization and surgery. An additional \$13,000 in other miscellaneous medical expenses prior to the date of surgery. Subsequent to the date of the Plaintiff's heart surgery, Bankers rejected the Plaintiff's application for health insurance coverage.

Plaintiff claimed he had not been interested in purchasing health insurance. He was convinced to do so because he was "hounded" by endless phone calls from Bankers' agent, Visco. The only reason he agreed to fill out the application and pay the three months of premium was based upon representations made to him by Visco. Visco had checked with the company and confirmed that the Plaintiff would be immediately accepted for coverage upon completion of the application and forwarding of the premium. He would have immediate health insurance coverage for all parts of his body, including his heart. Subsequent handling and processing of his health insurance application by Bankers was negligent and in bad faith.

The underwriter's who processed did not have sufficient knowledge of the company's rules and regulations. As a result of the failure of Bankers to confirm coverage for the operation on the date, he was subjected to one day delay in the surgery. This put his life at stake. He suffered severe emotional distress as a result of the delay. He was required to garner \$20,000 for payment to the hospital prior to the time the hospital would agree to perform the operation, because the hospital could not confirm his insurance coverage with Bankers.

Defendant argued Visco had not represented to Plaintiff that simply by signing the application he would be guaranteed immediate full and complete coverage for his entire body, including his heart. There was never a claim submitted to it, or any inquiry made as to the status of the Plaintiff's coverage until after the surgery had been performed. They had absolutely no responsibility for the events which occurred regarding the scheduling and purported delay of the Plaintiff's surgery. The application had been timely and thoroughly processed, in accordance with all of Bankers' internal rules and regulations. If they were required to pay for the heart surgery and all other medical expenses incurred up until the date Bankers formally rejected his application, it would be as a sole and exclusive result of representations purportedly made by Visco, which Visco was not authorized to make. Bankers sought full and complete indemnity from Visco for any amounts awarded against it and in favor of Plaintiff. Visco contended she never advised the Plaintiff that simply by signing the application he would have immediate complete and full insurance coverage for all parts of his body, including his heart. She advised the Plaintiff that the application would be processed. The company would determine whether his pre-existing condition would be excluded and, if so, on either a permanent or temporary basis. Visco explained the conditional nature of the policy to the Plaintiff, in light of the fact that he did provide her with three months of premium. The explanation of the conditional receipt to the Plaintiff and her explanation to Plaintiff as to what types of coverage, if any, he could be provided by Bankers was all in accordance with the training she received from Bankers. Visco denied that the Plaintiff had suffered any emotional distress as a result of any concert by either Visco or Bankers. Any emotional distress purportedly being suffered by the Plaintiff and any resulting depression therefrom was as a result of his heart disease and need for a second serious heart operation.

INJURIES: Emotional distress including depression and anxiety.

MEDICAL COSTS: \$33,000

DEMAND: Between \$3,000,000 and \$5,000,000

OFFER: \$100,000 from Bankers

VERDICT

\$28,544 against Bankers on Complaint; this included medical expenses with the \$5,000 deductible.

Defense against Visco on Cross-Complaint