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| MEMORANDUM FOR | MARY SMITH<br>TOM FREEDMAN |
| FROM: | JOSEPH C. FANAROFF |
| RE: | DeGette Amendment |
| DATE: | JULY 20, 1998 |

Domestic violence insurance

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**Overview.** Stacie Spector asked me to review the attached documents from the office of Congresswoman Diana DeGette (D-CO) regarding her inclusion in H.R. 10 (The Financial Services Modernization Bill) of an amendment protecting the survivors of domestic violence from insurance discrimination. I am forwarding this information to you for (1) your sense of where the DeGette Amendment fits in with our policy on insurance and (2) whether an event or some statement would be warranted regarding the amendment.

**Background.** Congresswoman Diana DeGette (D-CO) secured the inclusion of an amendment in H.R. 10, The Financial Services Modernization Bill, which protects the survivors of domestic violence from discrimination by insurance companies. Prior to the passage of this legislation, 27 states offered no protections, allowing insurers to deny coverage for destruction of property (real or personal) caused through domestic violence or cancel a policy where a person was deemed "too risky." Thus, survivors of domestic violence could be placed in the same category as skydivers or skyscraper window washers -- high risk, high premium, and subject to cancellation. For example, in Colorado, a woman's car was torched by an ex-boyfriend. The woman's insurance then increased. The DeGette Amendment offers a minimum level of protection throughout the country so such occurances will not result in increased premiums or outright cancellation of the policy.

**Conclusion.** Please review the attached documents and get back to me with your feedback. I can be reached at 6-5688.

# THE DENVER POST

*Voice of the Rocky Mountain Empire* 25¢

DATE: 5/23/98 PAGE: 25A

COLORADO

THE DENVER POST 25A


# Bill would ban insurance company bias

## Abuse victims denied coverage

By Elliot Zaret
States News Service

WASHINGTON — Seven years had passed since Judy pressed charges against her husband for breaking her nose with a shoe he threw at her and their baby. After that 1987 incident, her husband received treatment for the substance-abuse problem that caused the violent episodes, and Judy and her family were happy again.

So it came as something of a shock in 1994 when Judy — who spoke on the condition that her real name not be used — was denied health insurance because she'd "chosen to live a dangerous lifestyle."

Like many victims of domestic violence, Judy says she was lumped into the same actuarial category as skydivers, motorcyclists and scuba divers.

DeGette

Her case helps shed light on a practice by many insurance companies of denying coverage because domestic violence victims ostensibly have an increased risk of repeated personal harm or damage to their property.

But buried in the comprehensive banking and insurance bill passed by the House last week was an amendment by U.S. Rep. Diana DeGette, D-Denver, that would ban insurance companies from using domestic violence as a criterion in deciding whether to insure someone, at what rate and what claims will be paid.

"None of us choose to be a victim of a crime," said Judy, who lives in suburban Philadelphia with her husband and three children. "First you're victimized by the criminal, then you're victimized by the insurance companies."

Some insurance industry lobbyists categorically deny that the practice occurs. And though the industry has not taken an official position on the amendment, it has been lobbying behind the scenes against the measure.

"Anything that interferes with the insurance company's ability to assess risk inevitably will result in the insurer having to compensate by raising prices throughout the market," said Richard Coorsh, spokesman for the Health Insurance Association of America.

Please see BAN on 28A



# Bill would ban bias

BAN from Page 25A

"Ultimately, the consumer will lose out."

Insurance lobbyists add that a federal law is not necessary because about 30 states — including Colorado last year — have passed their own laws banning the practice. But advocates say those laws aren't enough.

"States have their bills, but there's enormous variation in terms of what they do, how far they reach and what 'buts' the insurers were able to lobby into them," said Terry Fromson, director of the Women's Law Project in Philadelphia.

Making sure every state has the same set of laws would help victims who leave their home states when fleeing an abusive spouse, Fromson said.

The practice isn't limited to individuals. The Colorado Coalition Against Domestic Violence was denied insurance in 1996 by more than eight companies simply because its name included the term "domestic violence," said coalition director Laine Gibbes.

### Practice widespread

The insurance companies told Gibbes they assumed the coalition was a shelter for abused women and would run the risk of retaliatory actions from spouses. However, the group is only a coalition of state service providers and does no hands-on work with battered women.

Despite the state laws and the fact that many companies have voluntarily stopped denying coverage, the practice is still widespread, DeGette said.

"I spoke at an insurance industry luncheon a couple of months ago and the members of the association actually believe strongly that they should be able to use domestic violence as an underwriting condition," DeGette said. "It's still a practice that very much goes on."

DeGette added that the companies that have stopped the practice have become proponents of her amendment.

"The companies that self-regulated, they're at a competitive disadvantage for having a social conscience," she said. "So we're helping them level the playing field."

Statistics are sparse on just how widespread the practice is, largely because domestic violence victims often are afraid to come forward for fear of further abuse, and because insurance companies are not required to tell people why they have been denied insurance.

### Firms consider abuse

But two 1995 studies by the insurance commissioners of Pennsylvania and Kansas found that 24 percent of responding insurance companies took domestic violence into account in determining whether to issue or renew insurance. The Pennsylvania study showed that among life insurance companies, as many as 74 percent looked for domestic violence when deciding about new applicants.

Because of those studies, the National Association of Insurance Commissioners designed model laws to ban the practice. Many of the state laws, as well as DeGette's amendment, are based on those models.

The banking bill, which would blur the distinction between banks and insurance companies, still needs to pass the Senate — and DeGette's amendment would have to be carried in the bill, too, in order for it to become law.

But to Judy, the real issue is that without the law, battered spouses are sent the wrong message.

"You're telling women that if you seek help, if you pick up the phone to protect your children, you risk not getting insurance," Judy said. "Because you were responsible enough to try to do something about it, you could be denied insurance."


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THE DENVER POST

*Voice of the Rocky Mountain Empire* ** 25¢

DATE: 5/28/98 PAGE: 10B

# Cover domestic victims

Insurance companies remain mired in the Middle Ages concerning domestic violence, by denying coverage to victims or outrageously raising their premiums.

If a family is victimized by a stranger, an insurer would cover the damage. But if the crime is committed by a domestic-violence perpetrator, the victim may receive no or very limited coverage. The victim thus is harmed twice — first by the criminal, then by the insurer.

In Colorado, an estranged husband set fire to a Westminster woman's home, but Farmers Insurance said it would pay only half the repair bill, noting that was all the law required the company to do. Since a family can't live in half a house, however, the woman has been camping in a tent outside her charred home. On Tuesday, the Homebuilders' Foundation of Metro Denver offered to rebuild the house — but the group's laudable charity still can't substitute for better domestic-violence protection laws.

Insurers label domestic violence a "voluntary lifestyle," yet the industry's own practices often force victims to remain with their abusers — because victims can't obtain health, life, disability, auto or home coverage if they leave.

In Pennsylvania and California, insurers have refused to pay victims' medical bills. In Iowa, a woman who had been sexually assaulted as a child — but had an adult record of good health — was denied disability insurance. In Georgia, a woman was refused auto and home policies because the insurer said her estranged husband might run her off the road or burn her home. In each case, the victim, not the abuser, was penalized financially.

Twenty-three states, including Colorado, have laws that supposedly protect domestic-violence victims against insurance discrimination. But as the Westminster case shows, state law doesn't go far enough.

U.S. Rep. Diana DeGette, a Denver Democrat, recently attached an amendment to a broader federal finance-industry measure that would strengthen laws in states that have anti-discrimination rules, and protect domestic-violence victims in the 27 states that lack such statutes.

The House included DeGette's amendment when it passed the broader measure, HR 10, which now awaits Senate action. U.S. Sen. Wayne Allard, the Colorado Republican who sits on the banking committee where the measure likely will be assigned, should see that the amendment remains in the legislation when it's sent to the floor.

DeGette's idea could be further strengthened: Tell insurance companies that while they can't deny domestic-violence claims, they can seek reimbursement from the perpetrators. The change would signal abusers that they, not their victims, are on the hook financially for these real and dangerous crimes.

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Rocky Mountain News

11/4/97 14A Rocky Mountain News Tues., Nov. 4, 1997

# DeGette pushes for insurance fairness

## Amendment to prevent prejudice against victims of domestic violence

By Michael Romano
*Rocky Mountain News Washington Bureau*

WASHINGTON — Congresswoman Diana DeGette has pushed through an amendment to prohibit insurance companies from the once-common practice of hiking premiums — or refusing coverage — to victims of domestic violence.

DeGette's amendment to a new regulatory law would mirror legislation already enacted by 23 states, including Colorado, to prevent insurance companies from discriminating against women and children who have been battered by boyfriends, spouses or parents.

"Like skydivers or skyscraper window-washers, domestic-violence survivors are placed in higher risk categories," said DeGette, a Denver Democrat. "Survivors of domestic violence should not be victimized again by being denied insurance or charged outrageous amounts for a policy."

DeGette's amendment, passed last week in the Commerce Committee, would add the weight of a federal statute to existing state laws that now prohibit the practice.

Impetus for the law came after a 1994 survey showed that some major insurance companies, concerned with the costs associated with domestic violence, were routinely denying life, health and other coverage to victims.

Domestic violence leads to about 10,000 days of hospitalization and 30,000 emergency room visits a year in the U.S., according to statistics from State Farm, which supported the Colorado law.

In Colorado, one study indicated, histories of domestic violence were considered by about 11% of all insurers — a figure many believe to be much higher. Colorado's law is among the toughest in the nation, covering all lines of insurance.

"What this federal statute does is tell insurance companies that you can't discriminate just on the basis of domestic violence no matter where you are," said Laine Gibbes, executive director of the Colorado Coalition Against Domestic Violence.

DeGette's amendment was passed as part of a House Commerce Committee bill that regulates federally licensed banks and insurance companies. Individual states must pass their own laws to cover state-chartered insurance companies.

"Too often," DeGette said, "domestic violence survivors are trying to put their lives back together and cope with a life-threatening or a life-altering situation. At this crucial time, some insurers raise their rates or cancel their health, life, property or homeowner's insurance."

J.S. Representative
# Diana DeGette
First Congressional District of Colorado

**PRESS RELEASE**

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FOR IMMEDIATE RELEASE: May 13, 1998

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# BORED WITH YOUR HR10 STORY?

## DEGETTE'S INSURANCE PROTECTIONS FOR DOMESTIC VIOLENCE SURVIVORS INCLUDED IN FINANCIAL MODERNIZATION BILL

**Washington** Congresswoman Diana DeGette (D - CO) scored a legislative victory today by protecting survivors of domestic violence from insurance discrimination. In October, DeGette had passed an amendment to H.R. 10, the Financial Services Modernization Bill in the Commerce Committee that prohibited insurance companies from discriminating against survivors of domestic violence. Since that time, DeGette has worked diligently to retain the protections which were inclu in the final bill the House passed today.

"Domestic violence is a crime, not a career. In many cases, insurers have denied or increased the cost of coverage for domestic violence survivors because their domestic violence experiences are classified as a 'voluntary lifestyle'. Like skydivers or skyscraper window washers, domestic violence survivors are placed in higher risk categories. Survivors of domestic violence should not be victimized again be being denied insurance or charged outrageous amounts for a policy," said DeGette.

DeGette's legislation will ensure that there is a minimum level of protection against insurance discrimination for domestic violence survivors no matter which state they reside. Some conscientious insurance companies already explicitly prohibit the practice while other less scrupulous ones do not. "Too often, when domestic violence survivors are trying to put their lives back together and cope with a life-threatening and life-altering situation," DeGette said. "At this crucial time, some insurers raise their rates or cancel their health, life, property or homeowner's insurance."

Examples abound about the lack of sensitivity and discriminatory treatment some insurers carry out against domestic violence survivors. In Colorado, a man obtained the VIN numbers of his former girlfriend's car to track her down. He then torched the car and her auto insurance premiums subsequently increased. In Washington state, a woman's property insurance claim was denied for incomplete risk coverage after an ex-boyfriend broke into her house, beat her and stole $5000 worth of personal items.

Representative Michael Oxley (R-FL), the Commerce Finance and Hazardous Materials subcommittee chairman praised the domestic violence protections included in the bill. "Representative DeGette deserves our respect for bringing a solution to the problems of domestic violence victims before the Commerce Committee," he said. "Her efforts, included in the financial services modernization bill now ready for a House floor vote, mean that life for battered women will be a little easier in the future."

Without the inclusion of DeGette's language in the financial modernization bill, some insurers offering property, casualty or life policies could discriminate in many of the twenty-three previously protected states and in all of the states without a law. Through 'functional regulation' of insurance, all companies interested in selling insurance would compete on a level playing field that now includes DeGette's provision that domestic violence cannot be a factor in setting policies. DeGette worked closely with Reps. Sanders and Morella who introduced similar legislation early in the 105th Congress and also worked to include the anti-discrimination language in the Violence Against Women Act II.

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U.S. Representative
**Diana DeGette**
**First Congressional District of Colorado**

**PRESS RELEASE**

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FOR IMMEDIATE RELEASE: October 30, 1997

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# DEGETTE PASSES INSURANCE PROTECTIONS FOR DOMESTIC VIOLENCE VICTIMS IN COMMERCE COMMITTEE

## *Denver Freshman inserts language into Commerce Committee's banking-insurance legislation to prohibit insurance discrimination against domestic violence victims*

**Washington** Congresswoman Diana DeGette (D - CO) scored a legislative victory for survivors of domestic violence today when she passed an amendment to a Commerce Committee bill regulating banks and insurance companies that prohibits insurance discrimination against survivors of domestic violence.

"Domestic violence is a crime, not a career. In many cases, insurers have denied or increased the cost of coverage for domestic violence survivors because their domestic violence experiences are classified as a 'voluntary lifestyle'. Like skydivers or skyscraper window washers, domestic violence survivors are placed in higher risk categories. Survivors of domestic violence should not be victimized again be being denied insurance or charged outrageous amounts for a policy," said DeGette, on the impact of her amendment when it becomes law.

A 1994 survey by the House Judiciary committee revealed that eight of the nation's sixteen largest insurers used domestic violence as a factor when deciding whether to issue a policy and what rates to charge. Since 1994, twenty-seven states have taken action to prohibit insurance discrimination against survivors of domestic violence. DeGette's legislation will not only ensures the same guarantees in the remaining states, but also create a national standard to protect all domestic violence survivors. Many conscientious insurance companies specifically prohibit the practice. Some less scrupulous ones do not.

"Too often, domestic violence survivors are trying to put their lives back together and cope with a life-threatening and life-altering situation," DeGette said. "At this crucial time, some insurers raise their rates or cancel their health, life, property or homeowner's insurance. As we commemorate the end of Domestic Violence Awareness Month, we should celebrate this new protection for its survivors."

DeGette's amendment was passed by the Commerce Committee during consideration of H.R. 10, a bill that revises the nation's banking, securities and insurance laws and allows each industry to compete in the others' arena. Through 'functional regulation' of insurance, all companies involved with insurance would compete on a level playing field that now includes DeGette's provision prohibiting domestic violence from being factored into setting a policy.

Examples abound about the lack of sensitivity and discriminatory treatment some insurers carry out against domestic violence survivors. In Colorado, a man obtained the VIN number of his former girlfriend's car to track her down. He then torched the car and her auto insurance subsequently increased. In Washington state, a woman's property insurance claim was denied for incomplete risk coverage after an ex-boyfriend broke into her house, beat her and stole $5000 worth of personal items.

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