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"The Mother of All Insurance Frauds"

Gentlemen:

I set forth two similar incidents as examples of a specific type of insurance-legal fraud which must be exposed if the American business community is to have any chance of becoming competitive in the world market.

This fraud is not perpetrated by the public, litigants, and/or their attorneys upon insurance companies, but by the executives, managers and attorneys upon their own employer and client.

Since your organization is the leading publisher in the insurance field, including of insurance counsel, I hope that you will lend your publishing efforts in terminating such frauds.

Towards that end, in this generally distributed letter, everyone mentioned herein is being mailed a copy and their response is earnestly solicited.

1a. Every lawyer and insurance manager knows that when a surety or fidelity company is sued on its bond, the only legal and ethical course of conduct is to implead a financially responsible party, if one exists, asserting therein the subrogation and/or indemnification rights of the surety company and thus effectively "walk-away" from the litigation.

b. Impleading, is a procedure wherein a defendant brings into the action a new party on the ground that such new party is liable to the defendant for the claims of the plaintiff.

c. There probably is no legal procedure more simple than one to implead under FRCivP Rule 14[a], easily within the competence of a recent law graduate employed by house counsel for a surety company, entailing insignificant time and expense.

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2a. The aforementioned was not the course charted by General Insurance Company of America ["General"], a subsidiary of Safco Insurance Group of Seattle Washington, or Fidelity & Deposit Company of Maryland ["F&D"].

b. Both are major insurance companies who write policies of insurance throughout the United States.

c. In actions commenced in their respective home states of Washington and Maryland, with house counsel available, and financially responsible indemnitors existing, instead of employing the available services of a neophyte in the office of house counsel, major law firms, whose billing rates are among the most expensive in the venue of such actions were retained.

d(1) In Seattle, Washington, General retained the firm of Stafford, Frey, Cooper & Stewart, Esqs. ["SFC&S"], and in Baltimore, Maryland, F&D retained Whiteford, Taylor & Preston, Esqs. ["WT&P"].

(2) If an analogy is needed, it would be that of a patient employing the services of a prominent brain surgeon for the removal of a splinter from his finger when a member of his household could easily have removed same.

e. SFC&S and WT&P instead of impleading, at minimal expense to General and F&D, defended, billing General and F&D accordingly on a time and expense basis.

f(1) The executives and managers of these insurance companies, as well as the federal jurists in those courts, are aware that SFC&S and WT&P have charted an unethical course of conduct and "ripping-off" the insurance companies thereby.

(2) The courts, who seem to be always complaining about being overburdened and frivolous litigation, are extraordinarily accommodating in permitting judicial time to be expended so that the billings of prestigious law firms, such as SFC&S and WT&P, can be maximized.

(3) Employment opportunities are always available in such law firms and insurance companies for relatives and friends of judges.

(4) The open corruption between bench, retained insurance counsel and the insurance carrier, at the expense of the insurance company and public, is obvious and need not be belabored.

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g. Instructively, in the Seattle action, General and SFC&S contend that the policy limitation is \$5,000, while legal fees match or exceed such sum, all of which would have been unnecessary, including the vast expenditure of judicial time and effort, if General and/or SFC&S had impleaded.

3a. Obviously, it is the business community and the public who ultimately pay such needless legal fees of the insurance companies.

b. Also obviously, is the fact that the business community and the public is paying for the needless waste of judicial time and effort.

c. The conclusion is irresistible compelling that, directly and/or indirectly, the judiciary must be corrupt in order to tolerate these needless legal proceedings and unjustified fees.

4. Complaints to state insurance departments about such practices, does not even evoke an acknowledgment.

5. Your efforts in exposing such fraudulent practices and those who commit them, for the benefit of the American insurance and business community and the American public is solicited.

Most Respectfully,

GEORGE SASSOWER