

Insurers, CTLA Pour Big Bucks Into TV Ad Battle

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SACRAMENTO — The television advertisement attack on lawyers started last spring, fully eight or nine months before the November general election.

Sponsored by the well-funded insurance industry, they portray trial lawyers as greedy beyond redemption, blithely ripping off clients and walking away with huge fees in accident cases — fees which the ads claim are paid by escalating insurance premiums.

"They're pretty scurrilous," said Will Glennon, legal analyst and insurance expert for the California Trial Lawyers Association (CTLA). CTLA is financing some equally blunt anti-insurer ads, portraying the insurance industry as unregulated, money-grubbing and anti-consumer.

"It's going to get even nastier," Glennon added, charging that the industry was trying to divert attention from the real issue — the need for insurance reform. "They know people are upset about their rates and about them [the insurers], and they're trying to shift the anger and get people mad at lawyers instead of at insurance companies," he said.

"Everybody knows what the fundamental dynamic is here," said Special Assistant Attorney General Michael Strumwasser, who helped draft the consumer-backed initiative supported by CTLA, Attorney General John Van de Kamp and a host of consumer groups.

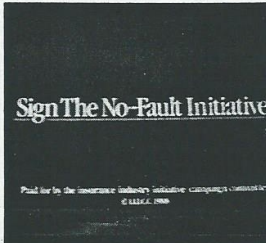
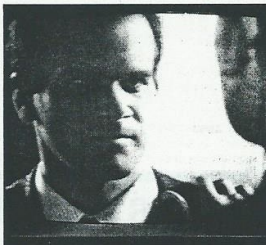
"The public really wants the insurance industry regulated," Strumwasser said. "They want antitrust laws to apply to the industry, and they want discounts for good drivers. It's a classic political maneuver that the [insurance] industry is engaged in now, to divert attention from the merits of the [consumer/CTLA-backed] initiative. We knew this was going to happen. I'm not surprised."

"I think we're going to see an unprecedented amount of money spent by insurers and trial lawyers to convince the voters that their initiatives are the best for consumers," said Harvey Rosenfield, an attorney and consumer activist who is coordinating the Ralph Nader-backed Voter Revolt Against Insurance Rates initiative, which is competing on the ballot

SEE CTLA PAGE 6



UNDERMINING LAWYERS: The above are four scenes from an insurance industry television ad.



Spot E: 'Settlement'

30 Seconds

SCENE: Three men walking together down a courthouse hallway. Two are having a conversation.

ATTORNEY: Looks good.

CLIENT: We won!

ATTORNEY: Close, the other driver settled.

CLIENT: Phew, that should just about cover it.

ATTORNEY: Now remember now, that's six for you and four for me.

TITLE UP: Lawyer's Contingency Fee: 40 percent of Auto Accident Award

CLIENT: Hey, wait a minute. They offered me eight, what did I need you for?

ATTORNEY: To represent your interests.

CLIENT: My interests, or yours, (Stalks away.)

TITLE UP: If you're angry too.

TITLE UP: Reform Our Auto Insurance System

TITLE UP: Sign the No-Fault Initiative paid for by the insurance industry initiative campaign committee.

6

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CTLA Gears Up to Fight Insurance Group

CONTINUED FROM PAGE 1

with the CTLA-backed consumer initiative as the best deal for consumers.

A recent Field Poll indicated that trial lawyers and insurers rated the lowest in public esteem in terms of which group voters would trust to sponsor a vote-worthy insurance reform initiative. Asked if they would support a reform initiative sponsored by consumer groups, voters responded positively with an overwhelming 79 percent. Insurance companies were near the bottom with 13 percent, and trial lawyers were dead last at 10 percent.

"The CTLA is vulnerable in public opinion," said Steven Miller, chairman of the Consumer Insurance Reform Coalition, which is backed by the CTLA. "So the [insurers'] campaign is to persuade people that it is a lawyers' issue. This is much more than a lawyers' issue. It's a consumer issue, and this is a consumer-backed effort."

Calling the insurers' no-fault initiative "a Trojan Horse to prevent real insurance reform," Miller said the negative, aggressive nature of the insurers' ads indicate that "they clearly have a real problem, and their ad campaign is consistent with their efforts to obfuscate the issues and distract people."

The insurance industry is also trying to convince the news media to identify the CTLA as a principal backer of the consumer initiative advertising — a tactic which Miller said is yet another insurer effort to "distract voters from the real issue."

"We are in full compliance with the law," Miller said of the anti-insurer consumer/CTLA ads. "Our committee is a controlled committee [which also includes

Attorney General John Van de Kamp, Assemblyman Lloyd Connelly, D-Sacramento, Consumers Union and Common Cause], and we are dealing appropriately in our advertising."

The lawyer-bashing ads are the work of Clinton Reilly Campaigns in San Francisco, which is managing the multimillion-dollar industry initiative effort. At a cost of \$300,000 per week, the insurers' ads started broadcasting on television stations throughout the state in April. Although Reilly spokesman Scott Carpenter is not specific about the total cost to date, he said "we are definitely into seven figures."

According to Reilly campaign documents obtained by the Voter Revolt group, and released to the press last week, the insurers' campaign budget allots \$7.8 million to "reshape voter opinion" between Feb. 1 and June 1, 1988.

Funding includes \$1.5 million for television and newspaper ads and \$1 million to obtain signatures for the ballot initiative. Between June 1 and election day, according to Voter Revolt, insurers additionally will spend between \$6.7 million and \$9.4 million on television ads alone, plus \$2.5 million for mailings.

According to disclosure documents, the CTLA's political action committee, along with individual lawyers and law firms, provided almost three-quarters of the \$2.5 million collected through July 1. CTLA representatives will confirm that they are also spending about \$300,000 a week on advertising — in weeks when the ads run. The consumer/CTLA campaign is being managed by the San Francisco campaign management firm of Woodward-

McDowell.

Like the insurers' representatives, CTLA President Gary J. Gwilliam, of Oakland's Gwilliam and Ivory, is reluctant to cite a specific figure on the amount of money CTLA has spent or plans to spend in the initiative campaign, but he said the 5,000-member organization will raise as much as possible.

"I think it's unfortunate that the insurance companies have to resort to a lot of untruths about victims' lawyers in order to avoid legitimate insurance reform," Gwilliam said. "Insurance companies are propagating a big lie about attorneys dealing unfairly with their clients as a part of [the insurers'] multimillion-dollar campaign to avoid legitimate and overdue insurance reform."

"I don't think that attorneys need to be involved in popularity contests," he added. "The fact that these ads are going to tarnish our image bothers me a bit, but I know that the trial lawyers in this state are dealing fairly with their clients, and I have a clear conscience on that issue."

No-fault spokesman Carpenter said the insurers' ads are designed to "educate" the public about an issue that is complex and unfamiliar. "This isn't your normal political race with one candidate versus another," Carpenter said. "It's a new concept to a lot of people. There has to be development of understanding. That's why we started so early."

Asked about the negative portrayal of lawyers in the ads, Carpenter said, "Part of the concept of no-fault is the elimination of lawyers from smaller claims. There has to be the development of a public understanding that lawyers are a

part of the problem." He added that the plaintiff and defense lawyers combined walk off with more money than the person the system was designed to help.

Steven Edelman, a campaign consultant in Newport Beach who is the senior consultant to another major insurance initiative campaign by Assemblyman Richard Polanco, D-Los Angeles, and Coastal Insurance Co., said his organization may spend \$3 million to \$5 million promoting the Polanco initiative.

Edelman said that backers of the Polanco initiative, which would limit accident claims for pain and suffering and limit contingency fees, will not engage in "attack" advertising to get their point across. He said the ads will be "informational" in nature, and contended that voters are tired of negative ads.

"The public perception is that [insurers and trial lawyers] are already shooting at each other," he said. "Obviously, they've taken off the gloves months ago."

The negative image of lawyers portrayed in the insurers' ads present a "sad commentary" on the legal profession, said Edelman, who practiced criminal law in Washington, D.C., before becoming a senior consultant with Campaign Management Inc. "It's the Hollywood version of the used car salesman in a three-piece, lime-green checked suit."

If advertising negativism is rated on a scale of one to 10, he said the initiative ads generally are "starting at nine."

"It's mind-boggling what these two giants [insurers and trial lawyers] can do to each other," he added. "One can only imagine how far it's going to go."