

Insurance agents may get more job security

City lawyer wins \$2.3M verdict for client fired by Nationwide

By Maria Garriga
Register Staff

New Haven lawyer Ray Garcia has scored a \$2.3 million award in U.S. District Court in Hartford against Nationwide Insurance in a case that promises to give independent insurance agents more job security.

Barring a successful appeal, the case sets a precedent under which insurance companies lose the right to terminate independent agents without cause. It would also force companies to disclose business plans and past and pending litigation to agents, Garcia said.

The Dec. 9 jury verdict marks the first time an independent insurance agent has been considered a franchisee and received protection under franchise law.

Garcia, a partner in Garcia & Milas at 44 Trumbull St., New Haven, said he believes the case will have far-reaching ramifications.

"These agents have no protections at all," Garcia said. "This affects every insurance agent in every company in every state."

His client, Alex Charts, 59, of Fairfield, won \$2.3 million in compensatory damages after the jury determined Nationwide fired Charts without good cause in 1995.

Nationwide, based in Columbus, Ohio, has asked the judge to reverse the verdict, the first step toward an appeal.

Garcia said the case invalidates a clause in the employment contracts offered to Nationwide insurance agents that allows the company to fire them without cause.

The \$2.3 million adds up to what Charts would have earned in his working life if he had not

been fired, Garcia said. He is also asking for attorney fees and court fees, which could double the award.

Charts could not be reached for comment.

The jury ruled Nationwide never informed Charts why it had fired him in writing and that the company had violated the Connecticut Franchise Act and the Connecticut Unfair Trade Practices Act.

Charts' contract required him to sell only Nationwide products, to lease his computer from Nationwide and to buy required software.

Not all insurance agents operate under such restrictions, and many sell insurance policies from different insurance companies.

Applying franchise law in an insurance case stunned some industry observers.

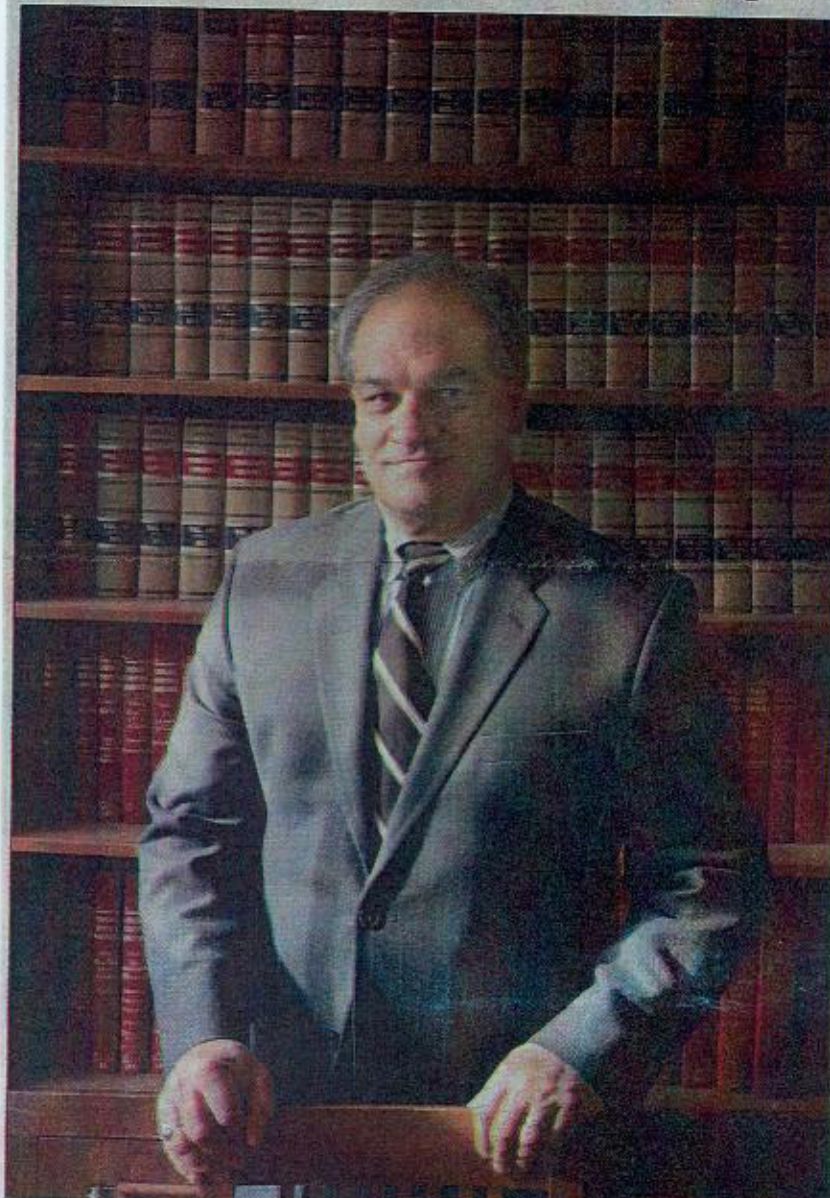
"This is uncharted waters," said Steven Imbriaco, staff attorney for the Professional Insurance Agents Associations of New York, New Jersey, Connecticut and New Hampshire. "Even if this case is upheld on appeal, it would require the courts and the insurance companies to change their view of agents."

Nationwide has 81 agents in Connecticut and 3,900 nationally.

Charts, once owner of the largest Nationwide agency in Connecticut, was fired in 1995 after 23 years with Nationwide.

"He left us no choice but to terminate his contract," said Nationwide spokesman Eric Hardgrove. Nationwide claimed Charts violated its policies by purchasing insurance for a non-family member.

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Maria Garriga/REGISTER

Ray Garcia, in his New Haven office, believes the case he won before a jury will have far-reaching ramifications.

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