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INSURANCE LAW BULLETIN

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INSURANCE LAW BULLETIN

**Re: Insurance Commissioner Determines Complaint
Is Barred By Laches**

The Maryland Insurance Commissioner recently dismissed a belated complaint alleging misrepresentations in connection with the sale of two whole life insurance policies.

In 1977, the insured's daughter took over the insured's finances and became aware that two policies (purchased in 1968 and 1971) were insufficient to cover the insured's final expenses. The insured died thirty years later, and the daughter, on behalf of the insured's estate, filed a complaint with the Maryland Insurance Administration alleging the insurer misrepresented the policies and collected far more in premiums than it paid in benefits. After the Administration denied the complaint, the daughter requested a hearing. The insurer moved to dismiss based on the doctrine of laches.

An administrative law judge, on behalf of the Commissioner, dismissed the complaint based on the doctrine of laches because: (i) the insured had an obligation to read the policies upon delivery and promptly bring any objections to the insurer's attention; (ii) the complainant knew in 1977 of the alleged wrongs, but took no action for 30 years; and (iii) the insurer was prejudiced by the delay because the insured had died, the only other witness (the insured's spouse) had also died, and the producer who sold the policies could not be located.

For further information, please contact **Derek B. Yarmis**, who represented the insurer, at 410.659.7762 or dyarmis@fblaw.com. To learn more about our firm or review past law bulletins, please visit our website at www.fblaw.com.

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