

Insurance and Safety Fire Report



Georgia Department of Insurance—John W. Oxendine, Commissioner

INSURED DAMAGES FROM GOOD FRIDAY STORMS TOPS \$100 MILLION

Insurance Commissioner John Oxendine said violent weather that struck Georgia on April 10th, (Good Friday) caused an estimated \$100 million in insured damages.

“Based on reports from insurance companies and from what I’ve personally seen, the insured damages are easily that high,” Oxendine said.

The Commissioner and members of his Consumer Services Division’s Rapid Response Team visited the scenes of storm damage in several counties across the State, including Crisp, Richmond and Sumter.

Oxendine counseled consumers on how to deal with claims arising from storm damage, or indeed any type of claim they may have.

The Commissioner said he was pleased by the quick response of the insurance industry and pointed to the lack of complaints from Georgia homeowners as evidence that the companies were responding appropriately.

Oxendine assured consumers that his staff was prepared to field questions and help them with filing complaints if problems developed down the road. “The industry really does a good job of responding quickly to these large scale disasters, but occasionally things can fall through the cracks. We’re here to make sure that everyone is treated fairly.”

The Commissioner also warned consumers to use caution when choosing contractors to make repairs, urging them to seek references from the Better Business Bureau and use local contracting firms if possible.

Oxendine also held a town hall meeting on April 14th in Valdosta to provide information on flood insurance for victims of flooding in that area. About 100 people attended the meeting, many of them displaced from their homes by the recent floods.



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2009 Legislative Session Update

Georgia's 2009 General Assembly adjourned on April 3. The following is a summary of legislation affecting the Department, its licensees, and insurance consumers, that passed and is awaiting action by the Governor.

This summary briefly describes the substantive content of the legislation. The full text of the legislation can be found at www.legis.state.ga.us.

SB 61: Life Settlements Act; license/registration requirements for life settlement brokers; definitions

SB 61 revises Georgia's Life Settlements Act to clarify various provisions and prohibits so-called Stranger Originated Life Insurance ("STOLI") transactions (i.e., the initiation of a life insurance policy for the benefit of a third-party investor who, at the time of policy origination, has no insurable interest in the insured).

SB 94: Insurance; insured under a group accident/sickness policy include dependents up to age 25

As finally passed, SB 94 served as the vehicle to pass provisions intended to allow certain individuals eligible for state continuation coverage (i.e., so-called "state mini-COBRA" for employees of companies with fewer than 20 employees) to obtain up to 9 months of continuation coverage (and therefore receive the full 9 months of premium assistance available under the federal American Recovery and Reinvestment Act of 2009.)

SB 123: Pharmacy Benefits Managers; provide for regulation and licensure by the Commissioner of Insurance; definitions; license requirements/filing fees

Currently, Pharmacy Benefit Managers — entities that administer pharmacy benefits on behalf of health insurers and other health plans — operate on an unregulated basis in Georgia. SB 123 will require Pharmacy Benefit Managers to obtain a license from the Georgia Department of Insurance.

SB 144: Insurance Agent License; applicant shall be appointed by an authorized insurer prior to issuance of the license; repeal requirement

Among other things, SB 144 included language sought by the Commissioner that repeals the requirement that an applicant for a resident insurance agent license must be appointed by an insurer prior to the issuance of the license. Under SB 144, applicants would first receive their license and then obtain appointments from insurers following licensure. By repealing the requirement for appointment prior to licensure, SB 144 would enable the Department to further streamline the licensing process and move to a fully-electronic process for resident agent licenses.

HB 80: Insurance contracts; corporations; employees covered; change minimum number

HB 80 reduces the minimum number of covered employees in a company-owned insurance contract from 80 to 2, thereby giving smaller employers the same potential ability to have corporate-owned insurance on key employees just as larger employers and publicly owned businesses have been able to do for years in Georgia. The lowering of size of privately owned employers in this context could benefit many Georgia businesses.

HB 410: Insurance; premium taxes for certain products; provide exemption; provisions

HB 410 clarified provisions of Georgia law (passed last year as HB 977) to make it clear that High Deductible Health Plans as defined by Section 223 of the Internal Revenue Code are eligible for favorable premium tax and income tax treatment under Georgia law.



Chattanooga Agent Arrested On Fraud Charges



A Chattanooga man has been charged with insurance fraud, theft by taking and first-degree forgery for allegedly adding commissions to policies when he claimed to policyholders that the coverage was being sold on a net basis – with a set fee, but without a commission.

Warrants were issued on April 8, for Edward Prater, 61. Insurance Commissioner John Oxendine said Prater was not a licensed insurance agent in Georgia, and through his agency sold the policies with improper commissions in the state.

The Department's investigation reveals that Prater received \$2.6 million in commissions he obtained by altering documents to deceive clients about their premium payments.

In 1996 Prater co-founded the U.S. Insurance Group agency he worked for, headquartered at 736 Market Street, Chattanooga, Tennessee. The agency specializes in transportation-related coverages. Investigators believe that the alleged fraud has been going on since 2003.

If you are a resident of Georgia and have conducted insurance related business with Prater and believe you may have paid too much, we ask that you contact our Insurance Fraud Division at 1-800-656-2298.

Avoid Being A Victim of Insurance Fraud

Each year, insurance fraud costs companies and consumers alike tens of billions of dollars. In order to better identify and reduce incidents of insurance fraud, and most importantly protect consumers, Insurance Commissioner John Oxendine offers the following tips for identifying and responding to insurance fraud.

When Buying Insurance

Before you provide any personal information, be sure the company you are dealing with is licensed to do business in Georgia. You should always receive a copy of your insurance policy within 60 days. Read that policy carefully and only pay for the coverage to which you originally agreed. In most cases premiums are paid to the insurance company, not directly to the agent.

If the premiums you are being offered seem unreasonably low, that could be an indication that the offer is fraudulent. Beware of unsolicited offers to upgrade your insurance or any investment opportunities that seem too good to be true. You should also be skeptical of insurance coverage sold door-to-door or by telephone, unless you requested the contact.

When Behind the Wheel

Staged accidents are a serious and dangerous form of insurance fraud. Drive defensively. Always allow plenty of space between your vehicle and the vehicle in front of you. Slow down if a car suddenly pulls in front of you. The driver could step on the brakes to try and force a collision, to collect an insurance settlement.

While any driver could potentially be the victim of a staged accident, common "targets" are vehicles perceived to be fully insured, such as luxury cars and SUVs, female or elderly drivers and drivers alone in their car. If you do have a collision, call the police. Count the number of passengers in the other vehicles. Get license numbers and information of all drivers involved and the names of all passengers. It's a good idea to keep a disposable camera in your car, as well as a pen and paper to record accident damage and other details at the scene. If you believe you've been the victim of insurance fraud, contact the Insurance Department.

To speak with a Fraud Unit Investigator call: 1-800-656-2298 or report suspected insurance fraud online at: www.gainsurance.org



How Can I Keep Health Insurance If I Lose My Job

As unemployment rises, a growing number of Georgians may lose their health insurance as well as their job.

“Knowing how to stay covered is important, especially for those with medical conditions,” said Insurance Commissioner John Oxendine. “We know the options can be confusing but specialists in my Consumer Services Division are available to help people sort through them based on their individual situations.” Consumer Services can be reached at 404-656-2070 or 1-800-656-2298.



For example, if you lose your job but your employer stays in business, there may be coverage available for you through COBRA or State Continuation, check with your human resource department to determine what is available.

Many people who are unemployed can't afford the cost of continuing their plan, but the federal economic stimulus package is providing short-term help by paying a percentage of these costs. Read more at: <http://www.gainsurance.org>.

Here are some tips for keeping health insurance if you lose your job:

- If your spouse gets insurance at work, they may be able to add you and/or family members to that employer's plan under a “special enrollment” without having to wait for the annual “open enrollment” period. Contact your spouse's employer as soon as possible.
- Apply directly to an insurance company for an individual policy. The higher the deductible, the lower the monthly premium. However, family members with pre-existing conditions may be rejected.
- Occasionally, trade or professional groups such as unions or fraternal organizations offer health insurance options to their members. Ask around in the groups you are affiliated with to explore any options available.
- The private health insurance market has options for individuals and families. Consider a less expensive, high-deductible policy if money is really tight, and if you and your family are relatively healthy. You can shop for and compare plans online, or contact an agent.

NEW TOOL AVAILABLE TO HELP MILITARY RECOVER LIFE INSURANCE COMPENSATION

Commissioner Oxendine and the National Association of Insurance Commissioners (NAIC) have released a new tool at www.naic.org to help military servicemembers research and recover compensation resulting from a 2006 multistate regulatory settlement agreement over life insurance sales practices to the military.

“This web application is designed to make it easier for our military servicemembers to determine if they are eligible for compensation by simply entering their first and last name in the search engine,” Oxendine said. “If you have one of these policies or are the beneficiary of such a policy, you are entitled to a cash payment, even if the policy has already been terminated.”



More than 14,000 servicemembers who purchased life insurance products from American-Amicable Life Insurance Company of Texas or its two affiliates — Pioneer American Insurance Company and Pioneer Security Life Insurance Company — are owed more than \$2.3 million from the multistate settlement. With this Web tool, military members can determine their eligibility for compensation by simply entering an individual's first and last name in the search engine.

The settlement agreement was the culmination of a 20-month investigation led by the Georgia and Texas insurance departments. The investigation followed allegations by state insurance regulators and federal agencies that the American-Amicable companies violated insurance and consumer protection statutes in the sale and marketing of certain life insurance products to U.S. military servicemembers.

AGENT'S CORNER

How To Keep Your Status Current

Many telephone and e-mail inquiries to our Agent's Licensing Division concern address changes, clearance letters and certifications to other states that an agent is licensed and in good standing. This column provides information on the requirements for each action.

How to Change an Address

Agents are required by law to notify the Georgia Department of Insurance within 30 days of any address change. Please note that the Department tracks three addresses – resident, business and mailing. An address change cannot be done by telephone or e-mail, but it can be done online at www.sircon.com/georgia at no charge.

Address changes may also be completed by filing the Request for Name or Address Change form which can be printed from our website www.gainsurance.org. Please note that if you file an address change via a paper application, there is a \$25 charge.

How to Request a Clearance Letter

A clearance letter is used when a licensee is moving from Georgia and is seeking licensure in their new home state. The form used for this request can be printed from our website www.gainsurance.org – it is entitled, Request for Clearance Letter; the fee is \$10 per letter.

How to Request a Letter of Certification/Status

A certification or status letter is used when seeking nonresident licensure in another state. Please note that most states now rely on the Producer Database for license verification so before ordering a certification letter, check with that state's licensing department to confirm whether they still require the paper certification. If they do, you can print the Request for Status Letter form from our website www.gainsurance.org; the fee is \$10.



On The Horizon

In the coming weeks, we expect to issue a new regulation regarding continuing education requirements for all agents offering Long-Term Care Partnerships. Here is a preview:

- An agent may not sell, solicit or negotiate a long-term care partnerships policy unless they have completed an initial 8-hour long term care training course.
- This requirement will be deemed met if the licensee completes an approved Georgia long-term care partnerships course or an 8-hour long-term care partnerships course in any licensed state and a 2-hour course containing Georgia-specific content.

The agent must also complete a 4-hour long-term care partnerships CE course every 24 months. Agents must complete this long-term care partnerships 4 hour CE course before the second January 1 calendar year cycle required of all other CE requirements measured from the date of completion of the agent's initial 8-hour LTCP training course.



Photos From Across the State



Fire Safety House Dedication In Alpharetta



Touring the Burn Center In Augusta



Assisting Flood Victims In Valdosta



Department Book Drive For The United Way



Flood Insurance Workshop In Lowndes County



Promoting Driver Education for Teens In Fulton County

Q&A with Commissioner Oxendine

Q: Can I leave equal amounts of my life insurance benefits to my three children?

A: One of the most important decisions to make regarding life insurance is to whom to leave your benefits. That's why it's important to review your beneficiaries every few years.

There are two types of beneficiaries for your life insurance policy. Primary beneficiaries receive a portion or the whole policy benefit if they outlive you. Contingent beneficiaries (**also referred to as secondary beneficiaries**) receive proceeds if a primary beneficiary dies before you. If you name more than one beneficiary in either category, you should include the percentages of the death benefit proceeds that you would like each individual to receive, or stipulate "equal shares" to each.

You can name your spouse, domestic partner, children, grandchildren, relatives, friends, charities, businesses, trusts or your estate as your beneficiary. Naming individuals rather than an estate allows those individuals to receive the proceeds immediately and, generally, without taxation. As part of your estate, however, proceeds typically will go through probate with the rest of your assets and might be subject to estate taxes. Your will does not affect the distribution of your life insurance proceeds unless the sum goes to your estate to be divided according to the will. Check with your insurance agent, tax advisor or family lawyer if you have questions about how the life insurance benefit will be paid following your death.

