

# Insurance and Safety Fire Report



*\*Georgia Department of Insurance—John W. Oxendine, Commissioner\**

## College Freshmen and Their Parents Often Face New Challenges Making Decisions on New Insurance Needs

**A**s the fall semester approaches, Commissioner Oxendine urges parents to think carefully about the students' ongoing health insurance needs.

“A serious illness or injury could lead to catastrophic consequences for a college student without health insurance,” Oxendine said. “Make sure you’re covered before a medical emergency arises.”



If the student's parents have health coverage, their policy may cover dependents, if they are full-time students, until the age of 25. Check with your health insurer about how the policy defines a full-time student and the maximum age of coverage. Most policies consider at least 12 credit hours per semester (six or nine in the summer) to be “full-time.” However, college students who marry will lose their status as a dependent under their parents' policy regardless of age or status as a full-time student.

A college student not living at home may run into problems if their health policy involves a Health Maintenance Organization (HMO) or a Preferred Provider Organization (PPO). A student insured through an HMO may be outside the service area of physicians and hospitals while away at school. If this occurs, the student likely will have coverage for emergency care, but may have to travel to a physician and hospital within the HMO service area for other care. Similarly, an insurer may pay benefits at out-of-network levels for students who are outside a PPO network.

Be sure the college student has a copy of the relevant insurance cards and knows how to obtain any required approvals before seeking treatment.

Students also have the option of purchasing a student health insurance plan. Student plans are sold by an insurer that has contracted with a college to offer coverage to its students. In general, these plans have more limited benefits and more exclusions than traditional health insurance plans. Many policies also will exclude routine examinations, as well as injuries sustained while under the influence of alcohol or drugs.



Volume 1, Issue 5

July 2009

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## CHUBB PAYS GEORGIA POLICYHOLDERS \$312,000 IN RESTITUTION

On July 15, Insurance Commissioner John W. Oxendine announced that Georgia has entered into a multi-state agreement regarding alleged misconduct by The Chubb Corp. which has resulted in restitution payments totaling \$312,120.57 to approximately 101 Georgia policyholders.

A market conduct exam found that Chubb entered into commission agreements with certain agents that allegedly resulted in these agents improperly steering consumers to purchase Chubb commercial excess casualty insurance products.

"The financial incentives offered by Chubb led agents to urge clients to buy Chubb products, whether or not those products were in the best interest of their clients," Oxendine said.

While Chubb voluntarily joined the agreement, it does not admit to allegations of improper or illegal conduct.

The Chubb Corp. includes insurance subsidiaries Federal Insurance Company, Pacific Indemnity Company, Executive Risk Indemnity Inc., Great Northern Insurance Company, Vigilant Insurance Company, Chubb National Insurance Company, Chubb Indemnity Insurance Company, Chubb Custom Insurance Company, Executive Risk Specialty Insurance Company, Texas Pacific Indemnity Company, Northwestern Pacific Indemnity Company, Chubb Insurance Company of New Jersey and Chubb Lloyds Insurance Company of Texas.



## INDICTMENTS BROUGHT IN AUGUSTA FRAUD CASE

Commissioner Oxendine's Fraud Investigative Unit reports that eight suspects were indicted in Richmond County Superior Court on insurance fraud and other charges in connection with staging automobile accidents in Augusta.

According to investigators, Yvonne Louise Smith, 44, conspired with Emanuel Parker, 24, to stage a vehicle accident on April 1, 2008. Parker, driving a rented U-Haul, claimed that he accidentally rear-ended Smith's vehicle. In Smith's vehicle at the time were Smith, her daughter Fanesia Smith, her five-year-old granddaughter, and Ayisha Joe.

Yvonne Smith and Parker submitted false insurance claims to the insurer of the U-Haul, Republic Western Insurance Company. If paid, the claims would have amounted to \$23,000.

"I am committed to fighting fraud in Georgia," said Commissioner Oxendine. "Thanks to my investigators, we have taken these people off the streets."

In addition to insurance fraud, Smith and Parker are charged with reckless conduct and giving false statements.

During the investigation Smith also admitted to another staged accident involving a U-Haul on March 21, 2006. At that time more than \$10,000 in claims was paid. Smith and others also face charges in that incident, Oxendine said.



## 10 Things You Should Know About Purchasing Home Insurance

### 1. You Need Home Insurance

Homeowners need to purchase home insurance to protect their homes and personal property. Tenants need insurance to protect their furniture and other personal property. Everyone needs protection against liability for accidents that injure other people or damage their property.

### 2. Decide How Much Coverage You Need

The better your coverage, the less you will have to pay out of your own pocket if disaster strikes. In some cases, your lender decides how much coverage you need and may require you to buy a policy that covers at least the amount of the mortgage. It is important to note that the amount of coverage you buy for your house, contents and personal property will affect your cost.

### 3. Compare Deductibles

The deductible is the amount you have to pay out-of-pocket on each claim and applies only to coverage on your house and personal property. Make sure when choosing a policy that you are comfortable paying the deductible if you make a claim. Remember, a policy with a \$100 deductible will cost more than one with a \$250 deductible. Higher deductibles may be available at a reduced price.

### 4. Replacement Cost or Actual Cash Value?

You have the option to choose to insure your home and belongings for either replacement cost or actual cash value. Replacement cost is the amount it would take to replace or rebuild your home or repair damages with materials of similar kind and quality, without deducting for depreciation. It is important to insure your home for at least 80 percent of its replacement value. Actual cash value is the amount it would take to repair or replace damage to your home after depreciation.

### 5. Shop Around Before You Buy

You are not required to purchase insurance from the company your lender recommends. There are a number of unbiased sources available to find out what different insurers charge for identical products and services.

### 6. Ask Your Agent About Discounts

In some states, insurers offer lower prices for such things as insuring your home and car with the same company, installing deadbolt locks or alarm systems or replacing the roof.

### 7. Basic Coverages Available

Whether you own or rent, there are different packages of home insurance offered to protect your home and belongings. Each package protects against a specified number of events that cause damage to property, such as fire, windstorm and theft. In addition, each package policy usually contains four additional types of coverage: property damage, additional living expenses, personal liability and medical payments.

### 8. Where to Shop

Check the newspaper and yellow pages of the telephone directory for companies and agents in your area. In addition, ask your neighbors, relatives and friends for recommendations on insurance companies and agents. Remember to shop around to get the best price and service.

### 9. Read Your Policy Carefully

You should be aware that a home insurance policy is a legal contract. It is written so that your rights and responsibilities, as well as those of the insurance company, are clearly stated. When you purchase home insurance, you will receive a policy. You should read that policy and make certain you understand its contents. Keep your policy in a safe place and know the name of your insurer.

### 10. Review Your Home Insurance Needs Every Year

Check with your insurance agent at least once a year to make sure your policy provides adequate coverage. The addition of a room, new insulation or remodeling add value to your home and, therefore, may increase replacement cost.



## GA-FL RENEW DISASTER COOPERATION PLAN

**G**eorgia Insurance Commissioner John Oxendine and Florida Insurance Commissioner Kevin McCarty have renewed a partnership agreement that will ensure continuity of operations of mission critical functions in the event of a catastrophe that causes significant disruption to either state's insurance regulatory operation.

Under the agreement, members of an affected state's office will use temporary work spaces in the other state until the infrastructure has been adequately restored in either Tallahassee or Atlanta. The memorandum of understanding lays out the terms and conditions of the host state's support requirements as well as the responsibilities of the mobilizing state.



The essential elements of the agreement are as follows:

- \* Host state will provide space for 20 employees for a period of 45 days
- \* Host state will provide logistical support to include a limited number of laptop and desktop computers, Internet capabilities and fax machines
- \* Mobilizing state will be responsible for paying for expenses incurred
- \* Mobilizing state will use cell phones, where available, to limit long-distance phone costs to host state
- \* Mobilizing state will promptly notify host state contacts when a disaster occurs and operations must be moved to the host state

The agreement revises and replaces a previous agreement from February 2006.

## Annual Savannah Hurricane Preparedness Expo A Success

**C**ommissioner Oxendine, the Federal Alliance for Safe Homes, WTOC, the Home Depot and the Georgia Insurance Information Service once again sponsored a Hurricane Preparedness Expo for coastal residents in the Savannah area on July 24.

A host of government agencies and local businesses held workshops, demonstrations and lectures on hurricane preparedness at the Home Depot on Abercorn Extension.

"I want to thank every agency and business, and especially the Home Depot, for working so hard to make this event a success," Commissioner Oxendine said.



## AGENT'S CORNER

### AGENTS REMINDER: Group and Individual Health

**I**t is important to remember that group and individual health insurance policies may not cover work-related injuries.

The department has received inquiries from individuals and families who find that they are responsible for paying significant amounts of money for medical expenses related to work-related injuries because these claims are not covered by health insurance policies.

The department wants agents who market health insurance to be aware that most individual and group health insurance policies include specific exclusions regarding work-related injuries. Agents should determine at the time of application whether an individual or family member has coverage for work-related activity.

Agents should encourage self-employed individuals to purchase worker's compensation coverage, a rider to their health insurance policy or occupational accident and disability policies that provide some protection in the event of work-related injuries.



### Upcoming Changes to Resident Agent License Requirements

#### 120-2-3-.07 Resident Agent License Requirements

- Effective 1/1/2010 – Electronic fingerprinting required of all new resident applicants excluding active licensees adding a license or licensees that apply for reinstatement within 6 months of expiration date. The applicant shall bear the cost for electronic fingerprinting.
- Effective 1/1/2010 – The application process for an agent license (excluding temporary license applicants) will no longer require the prior sponsorship of an insurer.
- The Pre-licensing course requirement has been reduced to 20 hours for personal lines applicants (previously 30 hours).
- New exemptions to the property and casualty Pre-licensing requirement: Certified Insurance Representative (CISR) and Certified Risk Manager (CRM).

#### 120-2-3-.15 Resident Continuing Education Requirements

- Flood CE – Resident agents licensed in the property line of authority that will be selling through the National Flood Insurance Program (NFIP) must complete a one-time three (3) hour continuing education course related to NFIP. This three (3) hour course will count toward the agent's annual continuing education requirement and can be used to satisfy the annual Ethics requirement.
- The retake provision for continuing education courses has been reduced to 2 years. (Previously a licensee was required to wait 5 years to retake a course.)

#### 120-2-3-.19 Exemptions or Reductions in Requirements for Continuing Education

- Licensees that actively participate in a professional insurance association may be eligible for a maximum of 3 hours of CE credit subject to verification from association. Such verification would be required to be submitted on form GID101E.
- The request for a certificate of authority for an actively licensed agent must be submitted within fifteen (15) days from the date the agency contract is executed or the first insurance application is submitted.

## **Q&A with Commissioner Oxendine**

**Q:** I've heard that my boat might be covered under my homeowners policy. Is that true?

**A:** The personal property coverage of your primary or secondary homeowners policy (if you have a separate policy on a waterfront vacation home) might cover a small boat for \$1,500 or less in physical damage. However, coverage for your liability risk is limited. Insurers generally provide liability insurance on small sailboats (26 feet or less) and powerboats with small motors (50 hp for inboard and inboard/outboard and 25 hp for outboard motors). However, a boat of any significant size will be excluded from your homeowners policy for both property and liability coverage. Read your homeowners policy carefully before you put your boat in the water.

Personal watercraft will likely require a separate boat insurance policy. You might be able to purchase this policy from your homeowners insurer or you might choose to use an insurer that specializes in boat insurance. Get quotes and compare policies from several different places to get the best deal.

Some important questions to answer before you head out on the water:

- \* *Are you insured if someone other than yourself is operating your boat or personal watercraft?*
- \* *Are there legal age restrictions on who may operate the boat or personal watercraft?*
- \* *Is towing skiers or inner tubes covered by your policy?*



## **ATLANTA'S ISO RATING IMPROVES**

**W**ith the City of Atlanta's decision to end firefighter furloughs and to re-open fire stations, Insurance and Safety Fire Commissioner John W. Oxendine announced on July 14, that they are likely to improve their ISO fire safety rating .

"I'm extremely pleased with the progress Atlanta has made thus far in returning firefighters to work and staffing recently closed fire stations," Oxendine said.

The rating by the Insurance Services Office, Inc., which gathers information on firefighting readiness in communities across the nation, has a significant effect on homeowners insurance premiums. A lower number on the 1-10 ISO scale means better fire protection. Due to furloughs and other factors, Atlanta's rating had dropped from a two to a four.

"Atlanta's ISO rating is a three," Oxendine said. "We hope the improvement in their fire services means, if evaluated today, that rating could be two."

The city recently announced that furloughs for all public service employees, including firefighters and police, would end.

Oxendine said the final report card on Atlanta's ISO rating will be due in October.

