

Insurance and Safety Fire Report



Georgia Department of Insurance—John W. Oxendine, Commissioner

PREPARE NOW FOR HURRICANE SEASON

Hurricane season started June 1, and Insurance Commissioner John Oxendine wants to remind Georgians that they should check their insurance policies annually to be sure they have adequate coverage.



Our coastal residents face the most danger if a hurricane strikes, and the only way to ensure their safety is to evacuate. However, even citizens who don't live on the coast may still face the hazards of strong winds, heavy rain and inland flooding. To protect your home and other property from the financial impact of destructive storms, a homeowners policy tailored to your particular needs is your best option.

Oxendine suggested that homeowners discuss their insurance needs with their insurance agent. Renters, too, should consider a policy to cover their personal belongings; the landlord's policy generally will not cover the loss of a tenant's possessions.

Business owners should consider business interruption coverage, as well as having a policy to cover the physical assets of a business. After a hurricane, it can take weeks or months to get a business back up and running.

One important factor to consider is whether you want actual cash value coverage or replacement cost coverage. With actual cash value, you will receive only the current value of an item when you file a claim.

An accurate record of your possessions will be invaluable if you need to file a claim with your insurance company, so make a list of covered items such as furniture, electronics, and other valuables. A photographic or videotape record is a good idea. Keep copies of the list or photos in a safe place *outside* your home, such as a safe deposit box.

Hurricane season is June 1 through November 30, with September being the month when the powerful storms are statistically most likely to occur.

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Oxendine: Consumer Services Division handles more than 14,000 Insurance Complaints Yearly

A consumer's individual health insurance carrier did not want to approve coverage for prostate cancer surgery because the carrier felt the condition was pre-existing. The gentleman was from South Africa, but he had moved to Georgia a few years earlier to help his daughter run her small business. If the insurance carrier did not approve benefits for this surgery, the consumer would have to move back to South Africa to receive medical care he still had health benefits in place from a pension plan.

Fortunately, the gentleman turned to Insurance Commissioner John Oxendine's Consumer Services Division. The Division worked with the carrier to retrieve the gentleman's medical records to demonstrate that the condition was not pre-existing. The carrier expedited a review of the records and agreed that the condition was not pre-existing. With that determination, his physician was able to obtain pre-authorization for the surgery. The consumer was able to have the surgery and follow up care in Georgia. He did not have to move back to South Africa and was able to remain in Georgia to help his daughter run her small business.

Most cases handled by the Consumer Services Division don't have potential life and death implications, but every complaint is important.

Each year, Oxendine's Consumer Services Division handles in excess of 14,000 case files, 55,000-plus phone calls, in excess of 8,000 emails on various insurance issues.

Most inquiries and complaints are handled by mail, phone or email, although some consumers visit the division's office in Atlanta to discuss their problems in person. Here's how the process works:

- A consumer files a complaint with the Insurance Department in writing, by fax or through the Internet.
- A case is set up, an acknowledgement letter is sent to the consumer, an inquiry is sent to the company requesting a formal response to the department within 10 business days of receipt of the complaint.
- A case investigator reviews the company's response.
- If the company's response is adequate, the response and an explanatory letter are sent to the consumer.
- If the response isn't adequate, the investigator works with the consumer and insurance company to try to resolve the problem.
- If a law has been broken, the matter is referred to the Insurance Department's Enforcement Unit for investigation.

Consumers with insurance questions or problems can contact the Consumer Services Division at **404-656-2070**, or toll-free at **1-800-656-2298**. Consumers can also file a complaint via the Department's Web site at www.gainsurance.org. Or write to: Georgia Insurance Commissioner, Consumer Services Division, 716 West Tower, 2 Martin Luther King, Jr. Drive, Atlanta, GA 30334.



Dublin Agent Arrested On Fraud Charges

A Dublin insurance agent has been charged with insurance fraud for allegedly keeping premiums paid to him for auto insurance coverage instead of forwarding the payments to the insurance companies.

George G. Turner, 75, who has turned himself in to Dublin authorities on May 21, is owner of George Turner Insurance Agency in Dublin.

Turner has been charged with six counts of insurance fraud. Four insurance companies have been identified as victims of Turner: Cornerstone Insurance, Foremost Insurance Company, Patriot General and Southern General.

The investigation into Turner's agency and business practices had been conducted over the past ten months. Turner is alleged to have defrauded at least \$11,577.24 from his clients.

Even though insurance premiums were not paid, the insurance carriers agreed to keep the policies in force under good faith since it was not the fault of the consumers.



Fraud Report

PROTECT YOURSELF FROM INSURANCE FRAUD

Insurance fraud has become a nationwide problem, highlighted by recent scams in such states as California, New Jersey and Florida. In today's unstable economy, insurance fraud has the potential to get even worse as consumers may be looking for ways to cut down on their insurance costs. However, taking a shortcut when it comes to your insurance could prove catastrophic and costly.

Purchasing a policy without thoroughly researching it could leave consumers susceptible to insurance fraud. Selecting the cheapest policy available without first checking into who is selling it could potentially leave consumers without any legitimate coverage.

Fake insurance companies and dishonest insurance agents people can defraud consumers by collecting premiums for bogus policies with no intention or ability to pay claims. Phony home, health, life and auto policies typically are offered at rates that are significantly lower than the traditional market price in order to woo consumers who are trying to save money.

Before purchasing a new policy, the best way consumers can protect themselves is to research the insurance company and to read the Explanation of Benefits (EOB) to familiarize themselves with their coverage and confirm that their policies provide the coverage they need. For help with your research, call us at 1-800-656-2288.



Watch for Hidden Fraud

Employees of legitimate insurance companies can also deceive consumers for personal gain. For example, an unscrupulous agent could collect premiums from a customer without delivering the insurance policy to the company. The insurance company could cancel or refuse to renew the policy. Signs of fraud with reputable companies include the failure to receive an insurance identification card or a copy of your policy in a timely manner. If you have questions or concerns, contact us for assistance.



CHECK YOUR LIFE POLICY

Commissioner Oxendine urges Georgians to check their life insurance policy annually to see if any changes need to be made in coverage amounts or beneficiaries.

"If it has been more than a year since you reviewed your life policy, you should do it now," Oxendine said. "Waiting could be costly to you and your family.

"Needs change, and your life insurance program should change accordingly. If you recently got married or divorced, bought or sold a home, had a child, or had one leave home, there is a good chance you need to increase, or decrease, your life insurance."

Commissioner Oxendine said consumers may want to consider:

- Do you want to change the ownership of your policy as a gift, or for tax reasons?
- Do you need to change a beneficiary, or add a contingent?
- Should you elect an optional mode of settlement for your beneficiary instead of a lump sum payment?
- Should you convert a term policy to a permanent one?
- Do any of your policies provide a guaranteed purchase option that you may want to exercise?

"Life insurance can be an essential part of financial planning," Oxendine said. "Discuss with your agent any changes you may need to make, and how you can maintain your coverage to your best advantage."



Oxendine To Hosts Annual Hurricane Preparedness Expo In Savannah

Commissioner Oxendine, the Federal Alliance for Safe Homes, WTOC-Television, the Home Depot and the Georgia Insurance Information Service will sponsor the Eleventh Annual Hurricane Preparedness Expo for coastal residents in the Savannah area July 25.

With one eye on the Atlantic, a host of government agencies and local businesses will hold workshops, demonstrations and lectures on hurricane preparedness at the Home Depot on Abercorn Street in Savannah.

"I want to thank every agency and business, and especially the Home Depot, for agreeing to work with us to get the word out about being prepared before and after a storm," Commissioner Oxendine said.

Local, state and federal agencies, businesses, and insurers will be on hand to provide information to consumers under a big tent at the Savannah Home Depot from 8 a.m. to noon.

Demonstrations will be held on weather-proofing your home and preparing for an evacuation, among other things.

Insurance company representatives will be on hand to discuss claims processing. A number of local government agencies, utilities, and fire and rescue personnel will also provided information.

Admission is free and the public is encouraged to attend.



AGENT'S CORNER

Knowing the Rules Can Prevent Compliance Problems

Georgia has approximately 151,565 licensed insurance agents and agencies. While most agents comply with the statutes and rules governing their profession, there are recurring problems which often result in an agent becoming the subject of a Georgia Department of Insurance investigation or disciplinary action.

The following tips are provided to assist agents who want to avoid careless and unintentional mistakes that can cause customer complaints, violations of the law and/or potential disciplinary action.

Compliance

Compliance issues are often a problem for licensees and we would like to offer some information that should help in this area. First, use our website – it is there for your benefit and includes licensing information, periodic updates and links to various sites including laws, regulations and online licensing services.

Disclosure

A common mistake made by licensees involves our requirement for disclosures. On the initial license application as well as during the renewal process, the licensee is required to answer a series of prescreening questions. It is the licensee's responsibility to fully disclose any events relating to the screening questions. The Laws also require a licensee to notify the Department within 30 days of any such event – this includes any action taken by another state, licensing board or any criminal charges that may be filed against the licensee. Notification to the Department should include certified records of all events.

Subagent

Another common compliance issue within an agency is maintaining proper licensure for staff members. Our Laws require that anyone that will be selling, soliciting or negotiating insurance obtain proper licenses. Some support staff will require a limited subagent license. This license allows the individual to solicit on behalf of the sponsoring agent for personal lines business only. A limited subagent may not sign or bind insurance.

Continuing Education

Resident license holders are required to renew their licenses annually by November 1st of each year. Most resident license holders have a continuing education requirement that must be satisfied annually. Continuing education must be earned January 1st through December 31st of each year. Continuing education can be completed in classroom, online or self study/correspondence. Please see our website for a complete breakdown of continuing education requirements.



On The Horizon

The 2010 renewal season is fast approaching. Renewal notices will be mailed to all eligible licensees beginning in late July. The online portal for renewals will open in July – www.sircon.com/georgia.

The deadline to renew your license is November 1. Please remember to renew early to avoid any late penalties.



Q&A with Commissioner Oxendine



Q: Do I need travel insurance when I go on vacation?

A: Whether your family is headed to Europe or on a more local vacation, travel insurance can protect against possible financial losses if you are forced to cancel, delay or interrupt your vacation.

Travel insurance can protect against the loss of non-refundable travel costs, such as airfare, hotel and tour expenses. Other types of travel insurance offer protection against losses due to medical emergencies, damage to personal property, and even death that may occur while on vacation.

Before buying travel insurance, consumers should check their existing insurance coverage because some aspects of their vacations may already be covered by life, health or homeowners policies. Check the refund policies on prepaid expenses like tours or hotels. Some will refund your money if you cancel months in advance, but few will offer any refund if you cancel at the last minute.

Read your policies and speak with your insurance company or agent to learn what personal property and medical coverage you have while you are traveling. Also, check your credit card contract to find out what insurance benefits you may have if you use a credit card to pay for the trip.

Major types of travel insurance include: Trip Cancellation, Travel Delay, Trip Interruption, Medical or Health, Medical Evacuation, Air Flight Accident, Common Carrier, Accidental Death, Baggage and Rental Car Damage Insurance.

Tips for purchasing travel insurance:

- If you're working with a travel agent you trust, ask about his or her experiences with any recommended travel insurance companies. If you're planning an adventurous vacation (i.e. skydiving, scuba diving), ask if the insurance will cover those activities.

- Review the list of covered reasons for canceling your trip. For example, a travel insurance policy may not reimburse you if you decide not to make a trip because a conference was canceled.

- Cruise and tour operators may offer cancellation waivers. Keep in mind that waivers are not insurance policies and thus are not regulated. Read all of the restrictions before you buy a cancellation waiver.

With cases of H1N1 flu (swine flu) increasing nationally and internationally, be aware that not all travel insurance policies will fully reimburse trip cancellations due to a flu outbreak. "Cancel for any reason" policies are the only variety of travel insurance policies that will typically reimburse a policyholder for reasons pertaining to epidemics such as the H1N1 flu.

