



Insurance **Insights** newsletter

Spring 2015



ODI
Ohio Department
of Insurance



Lt. Governor / Director
Mary Taylor

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Lt. Governor Taylor Urges Vigilance in Wake of Anthem Data Breach

Ohio Lieutenant Governor Mary Taylor issued a consumer alert to help Ohioans stay informed after the announcement of a cyber-attack on Anthem Blue Cross Blue Shield. The cyber-attack exposed the personal information of both current and former Anthem members and policyholders.

“Cybersecurity is an increasingly serious issue impacting more than just insurance companies as several major companies have recently fallen victim to hackers and cyber-attacks,” said Taylor, also the Director of the Ohio Department of Insurance. “In order to protect consumers and their personal information, companies must be vigilant in their efforts to secure their systems and data. I will continue to work with regulators across the country to identify the scope of the Anthem attack and seek solutions to protect personal consumer and health information.”

Taylor is urging consumers to take action to protect their information, including using identity protection that Anthem is providing, using common sense when providing sensitive information, and being aware of phishing attempts and other fraudulent activity.

What happened?

In late January, Anthem discovered the unauthorized access of consumer information including member names, member health identification numbers, dates of birth, Social Security numbers, addresses, telephone numbers, email addresses, employment information and income data. At this time, it does not appear that medical information was accessed and Anthem is not aware of any fraudulent activity against policyholders that has occurred as a result of the breach.

What is Anthem doing to protect my information?

Anthem notified the Federal Bureau of Investigation once the breach was discovered, and is working with a cybersecurity firm to evaluate the extent of the attack. Anthem will be providing two years of identity protection services for all customers who have been Anthem members in the last 10 years.

What should I do now?

- Most importantly, stay engaged and continue to monitor the situation closely. Consumers should look for notification from Anthem. The notification may come via email or mail, but Anthem will not be asking for sensitive information via email or phone.
- Consumers who have provided e-mails to Anthem and have opted in to receiving communications may receive an e-mail directing them to visit www.anthemfacts.com to sign up for services. This e-mail is scheduled to be distributed the week of Feb. 16. and will not ask for personal information and will not contain a link to any websites other than www.anthemfacts.com.





Lt. Governor Taylor Urges Vigilance in Wake of Anthem Data Breach ...Cont'd.

- However, as with any data breach, be on the lookout for suspicious activities that may try to phish or collect sensitive information, like user names, passwords and credit card information. It is important that you take action immediately to protect yourself.
- Call 877-263-7995, the toll-free number Anthem has established to sign up for the free identify protection services. Anthem has also set up a special website at www.anthemfacts.com to answer questions and consumers can also sign up for services from that website. Be sure to type in the web address directly.
- Pay close attention to any link sent by emails or social media, as scammers will try to take advantage of the breach. Often they will send phishing emails that appear to be from your bank or Anthem offering to help.
- You may want to consider placing a freeze on your credit report with the three major credit reporting agencies. This allows you to restrict access to your credit report, making it more difficult for identify thieves to open new accounts in your name. Be sure to protect the information of your family as well – including children and elderly parents.
- Contact your bank or credit-card company if you notice suspicious activity on your account. You may ask them to put a security block on your account or preemptively request a new credit or debit card.
- Make sure to closely monitor your accounts, credit score, bank, credit card and other financial information.

Email Scams

Designed to capture personal information (known as “phishing”), these scams appear as if they are from Anthem. The emails include a “click here” link for credit monitoring. These emails are NOT from Anthem. Anthem is not calling members regarding the cyber-attack and is not asking for credit card information or social security numbers over the phone. This outreach is from scam artists who are trying to trick consumers into sharing personal data.

Fraud Alerts

There are also two types of fraud alerts that a consumer can initiate to help protect themselves. An initial alert can be placed on your credit report if you suspect you have been, or have the potential to be, a victim of identity theft. An initial fraud alert stays on your credit report for at least 90 days. You may have an extended alert placed on your credit report if you have already been a victim of identity theft but must provide appropriate documentary proof. An extended fraud alert stays on your credit report for seven years.





Taylor Announces Ohio's Average Premiums Among Lowest Nationally

Ohio Lieutenant Governor Mary Taylor announced that Ohio's average insurance premiums are again among the lowest in the country. The state's homeowner's and auto insurance premiums are - when combined - nearly \$500 below national averages.

Ohioans paid an average of \$725 (9th lowest) for homeowner's insurance and \$635 (11th lowest) for auto insurance premiums compared to national averages of \$1,023 and \$815, respectively. This is according to 2012 data – the most recent available – from the National Association of Insurance Commissioners (NAIC).

"Ohio continues to have a competitive insurance market allowing consumers to find the insurance coverage that best meets their needs at some of the lowest prices in the country," said Taylor, also the Director of the Ohio Department of Insurance. "I urge Ohio consumers to use the services of an insurance agent and shop around for coverage that best insures their risks and also fits their budget."

Insurance Shopping Tips:

- Shop around: Check with several insurance companies and agents before making a final decision on a product.
- Consider more than price: Use more than just price to make your decision. Seek recommendations regarding a company and/or agent from family and friends.
- Seek discounts: Many companies offer discounts if you purchase more than one policy from the same company.
- Raise deductible: Consider raising your deductible to lower your premium.
- Review at least annually: Carefully review your policy at least annually to ensure that it is still current and up to date.
- Ohio licensed: Get a list of companies and agents licensed to sell insurance in Ohio. Visit the Ohio Department of Insurance website at www.insurance.ohio.gov or call 800-686-1526 for information.





Lt. Governor Taylor Takes Action to Protect Ohioans: Cautions Industry on Price Optimization

Ohio Lieutenant Governor Mary Taylor warned Ohio insurers against the use of price optimization that can result in unfair discrimination. Taylor issued a bulletin to Ohio insurance companies noting that the use of price optimization violates Ohio law.

Price optimization is an insurance company's practice of varying premiums based upon factors such as whether a consumer has complained about a policy or the amount or percentage change of the consumer's premium over prior years. This is done in order to charge each insurance consumer the highest price the market will bear. It represents a departure from traditional cost-based rating and can result in two insured people with similar risk profiles being charged different premiums. Ohio law, however, requires premiums to be based on the risk that the consumer brings to the company and prohibits unfair discrimination.

"It is our duty to protect Ohio insurance consumers and we take that important role very seriously," said Taylor, also Director of the Ohio Department of Insurance. "We have been actively monitoring and involved in the discussion on this topic at the national level and took steps to clearly specify our expectations of the industry. This type of unfair discrimination violates Ohio law."

Taylor's action was applauded by the Consumer Federation of America and Center for Economic Justice saying that most Americans are required to buy auto and homeowners insurance and it is important that insurance commissioners protect consumers from unfair practices. The groups also urged other states to follow the lead of states like Ohio.

All insurance companies that use price optimization techniques in Ohio must end this practice and resubmit rates compliant with the bulletin no later than June 30, 2015.

Lt. Governor Taylor Announces Statewide Welcome to Medicare Events

Lieutenant Governor Mary Taylor announced that the Ohio Senior Health Insurance Information Program (OSHIIP) will hold free "Welcome to Medicare" events across Ohio in April and May. These events are being held to help consumers and their families new to Medicare, or those becoming eligible later this year, learn more about their coverage options.

"We want to help Ohioans become more knowledgeable about Medicare so they are better equipped to select coverage that is best suited for their budget and health care needs," said Taylor, also Director of the Department of Insurance. "I encourage Ohioans to attend an event or call OSHIIP for help navigating the Medicare system."

A total of 25 events have been scheduled across the state. Topics will include Medicare Part A and B benefits, the Part D prescription drug benefit, Medicare Advantage plans, financial assistance, and key deadlines. Click **HERE** for a list of OSHIIP's "Welcome to Medicare" events. All events start at 6 p.m.





Department of Insurance Saved Ohioans \$84 Million Over Past Four Years, Top Types of Consumer Complaints Announced

Ohio Lieutenant Governor Mary Taylor announced that the Ohio Department of Insurance helped Ohio consumers save or recover \$24.5 million in 2014 while assisting nearly 230,000 Ohioans mainly through its toll-free hotlines, community outreach efforts and counseling sessions. Over the past four years the Department has saved or recovered \$84 million (2011- \$11.6 million, 2012 - \$24.4 million, 2013 - \$23.5 million, 2014 - \$24.5 million) for Ohioans.

Taylor also said denial of claim/adverse benefit determination was the top complaint reason the Department received in 2014. Health insurance was the type of coverage consumers most complained about.

“Protecting consumers while helping Ohioans better understand their insurance coverage is one of our top priorities,” said Taylor, also Director of the Ohio Department of Insurance. “We want Ohioans to know they can turn to the Ohio Department of Insurance for free assistance when evaluating the different coverage options available to them. They can also file insurance-related complaints that we will investigate on their behalf.”

The Department’s savings and recovery figure for 2014 includes a new program record \$18 million by its Ohio Senior Health Insurance Information Program (OSHIIIP) and \$6.5 million from its Office of Consumer Affairs, which addresses non-Medicare insurance matters.

The following lists show the top types of consumer complaints in 2014 for Ohio from the total of 6,450 received by the Department’s Office of Consumers Affairs. The national information is closed complaint data as of Dec. 29, 2014 provided by the National Association of Insurance Commissioners (NAIC).

Top Types of Ohio Consumer Complaint Reasons:

1. Denial of Claim/Adverse Benefit Determination – 39.7%
2. Claim Settlement/Payment Delay – 16.9%
3. Claim Settlement/Unsatisfactory Offer – 12%
4. Underwriting/Cancellation or Non-Renewal – 6.9%
5. Policy Service/Premium Notice Billing – 6%

Top Types of National Consumer Complaint Reasons:

1. Claim Settlement/Payment Delay – 19.4%
2. Denial of Claim/Adverse Benefit Determination – 16.3%
3. Claim Settlement/Unsatisfactory Offer – 10.8%
4. Underwriting/Cancellation or Non-Renewal – 5.1%
5. State Specific – 4.8%





Lt. Governor Taylor Reminds Ohioans to Prepare for Severe Spring Weather: Flood Insurance Not Included in Standard Policy

Ohio Lieutenant Governor Mary Taylor provided information to help Ohioans keep themselves, loved ones and property safe during Ohio's volatile spring weather season and tips outlining steps to take if a weather event were to occur.

"For the last several years Ohioans have experienced significant weather situations involving flooding, thunderstorms, damaging winds and tornadoes," said Taylor, also the Director of the Ohio Department of Insurance. "I strongly encourage folks to set aside time to review their insurance protection – including need for flood insurance – with their agent to ensure they are adequately protected if financial loss is experienced."

Flood insurance is not included in a typical homeowner's and renter's policy. It is instead made available by a federal program. There is a 30-day waiting period before coverage becomes effective. You should also inquire with your agent if coverage for damage caused by a sewer or drain back-up is available and appropriate to add to your policy.

Advance Insurance Planning Tips:

- Be sure you have adequate insurance coverage and deductibles that are reasonable for your needs.
- Damage caused by rain, hail, lightning and tornadoes are generally covered by a standard homeowner's insurance policy and an auto insurance policy's "comprehensive" or "other than collision" coverage.
- Call your agent or the National Flood Insurance Program (NFIP) at 888-379-9531 and visit www.floodsmart.gov to learn more about flood insurance.
- Download the National Association of Insurance Commissioners (NAIC) home inventory app from the Apple App Store or GooglePlay. A paper version is available at www.insurance.ohio.gov. Include as many details as you need and take photos of your possessions.

Post Storm Recovery and Insurance Tips:

- Call your insurance agent or company as soon as you can. Be sure your agent knows how to contact you, especially if you have to move out of your home.
- Take reasonable steps to prevent additional damage if permitted by public safety authorities and if you will not endanger yourself.
- Closely inspect your property and cars for damage. Note and photograph any damage.
- If required to seek temporary housing, check your homeowner's insurance policy for "loss of use" coverage.
- Be sure everything is considered in your claim. Back up claims with written estimates.

Ohioans can visit the Department's Severe Weather Awareness Toolkit at www.insurance.ohio.gov and call 800-686-1526 with insurance questions. Visit www.weathersafety.ohio.gov for important weather safety information produced by the Ohio Committee for Severe Weather Awareness.





Ohioans May Now Show Electronic Proof of Insurance

Effective March 23, 2015, Ohio motorists are now able to show proof of financial responsibility to traffic violations bureaus, courts, Bureau of Motor Vehicles (BMV) and/or law enforcement through use of an electronic wireless communications device.

- Electronic wireless communications devices include the following:
- Wireless telephone, including a cell phone;
- Personal digital assistants;
- Computers, including a laptops, netbooks or tablets; or
- Any other substantially similar wireless device that is designed or used to communicate and display text and images.

“Permitting motorists to use technology to show proof of financial responsibility is a common-sense step forward for Ohio,” Lieutenant Governor Mary Taylor said. “This modification will save time and money benefitting consumers, law enforcement, court personnel and insurers. I commend the work of the Ohio legislature for supporting this change to the process of providing proof to better align with current market realities.”

BMV and the Ohio Department of Insurance (ODI) would like to remind Ohioans that it is illegal to drive any motor vehicle without insurance or other financial responsibility (FR) proof in Ohio. It is also illegal for any motor vehicle owner to allow anyone else to drive the owner’s vehicle without FR proof.

“This is another great example of using technology to meet our customers’ needs where they are, not where we are,” BMV Registrar Don Petit said. Paper versions of proof of insurance will continue to be accepted and motorists are encouraged to keep an updated copy with them at all times.

For more information on providing proof of insurance, visit http://www.bmv.ohio.gov/fr_laws.stm.





Lt. Governor Taylor Announces Ohio's Top Insurance Fraud and Enforcement Cases for 2014

Lieutenant Governor Mary Taylor announced Ohio's top fraud and enforcement cases for 2014, investigated by the Ohio Department of Insurance. During the calendar year, the Department processed 7,173 allegations of agent misconduct and insurance fraud, initiated 1,709 investigations, identified 713 civil and criminal violations of Ohio insurance law, took administrative action against 460 agents and agencies, and referred 66 individuals for prosecution. A total of \$98,650 was assessed in fines.

"We continue to aggressively fight insurance fraud on behalf of those directly harmed in these cases," said Taylor, also the Director of the Ohio Department of Insurance. "Insurance fraud is a serious crime that drives up the cost of insurance for all Ohioans and in order to bring offenders to justice we continue to work with our law enforcement partners at the local, state and federal level."

Taylor urges Ohioans to contact the Department at 800-686-1526 prior to buying insurance products to ensure those agents and insurance companies they are working with are licensed in Ohio. Consumers can report suspected fraud to the Department by calling 800-686-1527.

Dayton Funeral Home Owner Sentenced to Four Years in Prison in \$300,000 Case

In September, Michelle Gavin, co-owner of the former Magetti Gavin Funeral Home in Dayton was sentenced in Montgomery County Common

Pleas Court to four years in prison and five years of post-release supervision. Gavin previously pleaded guilty to 36 counts of theft from the elderly, grand theft, tampering with records and pre-need life insurance contract violations in a case totaling \$300,000. She misappropriated funds from her clients and cashed in pre-need life insurance policies of living clients by claiming they had died.

Columbus and Dayton-area Roofer Sentenced to 48 Months in Prison in \$241,000 Case

In August, Columbus roofer Terrance J. King, owner of Home Improvement Terrance King, was sentenced to 48 months in prison and ordered to pay \$241,000 in restitution for defrauding homeowners, businesses and several public entities. King obtained money from insurance companies and his clients and often either failed to complete work as promised or falsely used inferior, second-hand products on contracted jobs. He also laundered money for personal use, filed fraudulent documents to receive subsidized housing assistance, and filed false federal income tax returns. King pleaded guilty to money laundering, false claims, and filing a false federal income tax return in November 2013.

All Seasons Contracting Husband and Wife Co-Owners Sentenced in Lawrence County for \$143,000 Home Repair Scam

In October, Carol Richard, co-owner of All Seasons Contracting, was sentenced in the Lawrence County Court of Common Pleas to four years of community control – and three years in prison if she violates those terms – and ordered to pay \$143,426.98 in restitution. She and her husband, Patrick Richard, entered into contracts





Lt. Governor Taylor Announces Ohio's Top Insurance Fraud and Enforcement Cases for 2014... Cont'd.

with homeowners in the Ironton area and failed to provide the agreed upon services. Patrick Richard was sentenced to three years in prison in early January. All Seasons Contracting also submitted a false certificate of completion to an insurance company to support the payment of a homeowner's insurance claim.

Former Findlay Title Agent Sentenced in \$73,000 Forgery and Theft Case

In March, former title insurance agent Charity Hensley, of Findlay, was sentenced in Hancock County Common Pleas Court. Hensley was ordered to serve 60 days in jail and five years of community control for misappropriating more than \$73,000 in funds from her employer, Golden Key Title Agency.

Former Warren Insurance Agent Sentenced for Stealing \$52,000 from Clients

In November, former Warren insurance agent Timothy J. Mulvey was sentenced in the Trumbull County Court of Common Pleas to five years of community control, 17 months of suspended prison time, and 60 days in the Warren Alternative Sentencing Program. Mulvey was also ordered to pay restitution for stealing \$52,325.46 of his clients' premium payments. Mulvey surrendered his agent and Mulvey Insurance Agency licenses in April 2013.

Former West Mansfield Insurance Agent Sentenced for Fraud-Related Charges in \$21,000 Case

In June, former insurance agent Robert Horney, of West Mansfield, was sentenced in Logan County Common Pleas Court for grand theft, theft from the elderly, theft and insurance fraud. Horney sold property insurance policies to local residents but kept their premium payments, leaving them without insurance protection. He was ordered to pay more than \$21,000 in restitution and serve 60 days in jail plus five years on community control. If Horney fails to abide by the community control sanctions, he could also face up to six and a half years in prison. Horney surrendered his agent license to the Department in July 2013.

Cleveland Resident Sentenced to Two Years of Probation for \$9,000 Theft

In April, resident John Deskins, of Cleveland, was ordered in Cuyahoga County Common Pleas Court to serve two years of probation for theft after he abandoned his car at a local repair facility and then filed an insurance claim – that totaled \$9,000 – stating his vehicle had been stolen.

Lucas County Dentist Pleads Guilty to \$4,800 Attempted Theft

In January, dentist Robert Balcar, of Holland, pleaded guilty in Lucas County Court of Common Pleas to attempted theft for billing private insurance companies for services not rendered. Balcar was ordered to serve one year of probation and pay restitution in the amount of \$4,804.25.





Lt. Governor Taylor Announces Ohio's Top Insurance Fraud and Enforcement Cases for 2014... Cont'd.

Tannile Ortiz, for allegedly selling an unlawful product in the state of Ohio. The Hilliard, Ohio based entity and Ortiz were not authorized to engage in the business of insurance or provide health insurance coverage in Ohio.

Unlicensed Ohio Company Ordered to Stop Selling Products Potentially Harmful to Consumers

In April, the Ohio Department of Insurance issued cease and desist orders to unlicensed insurance entity My Community Care LLC and its owner, Tannile Ortiz, for allegedly selling an unlawful product in the state of Ohio. The Hilliard, Ohio based entity and Ortiz were not authorized to engage in the business of insurance or provide health insurance coverage in Ohio.

Cleveland Insurance Agent's License Revoked for Multiple Insurance Law Violations

In June, the insurance license of agent Carl Koneval, of North Olmstead, was revoked after he created a false surrender acknowledgement letter, forged the signature of an annuity contract holder and attempted to gain access to their online account without their knowledge or permission.

The Ohio Department of Insurance Fraud Unit investigates allegations of insurance fraud, such as the submission of false or inflated claims, and works with prosecutors to criminally prosecute those who commit fraud. The Enforcement Unit investigates allegations of unlicensed insurance activity as well as agent and agency misconduct.

How to Avoid Contractor Fraud:

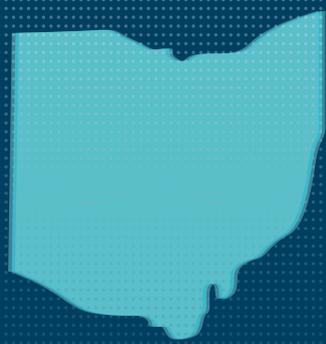
- Obtain a list of reputable contractors from your insurance company, the Better Business Bureau or a specialized consumer organization.
- Contact multiple contractors and obtain more than one estimate.
- Do not allow a contractor to inspect your property when you are not home.
- If you give a contractor permission to inspect your property, personally watch them conduct the inspection.
- Obtain the terms and conditions of the project in writing.
- Avoid signing a contract until the document is reviewed fully and/or discuss the terms of the contract with a legal representative or a trusted adviser.
- Pay the contractor by check or credit card, rather than in cash, and do not pay in full until all work has been finished.

More Information:

Information about insurance and how to prevent and report insurance fraud and professional misconduct is available at www.insurance.ohio.gov.

Those who have been victimized by contractor fraud should contact the Department's fraud hotline at 800-686-1527.





To request consumer publications
or ask questions about insurance, please call the
Ohio Department of Insurance consumer lines:

OSHIP Hotline800-686-1578

Consumer Hotline.....800-686-1526

Fraud Hotline800-686-1527

TDD/TTY phone users, please call Ohio Relay Service 711

For many Department services and
publication updates, please visit our website

www.insurance.ohio.gov

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