



NEWS RELEASE – CONSUMER ALERT

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Colorado Insurance Commissioner Orders “Cease and Desist” for Sale of Fraudulent Health Insurance; DORA’s Division of Insurance Advises Consumers to Verify License Before Purchasing Health Plans

“Some people spend more time deciding where to eat lunch than they do researching where to purchase insurance,” said Marcy Morrison, Colorado Commissioner of Insurance. “With sophisticated scam artists working to convince people to send money off to an imaginary company promising great health benefits for practically pennies, the risk of being deceived is really high. An outfit that can offer health insurance at half the cost anywhere else may be offering nothing but empty promises in exchange for your hard-earned cash.”

Typically, fake insurance companies collect premiums for false policies with no intention of paying claims. These illegitimate companies offer significantly lower premiums and may solicit new business by fax, by phone or through emails and phony internet sites.

If a consumer is tempted by the incredible deal, the first smart step is to find out if it’s legitimate insurance.

“Consumers need to check the credentials of anyone claiming to sell insurance before they hand over access to a checking account or credit card,” said Morrison. “Every licensed company and agent in Colorado is listed on our web site. The Division of Insurance will assist consumers in verifying that the plan they want to purchase is really insurance before they sign on the dotted line.”

Earlier this month, the Commissioner signed an emergency Cease and Desist order against individuals and businesses who were selling unauthorized “insurance” to Colorado consumers, taking consumers’ money and providing nothing in return. The Cease and Desist order names Consolidated Workers Association (CWA); The Consolidated Workers Risk Retention Group, LLC (CWRRG); the National Alliance of Benefit Services Association (NABSA); Claims and Benefit Management (CBM); Integrated Health Benefits (IHB); Walter R. Cecchini, Jr; and Brad Wessler. The companies named are located in Washington, D.C., Delaware and California, but are accused of selling unauthorized insurance in Colorado and other states.

One of the methods for enticing consumers to pay premiums for the fraudulent insurance was to convince individuals that they would be eligible for a limited benefits plan if they paid to join an organization first. Enrollment in the association entitled members to access the organization’s “health benefit plan.” The plan outline listed benefits for hospitalization, surgical procedures and doctor visits.

Detailed in the Cease and Desist order is one consumer’s statement that the membership fee and subsequent “premiums” of \$369 per month were deducted from her bank account as payment for “comprehensive health insurance” coverage. During the time in which this consumer and her family paid for the coverage, a family member developed a serious illness and sought treatment. The health providers who treated the family member claim they have received no compensation for services. After discovering the “health plan” was fraudulent, the family secured legitimate health insurance from another company. However, the serious illness is not covered by that policy on the grounds it was a pre-existing condition.

In addition to the consumer and her family detailed above, the Division has learned of at least 27 other “members” of the health plan (sold by those named in the Cease and Desist order) who live in Colorado and who have paid fees for similar health coverage that is not licensed in the state. Seriously ill people who purchased phony health insurance may find their credit ruined when they can’t pay large medical bills after their policy refuses to pay.

The Colorado Division of Insurance urges consumers to take the time to check for warning signs when offered a “too good to be true” deal on insurance.

Warning signs for fake insurance include:

- The unsolicited offer comes by “blast fax” and does not include a company name, physical address or contact name.
- The primary contact is a toll-free number and “operators are standing by.” The person on the phone may be vague or misleading about where the offices are physically located.
- The salesperson or promotional material pressures consumers for a quick decision. Phrases like “limited time offer” or “offer ends tomorrow” will be prominent. Ask yourself: why would an insurance company pressure you to make a quick deal, if they are planning to serve you well and work with you for years to come?
- The salesperson is vague about the company underwriting the policy. In some cases, the salesperson may imply it is a very large and well-known company underwriting policy at a fraction of the standard cost. At the very least, ask for the name of the insurer, its address and a phone number for its customer service department. Call the company before you sign or give your bank account numbers to see if they really offer a policy for the quoted price.
- The salesperson or company is not listed as an authorized licensed insurance company or producer (agent) on the Division of Insurance website.

Taking time to research the company or agent, and to be sure you are choosing a health insurance policy that works for you is well worth the effort. Any insurance policy issued by a company that is not licensed to do business, or any paperwork or policies that it hands out, are probably not worth the paper they are printed on. No consumer wants to find out they’ve been “taken” by an unscrupulous scam artist, but discovering this when there is a stack of unpaid claims for medical treatment is even worse.

Protect your family’s health and your financial resources: be sure you are purchasing authorized insurance and not falling victim to an insurance scam.

Consumers may verify a license of an insurance provider or agent in Colorado at the following link on DORA's Division of Insurance website: <http://cdillookup.asisvcs.com/>. For additional consumer tips on insurance or other issues, please visit www.dora.state.co.us

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*DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado.
Consumer protection is our mission.*

