

PRESS RELEASE

JANE DEE HULL
GOVERNOR



CHARLES R. COHEN
DIRECTOR

ARIZONA DEPARTMENT OF INSURANCE

2910 North 44th Street, Suite 210, Phoenix, Arizona 85018-7256 · (602) 912-8456 · FAX: (602) 912-8452
<http://www.state.az.us/id>

Contact: Don Harris
Public Information Officer
602/912-8402

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STATE INSURANCE DEPT. CONSUMER SERVICES UNIT HANDLES 97,272 CALLS IN 1998, ASSISTS POLICYHOLDERS IN SETTLEMENTS OF \$5.1 MILLION; REORGANIZATION BEEFS UP CONSUMER SERVICES

With assistance from the Arizona Department of Insurance, Arizona consumers received settlements in 1998 of \$5.1 million, Charles R. Cohen, director of the agency, announced today.

Cohen also unveiled a reorganization of the Consumer Services and Investigations Division, enabling the Insurance Department to respond to consumer complaints more quickly. Several positions are being transferred to the Consumer Services unit, Cohen said.

"When consumers have a question or a complaint, they want, and indeed, need answers as quickly as possible," Cohen said. "This reallocation of personnel will improve our response time to consumers."

Under the reorganization, a special Life and Health Insurance Unit is being established to make it easier for consumers with questions or complaints about health insurance to get the information they need.

During 1998, the Consumer Services and Investigations Division received more than 97,292 telephone inquiries from Arizona policyholders and claimants, Cohen said.

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“People contact us with a variety of inquiries and complaints, and we respond to every one of them,” Cohen said. “They have questions about a delay in paying their claims or a denial or maybe they want to know more about the insurance company and the agent they are dealing with.”

Cohen emphasized that the Insurance Department provides assistance and advocacy on claim issues, but cannot adjudicate them. The agency’s main function is to enforce regulatory requirements.

In addition to the telephone calls received, investigators processed 4,606 written complaints and met with 1,013 consumers at the Department of Insurance, 2910 N. 44th St., Phoenix. John Gagne, a former police officer, heads the Consumer Services and Investigations Division.

The Division’s toll-free number statewide is (800) 325-2548.

The Insurance Department also protects consumers through its Fraud Unit, which investigates suspected instances of fraud committed against insurance companies. Insurance fraud is a \$10 billion a year scandal nationwide, and inflates premiums paid by consumers, Cohen said.

A new appeals program that focuses on health insurance problems enables consumers to formally challenge company decisions regarding claims and services. More than 100 complaints have been filed since the program was launched last year, and 28 percent were reversed in favor of consumers.

The Department’s Market Conduct Division issued 22 consent orders in 1998 involving restitution plus interest to consumers totaling nearly \$350,000. In addition, insurance companies were assessed a total of \$278,914 in civil penalties. Market conduct examinations generally review marketing, claims and underwriting practices.

As a result of investigations by the Insurance Department, 38 licenses of individuals were revoked in 1998, 14 were suspended, and the Insurance Department assessed civil penalties that totaled \$112,775, Cohen said.

The Consumer Services and Investigations Division maintains a Hotline Monitor, which provides assistance and guidance to consumers throughout the state who are having difficulty obtaining liability insurance for their home or auto. The hotline number is (602) 912-8450.

The division also provides consumers with a variety of pamphlets, literature and shopping guides. The list includes:

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- Automobile Premium Comparison Survey
- Annual Motor Vehicle Liability Insurance Report
- Arizona Basic Health Benefit Plan
- Consumers Guide to Homeowners' Insurance
- Fighting Insurance Fraud in Arizona
- Guide to Health Insurance for People with Medicare
- Homeowners' Premium Comparison Survey
- List of Arizona Accountable Health Plans
- List of Arizona Health Care Appeals External, Independent Reviewers
- List of Medicare Supplement/Medicare Risk Plans
- Long Term Health Care Companies
- Mobile Homeowners' Premium Comparison Survey
- Outline of Health Care Appeals Process in Arizona
- Personal Lines Complaint Ratio
- A Shopper's Guide to Long-term Care Insurance
- Some Questions to Consider in Choosing an Insurance Company

Last month, the Insurance Department launched an informational campaign targeting consumers in rural communities. It is important to make sure that rural Arizonans have the information they need from the Insurance Department to make wise insurance choices or to challenge unfavorable decisions by insurers.