

Agents Fined 55K for Violations, Including Paying Auto Dealerships

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OLYMPIA, Wash. – Insurance Commissioner Mike Kreidler issued fines in December 2014 totalling \$55,400 against insurance companies, agents, brokers and others who violated state insurance regulations.

The names are linked to the disciplinary order that contains more information about each action.

Insurance companies

LifeWise Health Plan of Washington, Mountlake Terrace; fined \$50,000

LifeWise overcharged 5,700 consumers \$6 to \$38 per month for the first six months of 2014. The health plans were WiseEssentials 25 and WiseSavings 20, which are catastrophic plans that carry a high deductible with a lower monthly premium. The 2014 rates that LifeWise filed for those catastrophic plans had decreased, depending on the enrollee's age, because the deductible increased. From January through June 2014, LifeWise charged consumers on those plans higher rates that were based on the 2013 plans.

Agents and brokers

Keith Coe, Spokane; fined \$500

Keith Coe is a licensed insurance producer for North Town Insurance in Spokane. Coe was giving cash to auto dealerships that referred clients to him for insurance. Coe's assistant delivered the cash to dealerships, which determined which salespeople received a portion of the cash. At least two of the salespeople who were given cash were also Coe's insurance clients; **insurance law prohibits paying clients for referral business**, called inducements.

Coe also gave \$10 gift cards to certain clients, which he said were promotional items. It is legal for insurance producers to give promotional items that do not exceed \$25 per person per year, as long as the insurance producer documents the practice. Coe was not able to show how many gift cards he gave or to which clients he gave them, which violates state insurance law. In addition, cash and gift cards are not considered promotional items, which are defined as "prizes, goods, wares or merchandise."

Earl Dennis, Spokane Valley; license revoked

In 2012, Dennis borrowed \$210,000 from a 79-year-old insurance client. Dennis promised to secure the loan with the deed to his house, which he never did, and arranged to repay the client with 2 percent interest. Dennis stopped making loan payments and still owes the client \$90,000. State insurance law allows the Insurance Commissioner to revoke an insurance producer's license if the producer borrows money from an insurance client who is not a family member or financial institution.

In 2011 and 2012, Dennis sold the same client three annuities, which the client paid for by surrendering two annuities that had higher guaranteed interest rates and additional penalties and limitations. Insurance producers are required to make an effort to verify that annuities are suitable for their clients' financial needs and to adequately explain the products to their clients.

The Insurance Commissioner sought to revoke Dennis' license in August 2014, but Dennis invoked his right to a hearing. The hearings officer upheld the OIC's revocation, which means Dennis is no longer legally able to sell insurance in Washington.

Southern Cross Insurance Solutions and Ann Geisler, Orlando; fined \$500

Ann Geisler owns and operates Southern Cross Insurance Solutions in Orlando. The insurance agency sold liability insurance to midwives and birthing Centers in Washington without being licensed. In addition, the agency procured the insurance from a Washington-based surplus-lines broker but gave no indication to the insurance clients that the product came from a company other than Southern Cross Insurance Solutions; it placed the insurance on its own forms and website as if it were a product of the agency, which misled its clients.

iCan Benefit Group, LLC & iCan Insurance, LLC, Boca Raton, Fla.; fined \$2,500

iCan Benefit ran television and online ads that appeared to offer several insurance products to Washington consumers. After reviewing iCan's television, online and call center advertising, the Insurance Commissioner determined that iCan's advertising reasonably could have led Washington residents to believe they could purchase insurance plans through iCan, when they could not. iCan worked with the Insurance Commissioner to amend its advertising to give accurate information to Washington consumers.

Continuing education providers

At Your Pace Online, Grants Pass, Ore; fined \$1,950

At Your Pace Online provides continuing education for insurance professionals. It is required to submit its courses to the Insurance Commissioner for approval before it offers them to insurance professionals. The Insurance Commissioner found two Washington insurance producers who registered and paid for unapproved courses through At Your Pace Online; one of the producers was unable to complete the renewal of his insurance producer's license on time because the course was not approved.

Kreidler's office oversees Washington's insurance industry to ensure that companies, agents and brokers follow state laws. Since 2001, Kreidler's office has assessed more than \$18 million in fines, which are deposited in the state's general fund to pay for other state services.

The OIC posts on its website the disciplinary orders against companies, agents and brokers. Consumers can also look up complaints against insurance companies.

For an insurance question or complaint, please contact the OIC's consumer advocates at 800-562-6900 or online.