



DIRECTOR CAMERON IS SECRETARY OF NAIC WESTERN ZONE

Director Cameron was elected Secretary of the NAIC Western Zone at the Fall National Meeting. The NAIC acts as a forum for the creation of model laws and regulations.

For organizational purposes, the United States is divided into four geographic zones. Each zone has its own chair, vice chair, and secretary who sit on the NAIC's Executive Committee. The Western Zone is comprised of 14 states and three territories: Alaska, American Samoa, Arizona, California, Colorado, Guam, Hawaii, Idaho, Montana, Nevada, New Mexico, N. Mariana Islands, Oregon, Texas, Utah, Washington, and Wyoming.



ASK THE DOI

What is accreditation and why is it important to Idaho?

Accreditation is a certification given to a state insurance department once it has demonstrated it has met and continues to meet legal, financial, organizational, and licensing standards. State insurance departments are reviewed every five years.

The accreditation program establishes standards to promote sound insurance company financial solvency regulation.

The program ensures adequate solvency laws and regulations in each accredited state to protect consumers and guarantee funds.

Once a state insurance department is accredited, companies that are domiciled in that state are not subject to examinations by other states in which they do business. This saves millions of dollars in duplicative examination costs.

The accreditation program is a key tool in promoting and maintaining state-based regulation of the insurance industry.

Maintaining accreditation keeps carriers in Idaho, thus maintaining jobs, supporting the economy, and providing more consumer choice.

DOI IN THE NEWS



- **Floods may be coming – are you covered?**
- **Director named to NAIC committee leadership**
- **Idaho State Fire Marshal named to leadership position**
- **Snow damage found to be origin of Council fire**

SMART WOMEN, SMART MONEY

Department staff participated in the 17th annual Smart Women, Smart Money Conference on February 17 at the Boise Centre. Smart Women, Smart Money is hosted by the Idaho State Treasurer's Office. The Department of Insurance has been a sponsor and presenter for many years.

Karl Fromm, Consumer Affairs Officer, helped attendees understand how being smart about life insurance and annuities is being smart about money. Nick Guthneck, DOI Investigator, told how insurance fraud is perpetrated and how much it costs Idahoans annually.

GREAT INSURANCE RATES IN IDAHO

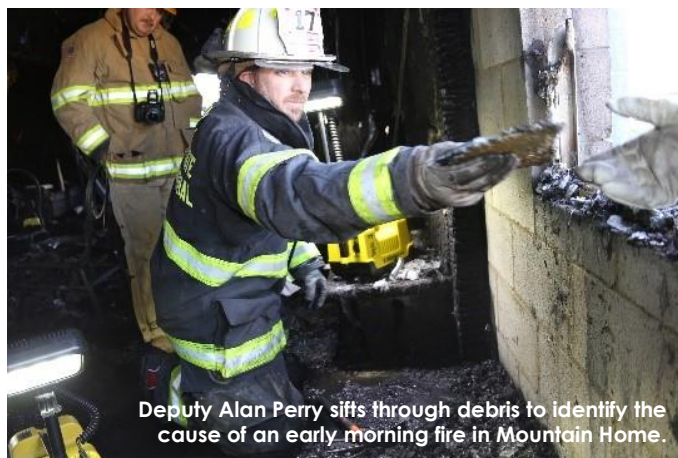
United Benefit Advisors conducted a **health plan survey** and crunched some numbers to find that Idaho ranks second in the nation for lowest group health insurance rates. In 2016, singles in Idaho paid \$415 per month; families paid \$989.

According to NAIC statistics, Idaho also has the most affordable annual **auto** and **homeowners** premiums in the United States (\$650 and \$552 respectively).

STATE FIRE MARSHAL

The State Fire Marshal's Office conducted 114 investigations statewide in 2016. Fourteen of these incidents occurred in December. The three most notable fires were Boise State University's Robotics Laboratory fire, caused by failure of a charging lithium battery and resulting in tens of thousands of dollars' worth of damage; the total loss of the LDS Church in Swan Valley, ruled accidental; and a large industrial fire at the East Idaho Snake River Potato Processing Plant in Ucon.

Tragically, the Fire Marshal's Office also investigated two fires in December involving three fatalities. **The common denominator was no working smoke alarms** in the residence. We strongly advocate the installation and regular inspection of smoke alarms in every residence. Smoke alarms are the first line of defense in preventing home fire deaths. They are inexpensive, easy to install, and very reliable.



Deputy Alan Perry sifts through debris to identify the cause of an early morning fire in Mountain Home.

COMPANY ACTIVITIES

Idaho regulated self-funded healthcare plans are examined by the Department of Insurance at least once every five years. Common mistakes found during examinations include weak or poorly-documented planning and oversight activities, incomplete or poorly-executed conflict of interest statements, and investment policies that are not meaningful.

To improve examination outcomes, board meeting minutes should show that critical topics are considered and reviewed by trustees, boards should complete annual conflict of interest statements, and investment policies should establish the board's risk tolerances and require investments to comply with Idaho Code. Additionally, cash balances should not exceed federal deposit insurance limits.

More information can be accessed here: [Company Reports of Exam](#) and [Self-Funded Health Care Plans Rule](#).

CONSUMER AFFAIRS

Consumer Affairs assists consumers who believe they are being treated unfairly by insurance companies and agents. In 2016, **approximately \$698,000 was recovered by consumers due to Consumer Affairs' investigations** of consumer complaints. Some examples of consumer complaint investigations that resulted in money returned to consumers are:

- An insurance company has denied a claim. After an investigation by the Department, the company changes its finding and agrees to pay the claim.
- The consumer is unhappy with the settlement amount of a claim. Consumer Affairs contacts the insurance company, and the consumer receives more than the original offer.

INVESTIGATIONS

DOI Investigations led to two insurance fraud convictions in December. In April 2013, Natalie Orosco submitted a claim for a lost ring and filed a police report valuing the ring at \$15,000. DOI investigators discovered Orosco had pawned the ring prior to the claim and retrieved it the day before she filed the insurance claim. Orosco was found guilty of insurance fraud and was placed on felony supervised probation for three years, ordered to pay \$1,662 in restitution to American Family Insurance, fined \$500, and ordered to perform 100 hours of community service.

In June 2014, Mark Harkins reported damage to his basement from irrigation water. His insurance policy did not cover flood damage, so the claim was denied. Later, Harkins claimed a washing machine hose ruptured and caused water damage in his basement. An investigative engineer examined the hose and concluded it was intentionally cut. A DOI investigation provided evidence that Harkins knowingly gave false information to his insurance company. He was charged with one count of insurance fraud and was granted a withheld judgment, placed on felony supervised probation for five years, and ordered to complete ten days of sheriff's inmate labor detail in lieu of jail time.

The Idaho Department of Insurance has been regulating the business of insurance in Idaho since 1901. The mission of the Department is to equitably, effectively and efficiently administer the Idaho Insurance Code and the International Fire Code. For more information, visit www.doi.idaho.gov.