Are you sure that your insurance policy will be there when you need it? Insurance fraud is becoming more prevalent and can affect you if you don't take steps to protect yourself and your family. If you suspect that you have been a victim of fraud or have questions about what fraud is, please contact the North Dakota Insurance Department.

Please call us toll-free at 1-800-247-0560 or visit our website at www.state.nd.us/ndins.

NORTH DAKOTA

Protecting the public good

Insurance Department

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MAKE SURE
BEFORE YOU INSURE

Protect yourself against INSURANCE FRAUD

Get Smart About Insurance
Knowledge is your best policy

Everyone wants to find the lowest insurance rates available. We all work hard for our money and want to spend it wisely. But sometimes, as the saying goes, things can be too good to be true. Unfortunately, there are hundreds of unlicensed and unauthorized insurance entities out there waiting to take advantage of consumers.

The North Dakota Insurance Department wants to remind you that anyone can fall prey to bogus insurance pitches, and that your best defense against these scams is to have accurate information. If the insurance you buy is not legitimate, you may face hundreds or even thousands of dollars in unpaid medical bills, repair costs for home or automobile, or to make up for life insurance that does not exist.

What's the best way to protect yourself and your family?

- The first and best step to take is to contact your state insurance department and make sure the insurance agent and the company you are dealing with are licensed in your state. Keep the following tips from your state insurance department in mind when buying any type of insurance:
- Never pay for insurance until you are certain the agent and company are legitimate.
- Fraudulent policies are most often sold through direct mail solicitations or over the Internet, so be especially wary when responding to these solicitations.
- Always pay by check or money order, and write your policy number on the check. Do not give the agent your bank account number for automatic withdrawals until you have verified agent and company background information.
- Ask for a receipt for all payments. The receipt should include your policy number, the date of payment and the name of the insurance company.
- Finally, read the policy when you receive it. Make sure that the word "insurance" is actually used and that there is no disclaimer stating that, "This product is not insurance, nor is it intended to replace insurance."

What are some signs of potential insurance fraud?

Some key warning signs include:

- A policy that costs far less than what other companies are charging. It's good to comparison shop, but if a policy is significantly cheaper, beware. If it sounds too good to be true, it probably is.
- An agent or company that becomes evasive when you ask about state insurance licenses.
- An agent or company that insists on cash payments or an automatic withdrawal from your bank account.
- An agent or company tells you that this is a "one-time deal" or your "last chance for special savings."
- A company that boasts it will insure everyone, regardless of history or risks.

Health care scams are increasing.

Higher costs are making it easier for fraudulent health insurance peddlers to deceive those who might be looking for cheaper coverage. They may pay a few claims initially, but before long, the provider ceases to pay claims and disappears with the premium dollars. In some cases, the fraudulent entities falsely state that they are "multiple employer welfare arrangements" (MEWAs) that do not need a state license, since they claim they are monitored by the federal government under the Employee Retirement Income Security Act (ERISA). This is not true, as no state allows an entity that meets the definition of a MEWA under ERISA requirements to operate without a license.

How big is the problem? According to a report from the Georgetown University Health Policy Institute, titled **Health Insurance Scams: How Government is Responding and What Further Steps are Needed**, in the last two years, four unauthorized plans have left nearly 100,000 people in the United States with approximately $85 million in unpaid medical debt and without health insurance coverage.

Remember, knowledge is your best policy. Make sure you know what you're buying and from whom you're buying before you purchase insurance.