

# Nevada Division of Insurance

## Unauthorized Insurer Campaign Effectiveness

Prepared for the Subcommittee to Study  
Health Care Insurance Options

EXHIBIT C Health Care Ins Document consists of 20 pages.

☒ Entire document provided.

☐ Due to size limitations, pages \_\_\_\_\_ provided. A copy of the complete document is available through the Research Library (775/684-6827) or e-mail [library@lcb.state.nv.us](mailto:library@lcb.state.nv.us)).

Meeting Date 5-7-04

May 7, 2004

# Background

- In late 2002, the Nevada DOI identified unauthorized insurers as burgeoning issue for Nevada businesses
  - Nevada is the #1 state in the country for development of new small-businesses under 20 employees
- In January 2003 the DOI initiated a survey to understand how to best address this issue

# Exploratory Survey

## Key Observations

- Few companies (3%) reported being aware of any issues concerning unauthorized insurers
  - Insurance coverage decision based largely on price alone
- Many companies were not verifying if their health insurance provider is licensed in the state
- A Web site was the most often mentioned tool to conduct the verification process

# Marketing Objective

Protect Nevadans from the risks  
of unauthorized insurers

# Desired Action

Before purchasing insurance coverage, go to the Web site or 800# to check if the insurer is authorized

# 2003 Campaign

- On-going, aggressive public relations
- Outdoor
- Print
- Direct Mail to every small business in Nevada – over 69,000 mailers



# Don't Fall Prey To Phony Insurance.



[nvinsurancealert.com](http://nvinsurancealert.com)



# Don't Fall Prey To Phony Insurance.

They're out there, ready to take your money, and possibly, your business. Before you purchase insurance for you, your employees or your business, make sure the company you are dealing with is legitimate. And don't leave it up to your agent to find out, since they fall prey too.

Call or visit our Web site to get more information or to find out if a provider is authorized to sell insurance in Nevada.

**Don't write a check  
until you check.**

888-467-4195 • [nvinsurancealert.com](http://nvinsurancealert.com)

Funded by the Nevada Surplus Lines Association and presented by the Nevada Association of Independent Insurance Agents in cooperation with the Nevada Division of Insurance.



Desperate to find low insurance rates for your business?



Then you'll find your share of those who'd like to take advantage of that.

# Don't Fall Prey To Phony Insurance.

They're out there, ready to take your money, and possibly, your business. Before you purchase insurance for you, your employees or your business, make sure the company you are dealing with is legitimate. Contact us for more information or to find out if a provider is authorized to sell insurance in Nevada.

Don't write a check until you check.

888-467-4195 • [nvinsurancealert.com](http://nvinsurancealert.com)

## In the past 3 years, Nevada businesses have lost over \$10 million to phony insurance scams.

### Don't just trust your agent

Even insurance agents get fooled. Businesses are bilked out of thousands of dollars each year by scam artists who misrepresent themselves as insurance agents. But did you know you run the risk of purchasing a phony policy even if you work with a legitimate agent? At times, even experienced agents can unknowingly sell insurance from an illegal provider. Though honest agents will do their level best to avoid such circumstances, it can happen. Worst of all, you as the business owner may discover you're on the hook for a wide range of costs and expenses that you thought your insurance was covering.

### Red Flags

Here are some of the most common signs that an insurance provider may be a phony.

- The insurance company in question boasts low rates, or offers minimal or no underwriting.
- The health plan will accept almost anyone, including those with pre-existing or serious illnesses.
- The agent (or information they provide) claims that the plan is covered only by stop-loss.

- The plan claims to be federal, not state regulated. (ERISA or Union plans, for example)

When it comes to buying insurance, your instincts might not always be correct. In an effort to save money, one's judgement can become impaired, so don't hesitate to check out each provider you deal with. It only takes a little time, but the effort could possibly save your business.

**Unauthorized insurers sell a variety of different products, including health, medical malpractice, worker's compensation and auto insurance.**

### Tricks of the trade

The typical health insurance scam often moves quickly and with much purpose. "Agents" flood the market to help generate as many quick sales as they can. Payments can be requested up front to help ensure they get as much money as possible before they disappear. After they have reached their goal, they simply sit back and watch the monthly payments roll in, continuing to do so until they become fearful of being caught, at which point they often disappear to re-emerge somewhere else. Until that time, however, some business owners have been known to pay premiums for many years, never discovering that their insurance was bogus until they eventually filed a claim.

http://www.nvinsurancealert.com/

**NVINSURANCEALERT.COM**

1-888-467-4195 | [Press Room](#) | [Contact NV DOI](#)

Choosing a company

Known scams/red flags

Verify an insurance company

Additional resources

Don't **fall prey** to phony insurance.



▶ **Current events**

Commissioner fines Global Bonding for unlicensed activity. [More...](#)



▶ **In the past three years, Nevada businesses have lost \$10 million on phony insurance.**

When employers purchase phony insurance plans for their employees due to the allure of incredibly low rates, they often find the cost of the advertised affordability to be much higher than any savings. In fact, over the last three years, Nevada employers realized over \$10,000,000 in losses attributed to phony insurance scams.

Nevada Insurance Alert is funded by Nevada Surplus Lines Association, presented by Nevada Association of Independent Insurance Agents in cooperation with the Nevada Division of Insurance.

# 2003 Campaign Results

- Follow-up survey conducted in February of 2004 revealed nearly one-in-five (**18%**) small businesses knew about the issue of unauthorized insurers in the state and the cost related to purchasers
- Over half the respondents indicated that they now verify if their insurer is authorized to do business in the state
- Almost 9,500 unique Web site visits and 3,000 calls on the 800# from April – December of 2003

# 2004 Campaign

- Build on the success of 2003 campaign by upping the emotional ante via more dynamic media vehicles
  - Television
  - NPR radio
  - Print
  - PR
- Designed to lead into the Nevada Broadcasters effort



# 2004 Radio

*PBS*



## Don't Lose Your Business to a Phony Insurance Company



If you purchase from an insurance company and it turns out the company's a phony, you as a business owner will be left holding the bag. Some have even lost their businesses.

To look up your current or any potential insurer, go to [nvinsurancealert.com](http://nvinsurancealert.com). It's free, but it could save you a bundle.

**[nvinsurancealert.com](http://nvinsurancealert.com)**

Don't write a check until you check.

Over the last three years, Nevada business owners have had to cover ten million dollars in claims because they purchased unauthorized insurance.

# 2004 Campaign Results

- First month of advertising drove well over 1,300 unique visits to the Web site
- Over 5,000 unique Web site visits YTD
  - Since campaign began – 16% increase in unique visitors to Website