

Kreidler fines insurers \$167,000 for violations, including overcharging customers

Local News

Posted by: David Haviland

Posted on : March 31, 2011 at 5:00 am

OLYMPIA, Wash. — Insurance Commissioner Mike Kreidler has fined insurance companies more than \$167,000 so far this year for violations including wrongly denying medical claims and overcharging customers. "It's important that companies follow the law, and when they don't, we'll hold them accountable," said Kreidler. "Consumers, competitors and the marketplace all rely on insurers following the rules." In 2010, Kreidler's office levied \$583,750 in fines. Fines collected by the state insurance commissioner's office do not go to the agency. The money is deposited in the state's general fund to pay for other state services.

Fines and disciplinary actions so far this year include: Aetna Life Insurance Co., of Hartford, Conn., was fined \$65,000 for violations, including unreasonably denying 220 claims for acupuncture treatment. The company also refunded \$16,427 to policyholders. Ace American Insurance Co., of Philadelphia, Penn., was fined \$50,000 for violations, including using rates that it had not filed with the state. Progressive American Insurance Co., Progressive Northwestern Insurance Co, and Progressive Max Insurance Co, all of Mayfield Village, Ohio, were fined \$30,000 for improperly deducting sales tax and fees from cash value calculations in more than 1,700 auto claims. The company also refunded \$415,299 to customers. Homesite Insurance Company of the Midwest, of Mandan, N. Dakota, was fined \$12,000 for overcharging more than 300 policyholders for renter's insurance. The policyholders are receiving refunds. Austin Mutual Insurance Co., of Maple Grove, MN, was fined \$10,000 for issuing insurance policies that weren't in accordance with the rates it had filed with the state. As a result, 324 policyholders were overcharged a total of \$26,200. The company also agreed to refund the overcharges to policyholders within 60 days. Doctors and Surgeons Benefit Association, of Charlestown, Nevis, West Indies; and several related entities were ordered to stop selling unauthorized insurance in Washington state. In addition, Kreidler also took the following actions against agents or brokers: Mitchell A. Steitz, of Cashmere: License revoked, effective March 31, for misappropriating \$12,500 from clients and spending it himself, rather than investing it. Allen D. James, of Sumner, agreed to pay a \$1,000 fine for failing to promptly pay a premium refund to a client. Enforcement actions like these are often prompted by consumer complaints to the insurance commissioner's office. Anyone with a complaint against an insurer, agent or broker can contact the office at 1-800-562-6900 or file a complaint online at www.insurance.wa.gov. Orders and other documentation about these cases are posted online at <http://www.insurance.wa.gov/orders/enforcement.asp>. Note: In some cases, the fines were larger, but a portion was suspended on the condition that the companies follow compliance plans to remedy the problems. The fines listed above are what's actually being paid.