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Chapter 1 : Insurance: Terms of Insurance Sample Clauses

Most types of insurance policy have key factors involved, but each type of policy will have factors that directly relate to that policy. For example, the age of the insured person is important for health insurance and automobile insurance, but the health insurance.

A significant portion of the cost is allocated to the transfer of risk through the purchase of a variety of types of insurance. The remainder is attributed to risk management and absorption of uninsured events. Because all but a relatively small handful of insurance companies sell their policies through independent insurance agents and brokers, few business managers elect to deal directly with underwriters. Rather, most rely upon the services of an agent or broker to help them procure the insurance they need. Here are some of the more important things business managers need to know when dealing with agents and brokers. First, buyers need to understand the difference between an agent and a broker. By statutory definition, an agent represents the insurance carrier; a broker represents the buyer. The insurance industry refers to agents and brokers as producers. Insurance producers are typically held to a standard of care based upon the custom and practice of others similarly engaged in the sale and servicing of insurance. Generally, producers only have an ordinary duty to procure the types of insurance specifically requested by the buyer. They are not obligated to advise the buyer as to the amount of insurance that should be purchased or any different types of insurance that may be available. Producers who agree to render advice relating to the types and amounts of insurance, policy terms and conditions, and other pertinent matters assume a special duty and are held to a higher standard of care. Regardless of the level of duty a buyer expects the producer to assume, it is axiomatic that its insurance program will only be as good as the information provided to the producer. Buyers should treat their brokers as members of their management teams. The best way for buyers to obtain a true sense of financial security and peace of mind is to take their brokers into their confidence and keep them fully informed on a regular basis just as they do their lawyers and accountants. Building a Solid Insurance Portfolio: Whether buying direct or using an agent or broker, the insurance process starts by identifying the entities to be insured. Keep in mind that the purpose of insurance is to protect the business from the financial consequences of fortuitous events that damage property or injure persons bodily or otherwise. A complete list of all of the entities that are related through financial control, i. A list of non-owned or controlled entities such as lenders, lessors, independent contractors, and others that are to be included as additional insureds or require evidence of insurance must also be provided. The next step is to identify where each entity is located and whether the real property is leased, rented or owned. If leased or rented, the broker should be given copies of the agreements. If the business is heavily dependent upon an offsite supplier of power, materials, parts, processing, assembly or other critical services, the locations and pertinent related details should also be provided. Once the who and where has been established, the next step is to determine the what and howmuch. The what means buildings, tenants improvements, furniture, fixtures, equipment and other business personal property, automobiles and other tangible property including money, valuable papers, accounts receivable, etc. How much means the tangible value of the property measured by replacement cost and actual cash value. It also includes the amount of income generated by the business, the effect upon the business should an offsite supplier is shut down, and the value of any leasehold interest. Because the property, business income and leasehold values provided will be used to determine the amounts of insurance purchased, they must be kept up-to-date and accurate. A broad range of additional information must also be provided. Typically, insurance carriers prescribe the kind of information they need to determine the premiums to be charged for different types of insurance such as the square footage of each building, gross revenues, employee count, payroll, and etc. They also routinely require the names of the insurance companies that provided similar types of insurance during the previous three to five years and a detailed listing of the losses the carriers incurred under their policies. They also expect buyers to disclose whether any carrier canceled or declined to renew its policy. A word of caution is required. Materiality is subjectively determined by the underwriters who, upon discovery of concealment or misrepresentation, have the statutory right to void their policies. They are only obligated to submit the information provided by the buyer accurately and completely. Virtually every insurance policy is subject to three types of exclusions; i. Subject to certain exceptions, certain causes of loss, such as war, nuclear energy, intentional acts, breach of contract, and indemnification for punitive damage awards are typically uninsurable. The kinds of insurance available are broadly categorized as property, casualty, surety, life, health and accident. There are numerous sub-categories for each. For example, property insurance includes protection for buildings and other structures, chattel property including money and documents and business income. The property can be insured against damages caused by a wide selection of perils such as fire, windstorm, boiler explosions, burglary, etc. Life, health and accident includes protection for individuals alone or as members of a group such as an employer, trade association, or a variety of other types of affiliation. Although most underwriters use industry standard policy forms, many use their own forms or add endorsements to the standard forms to expand or limit the protection afforded. Buyers should expect the producer to inform them if any policy procured provides less protection than afforded by the existing policy ies carried. Most forms of property and casualty insurance can be purchased subject to deductibles or self-insurance retentions. Often the premium savings for selected retentions may be greater than the losses historically incurred. Whether buying direct or through producers, insurance should not be purchased as a commodity. Buyers are cautioned to beware of producers who ask to see copies of their existing policies on the promise they can beat the premiums. Depending upon the depth of the duties assumed, the broker may also suggest the use of alternative risk funding mechanisms such as the formation of a captive insurance company or placement with a risk retention or risk purchasing group. Before delivering policies to the buyer, producers have the duty to check them to make certain they have been issued correctly. It is incumbent upon the buyer to also check them thoroughly to verify that all entities are appropriately named, locations are properly identified and the amounts of insurance are as ordered. Buyers should read each policy carefully and pay particular attention to their insuring agreements, exclusions, and conditions relating to what must be do to present a claim. Prudently, the broker will send the notice to the carrier and the wholesaler and require written confirmation of their receipt. Once the claim has been presented, most producers assist the buyer by guiding them through the settlement process and representing their interest. Buyers also should know how producers are compensated for the services they provide. Most insurance companies pay producers a commission based upon the amount of premium paid by the buyer. Although many producers are reluctant to disclose the amount of commission they receive, buyers have a right to know because of the inherent conflict of interest. It is generally accepted that commissions compensate producers for their procurement of policies and routine services required to maintain the policies through their expiration, i. All too often, there is little correlation between the amount of service provided by producers and the amount of commission they receive. Like a two-edged sword, it can cut both ways. Producers may be under or over paid. Either way, buyers are affected. If they pay too little, they may be short-changed on the services provided by the producer. Ironically, producers who do a superlative job for their clients often receive less for their efforts than those who perform marginally. Either way, large buyers should ask the producer to work on a fee basis and procure their insurance on a net of commission basis. Commissions paid by carriers unwilling to quote net, will be applied to the fee. The fee concept minimizes the conflict of interest. It assures a win-win relationship by establishing a clear understanding of the services expected by the buyer and to be provided by the producer. In summary, buyers are the final arbiters of the kinds and amounts of insurance they elect to purchase. Regardless of the advice and services rendered by producers, prudent business managers recognize that they bear the ultimate responsibility to make certain their companies are properly protected by the insurance they decide to purchase. Rick served two years in this position â€” January to January

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Chapter 2 : 10 Most Common Types of Insurance Fraud | Business Insurance Quotes: Compare Providers

Insurance sales agents commonly sell one or more types of insurance, such as property and casualty, life, health, and long-term care insurance. Property and casualty insurance agents sell policies that protect people and businesses from financial loss resulting from automobile accidents, fire, theft, and other events that can damage property.

Early methods[edit] Merchants have sought methods to minimize risks since early times. Methods for transferring or distributing risk were practiced by Chinese and Babylonian traders as long ago as the 3rd and 2nd millennia BC, respectively. The Babylonians developed a system which was recorded in the famous Code of Hammurabi , c. This allowed groups of merchants to pay to insure their goods being shipped together. The collected premiums would be used to reimburse any merchant whose goods were jettisoned during transport, whether due to storm or sinkage. The first known insurance contract dates from Genoa in , and in the next century maritime insurance developed widely and premiums were intuitively varied with risks. Insurance became far more sophisticated in Enlightenment era Europe , and specialized varieties developed. Property insurance as we know it today can be traced to the Great Fire of London , which in devoured more than 13, houses. Initially, 5, homes were insured by his Insurance Office. In the late s, Edward Lloyd opened a coffee house , which became the meeting place for parties in the shipping industry wishing to insure cargoes and ships, and those willing to underwrite such ventures. By the late 19th century governments began to initiate national insurance programs against sickness and old age. Germany built on a tradition of welfare programs in Prussia and Saxony that began as early as in the s. This gave the British working classes the first contributory system of insurance against illness and unemployment. The insured entities are therefore protected from risk for a fee, with the fee being dependent upon the frequency and severity of the event occurring. In order to be an insurable risk , the risk insured against must meet certain characteristics. Insurance as a financial intermediary is a commercial enterprise and a major part of the financial services industry, but individual entities can also self-insure through saving money for possible future losses. Insurability Risk which can be insured by private companies typically shares seven common characteristics: Since insurance operates through pooling resources, the majority of insurance policies are provided for individual members of large classes, allowing insurers to benefit from the law of large numbers in which predicted losses are similar to the actual losses. However, all exposures will have particular differences, which may lead to different premium rates. The loss takes place at a known time, in a known place, and from a known cause. The classic example is death of an insured person on a life insurance policy. Fire , automobile accidents , and worker injuries may all easily meet this criterion. Other types of losses may only be definite in theory. Occupational disease , for instance, may involve prolonged exposure to injurious conditions where no specific time, place, or cause is identifiable. Ideally, the time, place, and cause of a loss should be clear enough that a reasonable person, with sufficient information, could objectively verify all three elements. The event that constitutes the trigger of a claim should be fortuitous, or at least outside the control of the beneficiary of the insurance. The loss should be pure, in the sense that it results from an event for which there is only the opportunity for cost. Events that contain speculative elements such as ordinary business risks or even purchasing a lottery ticket are generally not considered insurable. The size of the loss must be meaningful from the perspective of the insured. Insurance premiums need to cover both the expected cost of losses, plus the cost of issuing and administering the policy, adjusting losses, and supplying the capital needed to reasonably assure that the insurer will be able to pay claims. For small losses, these latter costs may be several times the size of the expected cost of losses. There is hardly any point in paying such costs unless the protection offered has real value to a buyer. If the likelihood of an insured event is so high, or the cost of the event so large, that the resulting premium is large relative to the amount of protection offered, then it is not likely that the insurance will be purchased, even if on offer. Furthermore, as the accounting profession formally recognizes in financial accounting standards, the premium cannot be so large that there is not a reasonable chance of a significant loss to the insurer. If there is no such chance of loss, then the transaction may have the form of insurance, but not the substance see the U. Financial Accounting Standards Board pronouncement number There are two elements that must be at least estimable, if not formally calculable: Probability of loss is generally an empirical exercise, while cost has more to do with the ability of a reasonable person in possession of a copy of the insurance policy and a proof of loss associated with a claim presented under that policy to make a reasonably definite and objective evaluation of the amount of the loss recoverable as a result of the claim. Limited risk of catastrophically large losses: Insurable losses are ideally independent and non-catastrophic, meaning that the losses do not happen all at once and individual losses are not severe enough to bankrupt the insurer; insurers may prefer to limit their exposure to a loss from a single event to some small portion of their capital base. In the United States, flood risk is insured by the federal government. Such properties are generally shared among several insurers, or are insured by a single insurer who syndicates the risk into the reinsurance market. Legal[edit] When a company insures an individual entity, there are basic legal requirements and regulations. Several commonly cited legal principles of insurance include: Benefit insurance â€" as it is stated in the study books of The Chartered Insurance Institute, the insurance company does not have the right of recovery from the party who caused the injury and is to compensate the Insured regardless of the fact that Insured had already sued the negligent party for the damages for example, personal accident insurance Insurable interest â€" the insured typically must directly suffer from the loss. Insurable interest must exist whether property insurance or insurance on a person is involved. The concept requires that the insured have a "stake" in the loss or damage to the life or property insured. What that "stake" is will be determined by the kind of insurance involved and the nature of the property ownership or relationship between the persons. The requirement of an insurable interest is what distinguishes insurance from gambling. Utmost good faith â€" Uberrima fides the insured and the insurer are bound by a good faith bond of honesty and fairness. Material facts must be disclosed. Contribution â€" insurers which have similar obligations to the insured contribute in the indemnification, according to some method. The Insurers can waive their subrogation rights by using the special clauses. Causa proxima, or proximate cause â€" the cause of loss the peril must be covered under the insuring agreement of the policy, and the dominant cause must not be excluded Mitigation â€" In case of any loss or casualty, the asset owner must attempt to keep loss to a minimum, as if the asset was not insured. Indemnity To "indemnify" means to make whole again, or to be reinstated to the position that one was in, to the extent possible, prior to the happening of a specified event or peril. Accordingly, life insurance is generally not considered to be indemnity insurance, but rather "contingent" insurance i. There are generally three types of insurance contracts that seek to indemnify an insured: If the Insured has a "reimbursement" policy, the insured can be required to pay for a loss and then be "reimbursed" by the insurance carrier for the loss and out of pocket costs including, with the permission of the insurer, claim expenses. Most modern liability insurance is written on the basis of "pay on behalf" language which enables the insurance carrier to manage and control the claim. Under an "indemnification" policy, the insurance carrier can generally either "reimburse" or "pay on behalf of", whichever is more beneficial to it and the insured in the claim handling process. An entity seeking to transfer risk an individual, corporation, or association of any type, etc. Generally, an insurance contract includes, at a minimum, the following elements: An insured is thus said to be " indemnified " against the loss covered in the policy. When insured parties experience a loss for a specified peril, the coverage entitles the policyholder to make a claim against the insurer for the covered amount of loss as specified by the policy. The fee paid by the insured to the insurer for assuming the risk is called the premium. Insurance premiums from many insureds are used to fund accounts reserved for later payment of claims â€" in theory for a relatively few claimants â€" and for overhead costs. Social effects[edit] Insurance can have various effects on society through the way that it changes who bears the cost of losses and damage. On one hand it can increase fraud; on the other it can help societies and individuals prepare for catastrophes and mitigate the effects of catastrophes on both households and societies. Insurance can influence the probability of losses through moral hazard , insurance fraud , and preventive steps by the insurance company. Insurance scholars have typically used moral hazard to refer to the increased loss due to unintentional carelessness and insurance fraud to refer to increased risk due to intentional carelessness or indifference. While in theory insurers could encourage investment in loss reduction, some commentators have argued that in practice insurers had historically not aggressively pursued loss control measuresâ€"particularly to prevent disaster losses such as hurricanesâ€"because of concerns over rate reductions and legal battles. However, since about insurers have begun to take a more active role in loss mitigation, such as through building codes. Watson, is a slapstick silent film about the methods and mishaps of an insurance broker. Underwriting and investing[edit] The business model is to collect more in premium and investment income than is paid out in losses, and to also offer a competitive price which consumers will accept. Profit can be reduced to a simple equation: Insurers make money in two ways: Through underwriting , the process by which insurers select the risks to insure and decide how much in premiums to charge for accepting those risks By investing the premiums they collect from insured parties The most complicated aspect of the insurance business is the actuarial science of ratemaking price-setting of policies, which uses statistics and probability to approximate the rate of future claims based on a given risk. After producing rates, the insurer will use discretion to reject or accept risks through the underwriting process. At the most basic level, initial ratemaking involves looking at the frequency and severity of insured perils and the expected average payout resulting from these perils. Thereafter an insurance company will collect historical loss data, bring the loss data to present value , and compare these prior losses to the premium collected in order to assess rate adequacy. Rating for different risk characteristics involves at the most basic level comparing the losses with "loss relativities"â€"a policy with twice as many losses would therefore be charged twice as much. More complex multivariate analyses are sometimes used when multiple characteristics are involved and a univariate analysis could produce confounded results. Other statistical methods may be used in assessing the probability of future losses. Insurance companies earn investment profits on "float". Float, or available reserve, is the amount of money on hand at any given moment that an insurer has collected in insurance premiums but has not paid out in claims. Insurers start investing insurance premiums as soon as they are collected and continue to earn interest or other income on them until claims are paid out. Some insurance industry insiders, most notably Hank Greenberg , do not believe that it is forever possible to sustain a profit from float without an underwriting profit as well, but this opinion is not universally held. Naturally, the float method is difficult to carry out in an economically depressed period. Bear markets do cause insurers to shift away from investments and to toughen up their underwriting standards, so a poor economy generally means high insurance premiums. This tendency to swing between profitable and unprofitable periods over time is commonly known as the underwriting, or insurance, cycle. Claims may be filed by insureds directly with the insurer or through brokers or agents. The insurer may require that the claim be filed on its own proprietary forms, or may accept claims on a standard industry form, such as those produced by ACORD. Insurance company claims departments employ a large number of claims adjusters supported by a staff of records management and data entry clerks. Incoming claims are classified based on severity and are assigned to adjusters whose settlement authority varies with their knowledge and experience. The adjuster undertakes an investigation of each claim, usually in close cooperation with the insured, determines if coverage is available under the terms of the insurance contract, and if so, the reasonable monetary value of the claim, and authorizes payment. The policyholder may hire their own public adjuster to negotiate the settlement with the insurance company on their behalf. For policies that are complicated, where claims may be complex, the insured may take out a separate insurance policy add-on, called loss recovery insurance, which covers the cost of a public adjuster in the case of a claim. Adjusting liability insurance claims is particularly difficult because there is a third party involved, the plaintiff , who is under no contractual obligation to cooperate with the insurer and may in fact regard the insurer as a deep pocket. The adjuster must obtain legal counsel for the insured either inside "house" counsel or outside "panel" counsel , monitor litigation that may take years to complete, and appear in person or over the telephone with settlement authority at a mandatory settlement conference when requested by the judge.

Chapter 3 : Does my comprehensive claim affect my car insurance? | Ask An Agent

By statutory definition, an agent represents the insurance carrier; a broker represents the buyer. Case law holds that when a sales person has contracted to serve as an authorized agent for more than one insurance company, that person functions as the buyer's broker during the procurement process.

Marital status Married couples have been found statistically to be less of a risk to insurance providers than their single including those who are divorced or widowed counterparts. Married couples have been found to be less active and safer than single drivers, resulting in fewer accidents and claims. A study by the National Institute of Health found that single drivers were twice as likely to be an auto accident as married drivers. In general, car insurance rates can be from 5 to 15 percent lower for married couples due to their marital status. Married couples can also receive discounts when they combine their policies, such as a multi-car discount and a multi-policy discount for bundling homeowners or renters policy or other policies and auto insurance with the same company. Driving experience No doubt about it: Teens are the biggest category of inexperienced drivers and also pay the most because their age and inexperience are a double whammy. A year-old getting a license is thought to be more mature and conservative than a year old behind the wheel and receives a lower rate. The more years you have under your belt, the better. Even better for your wallet is if you have been licensed for many years and have a clean driving record. That combo will get you better rates, plus discounts for being a good driver. Driving record How safe of a driver you are is really important to your car insurance company because your behavior on the road directly affects your risk to an insurer. Drivers who have an accident or moving violation speeding, DUI, etc. Generally, a minor violation, such as a speeding ticket, can affect your rates 20 to 40 percent. With some companies, a first ticket may not result in a surcharge increased rates , but it will cost you your good-driver discount which can be up to 30 percent. If you have a major violation like a DUI, your rates can go up percent or more due to the combination of lost discounts and increased rates. You can still find insurance, though it may be with a nonstandard insurer and cost you more until the incidents fall off your motor vehicle record. At-fault claims will likely result in a surcharge, while not-at-fault collisions and comprehensive claims may not. Credit history Though it may be controversial, research has shown that those with lower credit scores typically under are more likely to file more claims, file inflated claims, and even commit insurance fraud. Your credit rating and history may also affect how an insurance company allows you to pay for your policy. Since statistics have shown that customers with low credit scores are more likely to miss a payment, insurers may ask you to pay a large percentage of the policy up front. Customers with very poor credit scores may be required to pay the entire six- or month premium upfront in order for the policy to be issued. The following states prohibit use of credit scores and history as a factor: Previous insurance coverage Insurance companies find that those without a lapse in coverage are less likely to get into an accident, so having a continual auto insurance history can help get you a better rate. Having a lapse in coverage -- even just a day -- can result not only in higher auto insurance rates, but also get you penalized by some states. Vehicle type The type of car you drive affects your rates since the way in which one drives these types of cars differs. Additional factors determined from your vehicle model:

Chapter 4 : Insurance - Wikipedia

While "captive agents" sell policies from only one insurance company (think of an agent working in a State Farm office), "independent agents" represent several insurance carriers.

They know which reports are pulled about you when you request a car insurance quote. But your agent knows that all the information you provide is double-checked. And agents know whether the reports are used in the calculation of your insurance score, which is similar to a credit score. The vehicle rating helps insurance companies determine the risk of insuring your particular vehicle. The higher the rating, the higher the risk for the insurance company, which translates into higher premiums for you. There are ratings for the physical damage, liability and medical portions of a car insurance policy. Not all insurers use ISO symbols to set rates. They know if a ticket will jack up your car insurance rates. Will that speeding ticket make my rates go up? Not all traffic tickets are equal. The points are added up to determine how much your rates will go up. You can ask your car insurance company for a copy of its surcharge schedule, but may still need an agent to decipher it for you. Here are examples of surcharge schedules and rate increases. They know when your tickets will drop off your driving record. You may have forgotten when your last traffic ticket landed on your driving record, but your agent knows. Since your car insurance company pulled your driving record, your agent can see the violation date and should also know when the infraction will drop off your record and can no longer impact your premiums. Typically it can be three, five or seven years. Your agent also knows this: They know whether your rates will go up if you make a claim. Should you try to pay off the other driver or let him make a claim against you? Car insurance companies have strict rules about when surcharges are applied after an accident or claim, and they vary by insurer. Your agent will know the details about which claims raise rates. The process is usually even more complicated if it is your second or subsequent accident or violation in recent years. The type of claim also plays a role. For instance, a bodily injury claim may hike rates more than a property damage claim. They know whether your crashed vehicle will be considered a total loss. But sometimes what appears to be only minor damage can get your car totaled. The criteria for determining whether a vehicle is a total loss varies from one car insurance company to the next, and is also guided by state law. If the repair costs are over a certain internally set or state-set threshold, your car will be totaled. The guidelines vary by state law and by company. They know the insurance company is not "on your side" if you make a claim. For example, if you tell your agent that your spouse purposely rammed your car, your agent knows that claim will be denied because the damage was intentional. They know what you can do to lower your premiums. Agents can do more than give you a car insurance quote or field your questions about your policy; they also know ways you can save on your premium. Your agent can tell you if your insurer offers a discount for taking a driver improvement course, if your child goes off to college, if you renew early, if you go paperless - just to name a few. Your agent can also tell you what safety features on a vehicle earn you a discount, if your insurer offers a discount for bundling your insurance plans such as home and car , what the mileage threshold is to get a low-mileage discount and if the company offers any type of pay-as-you-drive program. This means that if you get into an accident while doing so, you will be held liable and have to pay for the damages. Agents also know that some auto insurance companies have amended policies to specifically exclude personal vehicle-sharing programs. An agent might steer you toward a certain insurance company because he knows he will receive a higher commission or needs to sell more of that product to keep a certain insurer happy. House of Representatives subcommittee on insurance regulation in

Chapter 5 : DUTIES AND RESPONSIBILITIES OF INSURANCE AGENTS AND BROKERS

A life insurance agent's commission depends on a few factors, including the company's commission plan and how much life insurance the agent is selling. Here is all the information you need to know to help you find out how much the person selling you your life insurance policy is making, and a few.

What kind of background review check does the CDI perform on each application? Prior to license issuance, the California Department of Insurance CDI completes detailed background checks on all license applications. How can an applicant expedite the Licensing Background review? Answer all background screening questions truthfully and provide all required background documentation at the time of application. Therefore, checking the "Yes" box when appropriate and providing the required information regarding each conviction are the most important things that an applicant can do to avoid unnecessary delays. Handling these calls takes considerable time away from the actual background review process. Your full name, the name of the corporate filing if different from the applicant ; return phone number, case number or file number if known ; name of background analyst assigned to the matter if known. However, the time for a return call does fluctuate, depending on our workload and staffing. Because of the legal nature of our work, and security concerns, we correspond with applicants undergoing background reviews in writing. Can CDI pre-evaluate my criminal conviction to determine if my conviction would have an impact on licensure before I apply? The CDI does not have the resources to pre-screen applications. Each application must be carefully documented and reviewed before a decision can be made. When reporting convictions, the applicant is required to provide a complete explanation of the underlying circumstances, and certified copy of the court documents. The CDI reviews these applications on a case by case basis to make a determination based on the underlying conduct and documentation provided. In many cases, the underlying arrest report is also obtained and reviewed. Sections and are the California Insurance Code CIC sections relied upon most often to deny licensure in most cases. See Question 21 for a link to the Producer Background Review Regulations that are also relied upon in determining licensing suitability. If you have a felony conviction involving dishonesty or breach of trust, you must apply for written consent under Title 18 USC from the Commissioner before engaging in the business of insurance. Instructions, applications, and forms for obtaining consent consent are available on this website. Does the CDI perform background checks after a license is issued? Furthermore, when licenses are renewed, licensees are required to disclose criminal violations and background changes since their last renewal application. How can I avoid Denial of my license application? Answer the background screening questions on your application truthfully and completely. You must read the background screening questions on the application carefully and answer truthfully and completely. Provide all the information being requested at the time you file your application to prevent delays. Regardless of any advice that may have been received from others, the license applicant is held responsible, under penalty of perjury, for disclosing accurate and complete information. Carefully review your entire history and provide complete and accurate information. You must provide accurate, complete and detailed background information regarding: Any disciplinary action taken against a business or professional license; Any criminal convictions except juvenile offenses This includes DUIs, reckless driving convictions, driving on a suspended license convictions, misdemeanors, felonies, military offenses, etc. When in doubt disclose. In the event you have one or more offenses to report, please make sure you disclose all convictions regardless of how long ago they occurred, or whether or not a conviction has been dismissed under California Penal Code Section Failure to disclose all convictions is falsification of the application which was signed under penalty of perjury and is grounds for denial. Keep in mind that due to the severity and nature of the criminal history in some instances, the license application can still be denied irregardless of how well the applicant follows instructions in the application process in completing the background questions. What is the definition of "crime" for purposes of answering the licensing background application crime question? A crime includes a misdemeanor, felony or military offense. You may exclude juvenile offenses. A few examples of offenses which must be disclosed on the license application include, but are not limited to: Driving while under the influence of alcohol or drugs; Driving without a license or while license is suspended; Any criminal charges pending at the time you submit your application; Reckless driving; Hit and Run While Driving a Vehicle; Petty Theft; Shoplifting; Soliciting a Prostitute; What is the definition of a "conviction" for purposes of the licensing background question on the application? You can have a conviction even though you never served jail time and were given probation. What happens if I fail to disclose all or part of my conviction s or an arrest resulting in charges being filed? Failure to disclose all or part of your conviction s may be grounds for denial or disciplinary action as you falsified information required on your application for licensure or renewal of licensure. There will be a delay in issuance even if CDI decides to issue the license because applications with false answers are given less priority than those who are truthful and disclose their backgrounds. Do I have to report an arrest on my license application if I was not convicted? Only if charges were filed do you have to report an arrest. If no charges were filed, you do not have to report an "arrest only. You must submit written proof from the court specifying the inability to locate the required documents. Do I have to report a conviction that was expunged i. Pursuant to California Penal Code Section The law specifies that it does not relieve you from obligation to disclose the conviction in response to any direct question contained in any questionnaire or application for public office, for licensure by any state or local agency. How does a criminal conviction affect my insurance license application? The CDI is unable to provide legal advice. The CDI assesses whether or not an individual should hold a license by reference to a number of areas. Those offenses that are substantially related to the qualifications and duties of the licensee are looked at the most closely. One of the more important criteria of our review is the disclosure of the conviction. A conviction that does not, at first glance appear to be substantially related to the qualifications, functions or duties of a licensee, may under closer scrutiny be revealed otherwise. Section of the CIC allows CDI to summarily deny or revoke a license based on a criminal conviction for a felony violation of law or prior revocation administration action against a professional license without affording a hearing. Section of the CIC allows CDI to deny or revoke a license based on a felony or misdemeanor conviction with a hearing afforded to the applicant. Section and are the most common Insurance Code sections relied upon in taking action against a license. You may or may not be granted licensure depending on the circumstances of the case, the length of time since the conviction, and actions you have taken for rehabilitation. If you are currently on probation, especially for a theft, violence, or dishonesty related offense, you may have to wait until the probation is completed before being granted a license. Each case is looked at on a case by case basis and the underlying facts and circumstances are evaluated in each case. How can I get a probationary or "restricted" license issued to me? The restricted license is a fully functioning license that will remain on a probationary status usually for a minimum of three years. The restricted license can be summarily revoked i. Upon the completion of three years under the restricted license with no further violations, the licensee can request to have the restrictions removed. How do I get the restrictions on my insurance license removed? Your request will then be forwarded to our Legal Department for review. Please note that the normal benchmark for removing restrictions is typically years.

Chapter 6 : 12 things your auto insurance agent knows that you don't

Most people understand that if they were at-fault in a car crash then they will likely see an increase to their rates. Unfortunately, not-at-fault accidents can also affect the rate that you pay for car insurance.

When people cheat insurance companies out of money, the honest people that pay premiums pay through increased insurance costs. You can help stop insurance fraud by contacting your state department of insurance and giving as many details as you possibly can about the fraud that you witnessed. Consumers should learn to be vigilant in identifying insurance fraud by becoming familiar with the 10 most common forms of fraud. Stolen Car There are two ways that criminals perpetrate the stolen car insurance fraud scam. The first type of stolen car fraud is when a car owner sells his car to a body shop to be cut up for parts and then reports the car as stolen. The body shop is in on the fraud, so the authorities are never told about the sale for parts. The second most common way that criminals commit stolen car fraud is to sell the car to an overseas buyer, make the transaction without any paperwork, ship the car overseas and then report it stolen. Car Accident The next time you see a car accident, you could be watching insurance fraud in action. In most cases, the driver and accident victim are the only ones in on the scheme. In other cases, the driver, victim, insurance investigators and even some of the bystanders that give statements are in on the fraud. The value of the vehicles is greatly inflated and the insurance payoff is for two totaled vehicles. Car Damage Any form of insurance fraud is illegal and damaging to the insurance company. Some people will report a small car accident, get an estimate for damages, collect the insurance check and then not get the car fixed. This is single most common form of auto insurance fraud going on, and it happens constantly. The people doing it see no harm in it, but the money the insurance company pays out comes from premiums paid by other customers, which will go up the more often this fraud is committed. Health Insurance Billing Fraud Unfortunately, health care professionals will sometimes get in on the insurance fraud act. For example, you may go in for a regular check-up but your doctor decides to bill your insurance company for an in-office surgical procedure that never happened. The patient is the victim of fraud and does not even know it. Unnecessary Medical Procedures If it seems like your doctor is ordering you to go for unnecessary testing, then you may be the victim of insurance fraud. If you go to the doctor for a sore arm but your doctor orders a series of blood tests that have nothing to do with your arm, then that could be a common form of insurance fraud. Staged Home Fires Homeowners insurance fraud costs insurance companies and their customers billions of dollars each year. One of the most common form of homeowners insurance fraud is the staged fire or act of vandalism. This can be done in one of two ways. The homeowner either removes important family items before the fraud takes place, or the homeowner makes sure that the insurance company knows the value of the expensive items and then has them destroyed. In almost every case of a staged home fire, the homeowner is not home and can account for his whereabouts when the event took place. Criminals are hired to set fire to the home, or break in and vandalize the home to make it look like the homeowner was victimized. Storm Fraud Criminals will take advantage of any situation to commit insurance fraud, including a major storm. A common form of fraud that happens in the wake of major storms is homeowners will either enhance the storm damage to their home to get more of a settlement, or the homeowner will take advantage of how busy the insurance company is and call in a claim even if there was no storm damage. Abandoned House Fire One of the most common forms of homeowners insurance fraud is the abandoned house fire. It can happen for a variety of reasons, but the end result is always fraud. The homeowner could have been transferred to a different city because of his job and cannot sell his property, or a landlord owns a home in a neighborhood that is no longer popular and cannot get tenants to help pay the mortgage. If you have ever been at the scene of an abandoned house fire after the flames have been put out, you will see at least one fire inspector for the insurance company on site. This is an extremely common kind of insurance fraud that not only causes premiums to go up, but it also puts the buildings next to the abandoned home in jeopardy as well. Faked Death This form of insurance fraud is so common that it has been the plot of many movies, television shows and books. A criminal will take out a life insurance policy on himself and make his spouse the beneficiary. After the policy has been in effect for several months, the insured criminal fakes his death and his spouse is paid the death benefit. When the funeral is over, the spouse suddenly disappears and the insurance company is out the death benefit. Prior to moving out of the home or apartment or when financial times get bad, the insured will sell their possessions and then report them stolen to collect the insurance money. Insurance fraud affects everyone in some form or another. When your auto insurance premiums go up, that is partly due to insurance fraud. If you know of insurance fraud that has been committed, then you should report it to your state department of insurance immediately.

Chapter 7 : How Does the Budget Affect Insurance Agents?

Homeowners insurance fraud costs insurance companies and their customers billions of dollars each year. One of the most common form of homeowners insurance fraud is the staged fire or act of vandalism.

Chapter 8 : Background Review FAQs

Most insurance companies look at a number of key factors to calculate how much you'll end up paying for your car insurance. Taking a closer look at seven of these factors that affect your car insurance premiums can clear things upâ€"and some of them also come with bonus suggestions for keeping the costs down.

Chapter 9 : 13 things that affect your car insurance rates

In the states where insurance companies don't use credit information, the price of car insurance is based mainly on how people actually drive and other factors, not some future risk that a.