

Saving Money on Your Insurance

BY JOSE MONTEMAYOR

TEXAS COMMISSIONER OF INSURANCE

Avoid Fraud When Buying Car Insurance

AN EL PASO television station recently told the sad story of several local residents who made the mistake of buying car insurance from the wrong guy.

This "agent" wasn't even a real agent. I had revoked his license in 2000 for misconduct, including misappropriation of customers' money.

People paid this unlicensed agent many thousands of dollars in car insurance premiums. In return, they received worthless proof-of-insurance cards that did not even name an insurance company—just his phony storefront agency. Some were in accidents before they discovered they had been defrauded and were uninsured.

El Paso police officers opened a case on allegations made against the former agent.

Unfortunately, stories like this are all too familiar. Although nearly all of Texas' 200,000 agents are honest and law-abiding, a few bad apples are a real threat to car insurance buyers.

How can you protect yourself?

Start by asking friends, co-workers and neighbors to recommend agents they found helpful, honest and reliable. Give yourself time to shop. Call the Texas Department of Insurance's **Consumer Help Line**

1-800-252-3439

to make sure an agent is licensed and holds an appointment from any insurance company he or she claims to represent.

Insist that the agent provide the name of an insurance company that will issue your policy. Agents and agencies don't insure people. They just sell and service policies. Coverage comes from insurance companies. An insurance card is suspect if it names an agency but not a company.

Call the Consumer Help Line or check the company's profile on our Web site,

www.tdi.state.tx.us

to make sure the company on the policy is licensed. Profiles exist only for companies legally authorized to write insurance in Texas. We've had a few unauthorized insurance scams involving bogus companies. A man in Galveston recently was convicted of showing a fictitious proof of insurance card.

The card named a company that had been ordered to cease and desist doing an unlicensed insurance business in Texas. The defendant said he had been duped. The jury didn't believe him and fined him \$1,000.

Be sure the application you sign bears the insurance company's name, not just the agent's. Get a copy of the application for your records.

Pay your initial premium by check or money order made out to the insurance agency or the company—not to an individual agent. Get a receipt and make a copy of the check or money order for your records.

Be suspicious if an agent bills you for future premium installments. Normally, this is done by an insurance company or premium finance company.

In nearly every case, the agent should give you a "binder," issued in the name of the insurance company, to show you are covered. Only a binder is evidence of immediate coverage.

Expect the company to send your policy (not a photocopy) and proof-of-insurance card within 30 days. The card must list the insurance company's name and toll-free number, your policy number, the make and model of your car and the dates of your coverage.

If you believe an agent or company is unlicensed, call TDI's **Insurance Fraud Unit** at

1-888-327-8818

What can you do if you're victimized? File a written complaint with TDI's **Consumer Protection Program**

**P.O.Box 149091
Austin, TX, 78714-9091**

You also can use the on-line complaint form on our Web site. If money was stolen or you received a phony proof-of-insurance card, you also should report this to your local police department.

To learn more about protecting yourself, call TDI's 24-hour automated **Publications Order Line**

1-800-599-7467

for a free copy of our *Insurance Fraud* brochure. The brochure also is available on TDI's Web site. ★

Editors:

- If you need further information, call: **Texas Department of Insurance
Public Information Office
(512) 463-6425**

We welcome your questions and suggestions about this column.