



# STRATEGIES FOR Success

## Health Insurance: Are You at Risk From Bad Carriers?

*Follow these tips to minimize your chances of dealing with a fraudulent insurance company.*

Finding affordable health care coverage for your employees can be difficult. This is even more so now, as according to the Secretary of Labor, there appears to be an increase in individuals marketing fraudulent health insurance plans. With the cost of health care rising, promoters of health insurance scams are aggressively targeting small businesses and their employees. Insurance scam artists frequently masquerade as a federally regulated employer trust, labor union, or a religious organization and claim to offer low premiums because they are exempt from state insurance regulation. Promoters of these scams also may induce insurance agents to market their products to small businesses as an alternative to traditional insurance coverage.

How do you avoid being taken advantage of and other problems? Here are some measures to take when purchasing health insurance so that you can protect your employees and yourself:

- alternative to traditional insurance. Check out unknown agents with your state insurance department.
  - **Verify** that any unfamiliar company, organization or product is approved by your state insurance department.
  - **Examine the policy** to determine the actual coverage and whether the promised benefits are fully insured by a licensed insurance company. Do not confuse representations about stop-loss coverage with a guarantee of group health benefits. Stop-loss coverage often protects only the issuer, not the insured individuals.
  - **Request references** of employers enrolled with the provider and get information from employers about benefit payment history and claim turn around time.
  - **Ask about the allocation of premiums** charged for commissions, fees and administrative expenses. Allocation of a high percentage of the premiums to commissions, fees and administrative expenses may indicate a problem with the product or insurer.
- **Compare insurance coverage and costs.** Always compare the benefits and costs of multiple insurance products. If one product appears to offer similar benefits at a dramatically lower cost, ask questions.
  - **Confirm** that the person offering the product is a licensed insurance agent with a proven record of reliability. Promoters of insurance scams often engage unlicensed insurance agents to market their product as a cheaper

**For more information on choosing the right coverage for your employees and also the tax and business aspects related to providing health insurance, give our office a call.**

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