



Ethical Standards for Insurers: The importance of knowing the Code of Ethics

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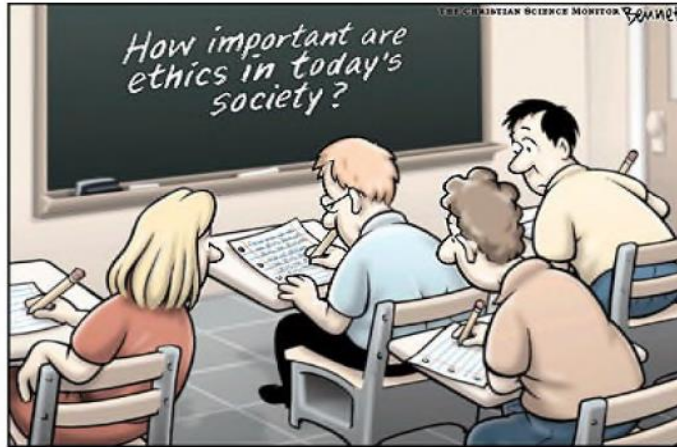


Introduction

- › Unlawful conduct consists of acts which the Insurance Commissioner already considers a violation of the Law, why?
- › In order to enhance the professionalism of the insurance and legal industries, and maximize protection for members of the public dealing with licensees, whatever their area of practice, and ensure the following standards of professional conduct and business practices have been adopted.

Why do Ethics Matter?

- “The reputation of a thousand years is determined by the conduct of one hour.”





Purpose of the course

- › Provides a solid foundation of information critical to the handling of claims.
- › Upon completion of this course, licensees should have a greater understanding of the purpose and importance of ethics in claims management and also the consequences and impact of violating ethical standards.

Defining Ethics

- › “A set of principles of right conduct.”
- › A theory or system of moral values.
- › Rules governing the conduct of the members of a particular profession.



Healthcare Risk Management Professionals

- › Adjusters must work to safeguard and foster the rights, interests, and prerogatives of patients or others served.
- › Insurance professional must maintain standards of professional conduct that will serve to withstand the scrutiny of all constituencies served.
- › Competing interests





Healthcare Risk Management Professionals cont.

Adjusters must consider interests of:

- › The worker
- › The worker's Attorney
- › The employer
- › The worker's comp carrier (including the claims administrator or TPA)
- › The employer or carrier's attorney.

Adjuster's Role

- › Oversee that health care providers are complying with standard of care requirements.
- › Full and fair disclosure, in written format, to the injured worker, regarding the plan limitations and restrictions.



Poll Question!

- › How should a claimant be advised of any limitations in their plan?
- A. By phone
 - B. In person
 - C. In writing
 - D. All of the above



Penalties for Unethical Behavior

- › Penalties can be against individual adjusters (i.e. revocation/suspension of license) or against the company/employer if a “general business practice” is established.
 - Fines against companies can range into the millions.





Prudent Guidelines/Claimant's Rights

- › An adjuster shall not knowingly fail to advise a claimant of their claim rights in accordance with the terms and conditions of the contract and laws of their state.
- › **Public Trust:** the work of adjusting insurance claims engages the public trust and involves balancing many competing interests.

Prudent Guidelines/Claimant's Rights cont.

- › The **adjuster** must put the duty for fair and honest treatment of the **claimant** above the adjuster's own interests at all times.
- › An **adjuster** shall have no undisclosed financial interest in any direct or indirect aspect of an adjusting transaction – the adjuster shall not refer a **claimant** needing services to a person with whom the adjuster has an undisclosed financial interest.





Prudent Guidelines/Claimant's Rights cont.

- › All claimants shall be treated equally.
- › Claims must be adjusted strictly in accordance with the insurance contract and state law.
- › No Adjuster may negotiate or effect settlement directly or indirectly with any third party claimant represented by an attorney, if the adjuster has knowledge of the representation, except with the consent of the attorney. (The term third party claimant does not include the insured or the insured's resident relatives).

Interview of Witnesses

- › An adjuster may interview a potential witness, without the consent of the opposing counsel.
- › However, the adjuster shall scrupulously avoid any suggestion calculated to induce a witness to suppress or deviate from the truth or affect their testimony at trial.





Interview of Witnesses cont.

- › A witness making a signed or recorded statement shall be given a copy thereof if so requested in writing.
- › No adjuster may advise a claimant to refrain from seeking legal advice or advice against the retention of counsel to protect the claimant's interest.



Drafting Releases or Other Legal Documents

- › An adjuster is permitted to “fill in the blanks” in a release form approved by the insurer they represent, or a form that has been approved by the department of Insurance.



Drafting Releases or Other Legal Documents cont.

- › An adjuster is not permitted to draft any releases or other “legally binding” documents.
- › Adjusters are not permitted to engage in the unlicensed practice of law



Settlement of Claims

- › No adjuster may attempt to negotiate with or obtain any statement from a claimant or witness at a time when that claimant or witness is in shock or under serious mental or emotional distress as a result of physical, mental, or emotional trauma associated with a loss.

Settlement of Claims cont.

- › An adjuster may not conclude a settlement when it would be to the detriment of a claimant who is in a traumatic or distressed state of mind.



Poll question!

True or False?

- › You, as the adjustor, may prepare a standard release to be used in all of your cases?



Unprejudiced Mind

- › An adjuster shall approach investigations and the adjustment of claims and settlements with an unprejudiced and open mind.





Unprejudiced Mind cont.

- › An adjuster shall make truthful and unbiased reports of the facts after making a complete investigation.
- › Honesty and Integrity
- › Adjusters shall handle all claims with honesty and integrity and allow a fair adjustment or settlement to all parties
- › An adjuster upon undertaking the handling of a claim shall act with due diligence in achieving a proper disposition thereof.



Expertise

- › An adjuster shall not handle a claim in which he is not currently competent and knowledgeable as to the terms and conditions of the applicable coverage or in a sector of the industry in which he is currently unlicensed to do so.

Poll Question

Should you use your past experience regarding prior claims to form your opinions in a new case?

- A. Yes
- B. No





Questions

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