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Insurance agency fined for improperly charging fees to businesses for covered services

(Salem) – The Department of Consumer and Business Services has fined an insurance agency \$40,000 for charging 117 employers fees for services involving workers’ compensation insurance. The charges occurred over a nearly four-year period ending in May 2010.

Insurance companies that provide workers’ compensation insurance are required to provide services to help employers prevent health and safety problems. However, Oregon law requires the insurers to provide such services as part of the workers’ compensation package and thus prohibits the insurer or its agents from charging a fee for the services.

Yet, Appalachian Underwriters, Inc., based in Tennessee, charged employers a total of \$29,500 for a loss survey performed by MRA Inspection Services, LLC. In addition to paying the penalty to the State of Oregon, the agency also made refunds to employers.

“Generally, the law permits agents to receive a commission when they sell a policy and they cannot charge fees,” Acting Insurance Division Administrator Lou Savage said. “Consumers can contact us if they have concerns about being charged fees by agents.”

The division’s consumer advocates can be reached at 888-877-4894.

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