

LET'S REGULATE INSURANCE COMPANIES MORE TO PROTECT SENIOR CITIZENS ON MEDICARE

By Woodrow Wilcox

Most of the time, I write about problems of senior citizens on Medicare which are created by Medicare or VA bureaucrats, or medical service providers. But, this time, I'm zeroing in on some insurance companies that have what I consider to be some very bad practices that hurt senior citizens.

In one case, an insurance company based in Georgia rescinded the Medicare supplement policies of two senior citizens after the senior citizens had been paying for the policies and using the policies for months. This caused a problem for the senior citizens because they cancelled their old Medicare supplement insurance policies after the insurance company in Georgia approved their applications.

Rescinding the policies made the senior citizens responsible for their annual Medicare deductibles and the 20% co-pay that their policies with the Georgia insurance firm would have paid.

The Georgia insurance firm claimed that the senior citizens did not answer the health questions on the application honestly. The Georgia firm said that it had the right to rescind the insurance contract at any time within two years of the application.

This should not be allowed. Senior citizens don't remember everything. It is easy for insurance companies to get and check medical records. That is what insurance underwriters are supposed to do. If the senior citizen makes a mistake or forgets to tell about a health issue, the underwriting department can either reject the application or have the senior citizen sign an AMENDMENT TO APPLICATION and approve the policy. It is done all the time.

The problem is compounded when a senior citizen is an immigrant and American English is not the first language of the Medicare age person. There must be a legally rebuttable presumption that the senior citizen who answers the questions on an application for Medicare supplement insurance – or any other insurance – is doing the best job possible of answering the questions honestly and that any error made is innocent error.

Another insurance company in Texas sued an insurance agent in Indiana for telling his clients about less expensive insurance with other insurance companies. The insurance company lulled the insurance agent into signing a contract with the Texas insurance company. Then, after the agent had sold policies from that insurance company to his clients, the Texas insurance company raised the rates on the clients without prior notice to the clients or the agent. When the agent tried to help his clients switch to less expensive policies with other insurance companies, the Texas insurance company sued the Indiana insurance agent in a Texas court. The Texas court ruled that the Indiana agent could not tell his clients about less expensive insurance with other companies. What a ridiculous situation!

In my opinion, the policies and contract clauses of these insurance companies should be outlawed because of all the financial harm that these companies have caused to senior citizens.

Written on September 16, 2008 by Woodrow Wilcox.