

Chapter 9 Terminology & New Technology

Throughout this course, we've examined a number of new state and federal laws and regulations that affect the insurance industry as well as the ethical duties adjusters must follow. We've also examined the possible enforcement actions that may be imposed when adjusters violate these rules.

We've conducted a review of some of the initiatives the Department and Office have taken recently to enhance communications with licensees and insurers and to provide consumers with additional product information. We will now review some of the important terms that adjusters must understand in their day-to-day practices.

Affordability Index

An affordability index is a standard developed by the Federal Insurance Office to measure the affordability of personal auto liability insurance. It is defined as the ratio of the average annual written personal auto liability premium in the voluntary market to the median household income for zip codes in which Affected Persons (traditionally underserved communities and consumers, minorities, and low-to-moderate income persons) are the majority population. Personal auto insurance is presumed to be unaffordable if its affordability index within one of these zip codes is above 2 percent.

Agent-in-Charge

An agent-in-charge is a full-time licensed general lines, life, or health agent who manages an insurance agency. Agents holding other types of licenses are not eligible to act as an agent-in-charge. In Florida, each branch location must have an agent-in-charge. In Florida, each agency must have at least one agent-in-charge per location.

Authorized Insurer

An authorized insurer (also known as an admitted insurer) is a company that is licensed and authorized to transact insurance business in the state of Florida. The Office issues a certificate of authority to authorized companies.

Brokering Agent

A brokering agent is an agent in the process of placing a policy through an insurance company with whom he or she does not hold an appointment.

Customer Representative

Customer representatives are individuals appointed by a general lines agent or agency to assist in transacting insurance from that agent's or agency's office. Although customer representatives are not agents, they must be licensed by the Department of Financial Services and appointed by an insurer or employer.

Department of Financial Services

The Department of Financial Services is responsible for regulating Florida's banking, securities, insurance, mortgage lending, and funeral and cemetery businesses. The Department is comprised of numerous divisions, several of which have a role in regulating insurance, including the Division of Agent and Agency Services, the Division of Investigative and Forensic Services, the Division of Rehabilitation and Liquidation, and the Division of Consumer Services. The Chief Financial Officer heads the Department.

Division of Insurance Agent and Agency Services

The Division of Insurance Agent and Agency Services regulates the licensing of individuals and entities that transact insurance. Within this division are the Bureau of Licensing and the Bureau of Investigation: The Bureau of Licensing ensures that licenses are only issued to individuals who meet the state's licensing requirements, while the Bureau of Investigation looks into possible violations of the Florida Insurance Code.

Division of Investigative and Forensic Services

The Division of Insurance Fraud has been renamed and is now known as the Division of Investigative and Forensic Services. The new division, in addition to its insurance investigatory responsibilities, also performs the investigative functions previously undertaken by the Office of Fiscal Integrity and the State Fire Marshall.

Eappoint

eAppoint is the Department's electronic appointment system where insurers can submit appointment applications, renewals, and terminations. They can also check the status of appointment-related submissions and pay any appointment fees that are due.

Ethical Conduct

Ethics are the moral and professional duties an adjuster or producer owes to his or her clients, to the company represented, to competitors, and to the public. Ethics are the embodiment of the standards of professionalism expected of the adjuster in the conduct of his or her business. Ethical conduct is the manner in which these standards are demonstrated and followed in the course of one's business practice.

Federal Insurance Office

The Dodd-Frank Wall Street Reform and Consumer Protection Act established the Federal Insurance Office (FIO) within the Department of the Treasury. The FIO provides advice to Congress about insurance matters and identifies activities that could pose systemic risk to the industry. The FIO represents the United States in international insurance matters and consults with states about national and international insurance issues. It also helps the Treasury Secretary administer the Terrorism Risk Insurance Program.

Florida Insurance Guaranty Association

The Florida Insurance Guaranty Association (FIGA) is a nonprofit entity created by statute to pay certain claims of insolvent property and casualty insurance companies. The Association will pay the valid claims of eligible policyholders, subject to coverage limits. All insurers licensed to sell property and casualty insurance in Florida must be members of the Association.

Mediator

A mediator is an individual approved by the Department to serve in either of two alternate dispute resolution programs, one for property insurance and the other for automobile insurance claims.

MyProfile

MyProfile is the online Web site, maintained by the Department of Financial Services' Division of Insurance Agent and Agency Services, where adjusters, adjusting firms, agents, and insurance agencies can apply for licenses, change their addresses, verify their continuing education status, view messages from the Department, obtain duplicate licenses, and view their appointments.

National Flood Insurance Program

The National Flood Insurance Program (NFIP) was established as part of the National Flood Insurance Act of 1968. The goal of the NFIP is to give property owners access to flood insurance for their homes and property if they live in areas that are subject to frequent flooding. In addition to providing flood insurance and reducing flood damages through floodplain management regulations, the NFIP identifies and maps floodplains in the United States.

Neutral Evaluation Program

The Department operates the Neutral Evaluation Program to resolve disputed sinkhole damage claims. Insurers are required to notify policyholders of the program following the denial of a claim for sinkhole loss.

Office of Insurance Regulation

The Office of Insurance Regulation is responsible for regulating and enforcing state laws governing insurance and monitoring company solvency, policy forms, rates, and market conduct performance. The Office issues certificates of authority to companies intending to transact insurance in Florida.

Terrorism Risk Insurance Program Reauthorization Act of 2015

The Terrorism Risk Insurance Program Reauthorization Act of 2015 extended the Terrorism Insurance Program, which helps cover terrorism losses so that commercial insurers are willing to offer coverage for terrorism risk.

Unaffiliated Insurance Agent

An unaffiliated insurance agent is a licensed, self-appointed agent who is not affiliated with an insurance company and does not sell insurance. Unaffiliated agents provide insurance counseling services to clients in return for a fee.

Unauthorized Insurer

An unauthorized insurer is a company that is operating without a certificate of authority. It is unlawful for adjusters and agents to transact insurance business with an unauthorized insurer. In Florida, an adjuster who represents or aids an unauthorized insurer can be charged with a third-degree felony and may be held liable for any unpaid premium taxes.

Some of the new technologies and technological terms that Florida adjusters should be familiar with are discussed briefly here.

Artificial Intelligence

Artificial intelligence (AI) is the use of computer systems to perform tasks that would have required a human. Some examples of AI include:

- Autonomous automobiles

- Robotic readers
- Robotic callers
- Voice-to-text features
- Mobile check deposits
- Telephone menu navigation
- Automatic translators

Customer Centricity

Customer centricity refers to conducting business in a way that the customer receives a positive experience both before and after the sale of an item or service. An insurance company's customer centric approach generates repeat business, loyalty, and profit.

Digitization

Digitization is the conversion of text, pictures, object, sound, or signal into a digital form that can be processed by a computer. These objects can be stored and then transmitted efficiently between customers and business affiliates.

Electronic Delivery

Nearly anything can be delivered electronically—mail, voice messages, books, and music. Insurance companies use this method to deliver policies, premium notices, proof of coverage, claims status, and other documents.

Electronic Signature

An electronic signature is a sound, symbol, or process, logically associated with a document. It must be unique to each user, under the sole control of the signer, linked to a document in a way that prevents tampering, and capable of authentication. Examples of digital signatures are PIN numbers, passwords, online clicks, and using fingers on a display to trace a signature.

Portal

A portal is a gateway on the Internet to a specific field of interest, an industry, or even a company. Once inside, content is personalized for the user. Insurance company portals provide policyholders with a means of accessing policy information and available services, claims, Web sites, and applications that enable users to create and share content or to participate in social networking.

Social Media

Social media is any communication channel, for example, Web sites or applications, that enable users to connect. Insurance companies use social media to create a presence and to service existing customers.

Usage Based Insurance (UBI)

Usage based insurance (UBI) is a type of vehicle insurance whereby the cost depends on the time the vehicle is used, the distance traveled, and driving behaviors. This information is automatically transmitted to the insurer by an electronic logging device.