



JOHN D. DOAK

OKLAHOMA INSURANCE COMMISSIONER
3625 N.W. 56TH ST, STE 100, OKLAHOMA CITY, OK 73112

www.oid.ok.gov

News Release

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For more information contact:
Glenn Craven
(405) 522-1769
e-mail: glenn.craven@oid.ok.gov

Doak, Pruitt bring halt to man selling fake health insurance in Tulsa area

OKLAHOMA CITY – An Oklahoma Insurance Department investigation has resulted in charges of embezzlement against a Tulsa area man who was unlawfully selling health insurance to Oklahoma customers.

Terry L. McCrackin, 64, was charged in Tulsa County by Oklahoma Attorney General Scott Pruitt's office on Dec. 20. McCrackin made a preliminary court appearance in Tulsa Tuesday and was released on \$2,500 bond.

Oklahoma Insurance Commissioner John D. Doak issued an emergency cease and desist order and a \$10,000 fine on March 31, 2011, against Eagle Actuary Corp. of Tulsa and McCrackin, alleging violations of the Oklahoma insurance code. Subsequent investigation by the Insurance Department found that McCrackin, a former insurance agent, sold a number of customers alleged health insurance policies that had no underwriter backing them. McCrackin claimed to "self-insure" those policyholders, unlawfully serving as the underwriter and the claims department without being licensed and without sufficient capital to ensure payment of customer medical claims.

McCrackin's customer base was small, with only five current policyholders at the time he was ordered to cease operations. But investigation showed that McCrackin at one time had up to 13 customers and that some of his customers had paid tens of thousands of dollars for coverage from a company that often was slow to pay claims or failed to pay them at all.

"To protect consumers, Oklahoma has firm regulations governing the insurance industry. An individual simply can't just start his own company and make his own rules," said Doak. "Mr. McCrackin's Eagle Actuary Corp. has committed a major breach of Oklahoma law and of the trust of Oklahoma consumers."

McCrackin's activities first came to the attention of the Insurance Department on Feb. 28, 2011, when a customer submitted a complaint that insurance he purchased through Eagle Actuary Corp. beginning in April 2008 had paid nothing toward significant medical bills the policyholder incurred between May and

October of 2010. A Life and Health Analyst at the Insurance Department searched state records and found that Eagle Actuary Corp. was never a licensed insurance company in the state. When contacted by the analyst, McCrackin claimed to be self-insuring the policyholder and said there was no other underwriting company for the policy.

Interviewed in March 2011 by two OID Anti-Fraud investigators, the victim said he paid McCrackin \$17,267.40 for health insurance from 2008 to 2010 and had in effect received no coverage at all. An investigator searched OID licensing records and found that McCrackin had been licensed as a resident producer for accident, health and life insurance from Feb. 10, 2004, until Feb. 28, 2010, at which time his license was suspended and later terminated.

On March 21, 2011, the investigators questioned McCrackin, who said there were no other officers involved in his company, reported that he was solely determining the amount of premium to charge his customers and said he made the decisions on which claims to pay. On March 25, 2011, a search warrant was served on the office of Eagle Actuary Corp. Evidence was seized confirming that McCrackin had initiated health insurance coverage for individuals, collected premiums and made coverage and claims decisions.

A lengthy investigation uncovered a number of other victims who told OID Anti-Fraud officers they paid premiums ranging from \$300 to \$700 per month – in some cases over a period of two or three years – to receive insurance through Eagle Actuary Corp. McCrackin at best was irregular and unreliable in his payment of claims and though one customer said Eagle Actuary Corp. eventually paid all of her family's claims, others were left with outstanding medical bills and out-of-pocket costs of \$5,000 to \$6,000 when Eagle Actuary failed to pay expected benefits.

Charges have not been filed in the cases of additional victims, but could be filed in the future according to OID investigators.

“This prosecution should serve as a warning not only to those who intend to defraud Oklahoma consumers that the Insurance Department is on watch, but to those consumers as well,” Doak said. “Consumers must be alert to the unfortunate fact that there are sometimes those in your own community who would exploit your trust to their financial advantage.”

Doak urged Oklahomans to call the OID Consumer Assistance Hotline at (800) 522-0071 to determine before buying whether a company or individual offering them insurance or insurance-like products is licensed to do business in Oklahoma.

- 30 -

ABOUT THE OKLAHOMA INSURANCE DEPARTMENT

The Oklahoma Insurance Department, an agency of the State of Oklahoma, is responsible for the education and protection of the insurance-buying public and for oversight of the insurance industry in the state.

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