
BARKER LAW GROUP

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March 2004

Client Alert on Construction Law



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Comprehensive General Insurance Scam Alert

The State of California's Department of Insurance warns that any construction companies have purchased comprehensive general insurance from Terry Lowell Ballard to contact the department before May 11, 2004.

Contact Robert Ilko by calling (619) 682-4807 or via email, rob@barkerlawgroup.com.

Since 1993, Ballard has been an insurance agent/broker who operated Multi Unit Insurance Services located in West Sacramento, California. In a joint investigation by the Department of Insurance and the San Joaquin District Attorney's Office, Ballard was arrested in October 2003. It was reported that investigators believed that Ballard would collect premiums from construction companies from all over California, issue the owners certificates of authenticity, but kept the money rather than remitting the premiums to the insurance companies.

As it turned out, construction companies when they had a claim or an accident, the insurance companies denied coverage because policies were never issued. Of the 26 companies who believed they bought insurance, most are small construction firms. Pacific Bay Construction in Contra Costa County lost the most; in excess of \$488,000.00.

In Pacific Bay's case, a water main was accidentally ruptured on a local water district project. The water district's insurance company was forced to sue Pacific Bay to cover the cost of repairs because Pacific Bay did not have any comprehensive general liability coverage. On March 12, 2004, Terry Ballard pled guilty to ten felony counts of grand theft, insurance fraud and forgery. Surprisingly, the court sentenced Ballard to a six-year suspended prison term and ordered Ballard into a two-year rehabilitation program. The court also ordered full restitution to the known 26 construction firms that were scammed.

The California Insurance Commissioner John Garamendi signed an order revoking Ballard's insurance agent/broker's license on March 17, 2004. The Commissioner also wants any construction companies that purchased insurance from Ballard to contact his department immediately. It is further recommended that every company verify their insurance is valid with Garamendi's office to prevent not having insurance.

As you can see above, by not having valid insurance, it can be financially devastating. If you are a victim of Ballard's scheme and would like to submit an application for restitution, you must call the California Department of Insurance at (916) 492-3400 before the May 11, 2004 deadline.

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