



Insurance Matters

Commissioner Karen Weldin Stewart, CIR-ML

A Newsletter for Delawareans

Issue 19 • Spring 2015

Our Mission

Protecting Delawareans through regulation and education while providing oversight of the insurance industry to best serve the public

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The Consumer Comes First

Hello, and thank you for reading the Spring 2015 edition of **Insurance Matters**, the Delaware Department of Insurance e-newsletter that provides insurance information about matters affecting Delaware’s families and businesses. While we’re just starting to see warm temperatures in our area, the official start of the hurricane season begins June 1. There’s a lot you can do now to prepare your family and your home for the strong winds and heavy rains that accompany spring and summer storms: clean your gutters, check for loose shingles and siding, and assemble an emergency preparedness kit. Review your insurance coverage, too, and decide whether you need flood insurance. Recent changes have been made to the National Flood Insurance Program which may affect you—see pages 6 and 7 in this newsletter for more information.

The staff at the Department of Insurance is excited to be a part of numerous community events to be held across the state in the coming months. Check out the *Community Calendar*, http://delawareinsurance.gov/information/outreach_calendar.shtml, to see a list of events we will be attending, including the State Fair from July 23 - August 1.

Whether you’re driving to the beach or just to the Wawa down the street it’s important that you remember to buckle your seatbelt at all times! Delaware law enforcement agencies will be enforcing the seat belt laws from May 11 - 25 during the annual *Click It or Ticket* campaign. In 2014, there were 35 fatalities in Delaware resulting from crashes in which drivers or passengers were not wearing seat belts. Wearing a seat belt increases the chances of surviving a serious crash by 50 percent.

The staff of the Department of Insurance is here to serve you if you encounter any problems or need assistance understanding your rights as a consumer. Thank you for reading and please share this newsletter with your friends!

Warm Regards,

Karen

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Questions about your insurance? Call 1-800-282-8611

www.delawareinsurance.gov



For The Love of Dog

How dogs can affect your homeowners insurance costs

If you're thinking of getting a new dog, you might want to consider checking with your current homeowners (or renters) insurance provider to ask if there are any dog breeds that would cause them to drop you as a customer. Having a dog of any kind may result in at least some increase in your costs, because the insurance company is taking on additional risk to cover you should your dog bite or injure a person, another animal, or damage another person's property. A recent study by the *Insurance Information Institute* found that dog bites comprised more than one-third of all homeowner liability claims in 2013, averaging about \$27,800 per claim.

You may be tempted to "forget" to report that you own a dog to your insurance company in order to save a few dollars. That would be a very bad idea; not only could you be committing insurance fraud, but you might not be covered if your dog causes an injury. Some insurance carriers might drop your coverage if you own a dog of a certain breed, while others may raise the rate more for a specific dog breed that they deem dangerous. Each insurance company sets its own policies for determining which breeds they deem to be a higher risk factor, such as a pit bull or Rottweiler. As always, be sure to shop around to find the best price. Different companies may evaluate dog breeds differently so prices can vary widely among companies. Even if your insurance company didn't ask about dogs on the initial application, it is recommended that you check with them if you get a new dog, just to be safe.

No matter the type of dog you have you can take steps to help prevent dog bites. The following

information is provided by the Delaware Department of Health & Social Services, Division of Public Health: **Prevent Dog Bites This Spring: National Dog Bite Prevention Week May 17 – 23, 2015**

According to a 10-year study in the *Journal of the American Veterinary Medical Association*, nearly half of all fatal dog attacks involve young children, and a staggering 84 percent of dogs involved in attacks are unneutered. In addition, dog mismanagement, such as allowing dogs to repeatedly run loose or keeping the dog isolated from usual human contact, is a strong indicator of the dog's likelihood to attack.

To prevent dog bites:

- Spay or neuter your dog; spayed or neutered animals are less likely to bite. This will also decrease your dog's desire to roam in search of a mate.
- Socialize your dog (from a young age, when possible).
- Teach children how to appropriately approach and handle dogs. Many dog-on-human attacks occur with small children.
- Always keep your dog under your control. Obey leash laws. Not only is it illegal in Delaware to let your dog free-roam, it is dangerous for them and for others.



While media reports tend to focus on one breed or another, the reality is that breed is not a common factor in dog attacks. In over 1,500 reported dog bites in Delaware in 2014, more than 80 different breeds and mixed breeds of dogs were represented, of all shapes and sizes. Every dog, regardless of breed, size, or familiarity with the victim, has the propensity to bite if the right set of circumstances is present.

Safer Driving = Discount?

Have you heard of Usage Based Insurance?

Everyone likes to save money, and you may be able to lower your auto insurance premiums if you can prove that you're a safe driver, or that you don't drive very many miles. There are now numerous auto insurance companies offering different forms of Usage-Based Insurance (UBI)—the term used to explain the various products that determine your premiums based on your own specific driving factors.

The following information is provided by the National Association of Insurance Commissioners (NAIC). If you have specific questions about UBI we recommend that you contact your insurance company directly.

Usage-Based Insurance (UBI) is a relatively new innovation by auto insurers that more closely aligns driving behaviors with premium rates for auto insurance. Mileage and driving behaviors are tracked using odometer readings or in-vehicle telecommunication devices (telematics) that are usually self-installed into a special vehicle port or already integrated in original equipment installed by car manufactures. The basic idea of telematics auto insurance is that a driver's behavior is monitored directly while the person drives. These telematics devices measure a number of elements of interest to underwriters: miles driven; time of day; where the vehicle is driven (GPS); rapid acceleration; hard braking; hard cornering; and air bag deployment. The level of data collected generally reflects the telematics technology employed and the policyholders' willingness to share personal data. The insurance company then assesses the data and charges insurance premiums accordingly. For example, a driver who drives long

distance at high speed will be charged a higher rate than a driver who drives short distances at slower speeds.

Recent advances in technology have increased the effectiveness and cost of using telematics, enabling insurers to capture not just how many miles people drive, but how and when they drive too. The result has been the growth of several UBI variations, including Pay-As-You-Drive, Pay-How-You-Drive, Pay-As-You-Go, and Distance-Based Insurance.

UBI programs offer many advantages to insurers, consumers and society. Linking insurance premiums more closely to actual individual vehicle or fleet performance allows insurers to more accurately price premiums. This increases affordability for lower-risk drivers, many of whom are also lower-income drivers. It also gives consumers the ability to control their premium costs by incentivizing them to reduce miles driven and adopt safer driving habits. Fewer miles and safer driving also aid in reducing accidents, congestion, and vehicle emissions, which benefits society.

If you're concerned about your privacy it's important to read the fine print before you agree to have your driving habits tracked. The insurance companies may analyze the data they collect in different ways. The data that companies consider may include: miles driven; driving times, including amount of time you spend driving between midnight and 4 a.m.; hard braking; speeds of 80 mph or more. The biggest factor is

mileage, with the most savings coming below 12,000 miles a year. Discounts could be as much as 30 percent, but usually average about 10 percent.





Identity Theft

Data breaches may leave your personal data vulnerable

In late February 2015, the health insurance company Anthem, Inc. reported to Insurance Commissioner Karen Weldin Stewart that as many as 62,051 Delaware residents may have had their personal information compromised due to a hacking attack on the company's computer systems. While Anthem does not currently sell health insurance policies to individuals in Delaware, state residents who receive health insurance through their employer may be covered by an Anthem policy. Additionally, some customers of Highmark BlueCross BlueShield (BCBS) who utilized the BlueCard, a national program that enables members of one BCBS plan to obtain healthcare services while traveling or



living in another BCBS plan's service area, may be affected by the data breach. Any consumers who held Anthem policies as far back as 2004 may have had their personal information compromised.

Current and former Anthem policyholders can visit www.AnthemFacts.com to learn more about enrolling in two years of free credit monitoring and identity theft repair services. The AnthemFacts.com website states, "All impacted members, former members and impacted affiliated plan members will receive notice via mail which will advise them of the protections being offered. Impacted members may also sign up via www.AnthemFacts.com." Customers may access these services before they receive written notification from Anthem.

Anthem reports that they are still investigating exactly which members had personal information

compromised in the data breach. Personal information may include names, birth dates, member ID or social security numbers, addresses phone numbers, and employment information. As of now, Anthem says they are not aware of any banking or credit card information that was accessed by the hackers.

"Anthem is not calling members regarding the cyberattack and is not asking for credit card information or Social Security numbers over the phone," warned Commissioner Stewart. "Policyholders will be contacted only through the U.S. Postal Service. Beware of contact by telephone or through the internet; it is most likely a scam."

Customers who believe they may be affected are encouraged to visit www.AnthemFacts.com. Anthem also has a toll-free phone number for people who do not have internet access: 1-877-263-7995.

A Consumer Alert page has been added to the Delaware Department of Insurance website and will be updated with any new information received from Anthem: http://www.delawareinsurance.gov/departments/consumer/alerts/alerts_anthembreach.shtml

If you are the victim of identity theft the Federal Trade Commission (FTC) has a website filled with resources to help you: <http://www.consumer.ftc.gov/features/feature-0014-identity-theft> . On this webpage you will find information that tells you: how to place a fraud alert with the credit reporting companies; how to access free credit reports; how to create an identity theft report, and more. You may want to consider placing a credit freeze on your credit reports to make it even more difficult for an identity thief to open new accounts in your name. The FTC's Scam Alerts page is <http://www.consumer.ftc.gov/scam-alerts>.

Understanding Medicare

DMAB's *Welcome to Medicare* Events Scheduled for June

The Delaware Medicare Assistance Bureau (DMAB) helps Delaware's Medicare recipients with questions about their Medicare coverage and other related types of insurance. During the month of June DMAB will host five *Welcome to Medicare* events. These events are intended for people who are turning 65 this year or who recently qualified for Medicare due to a disability. Registration is required. For directions to event locations visit <http://www.delawareinsurance.gov/DMAB/calendar.shtml> or call DMAB at 1-800-336-9500 to get help or register. Event information is listed below.

NEW CASTLE COUNTY

June 11th: Rockland Place
(North Wilmington)
10:00 a.m. – 12:00 noon

June 12th: Hockessin Library
10:15 a.m. – 12:00 noon

June 22nd: Newark Senior Center
10:00 a.m. – 12:00 noon

KENT COUNTY

June 17th: Dover Public Library
Meeting Room A
10:00 a.m. – 12:00 noon

SUSSEX COUNTY

June 15th: Beebe Health Campus (Rt. 24)
Medical Arts Building,
McCurry Conference Room
12:00 noon – 2:00 p.m.

Additional DMAB News

2015 Delaware Medicare Supplement Insurance Shopper's Guide is now available in print

This popular guide is updated annually and includes price comparisons and toll-free telephone numbers for all Medigap policies sold in Delaware. Medicare supplement insurance, also called Medigap, is private insurance designed to supplement your Medicare coverage. The guide is also available at any time on the DMAB website, www.delawareinsurance.gov/DMAB.

While reviewing the rates on the Medigap plans in the 2015 guide, keep in mind that your gender and status as a smoker/non-smoker will directly affect your premiums. Please also be aware that listed rates may change during the year. It is recommended that you contact at least two or three companies directly and seek quotes to find the plan that provides you with the best value. It is important to note that the best time to purchase a Medigap policy is during your 6-month Medigap open enrollment. This period automatically starts the month you're 65 or older and enrolled in Medicare Part B, and once it's over, you can't get it again. After six months have passed, companies selling these plans are not required to sell you a policy and may underwrite you.





Flood Insurance

Take note of recent changes to federal flood insurance programs

The Delaware Department of Insurance does not regulate flood insurance, but we think that it is important that we educate Delaware's residents about the benefits of flood insurance. No standard homeowners or renters insurance policy covers damage to your home or its contents due to flood waters. According to Delaware's Department of Natural Resources and Environmental Control (DNREC) more than 331 square miles, or 17 percent, of Delaware's land mass are within a mapped high risk flood zone, including more than 18,000 structures statewide. Changes to the National Flood Insurance Program (NFIP) were enacted federally in 2014 which may directly impact your rates and premiums beginning in April 2015. The following information is from the Federal Emergency Management Agency (FEMA) regarding recent program changes:

The NFIP is in the process of implementing Congressionally mandated reforms required by

the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA) that repeal and modify the BiggertWaters Flood Insurance Reform Act of 2012 (Biggert-Waters). The new law slows some flood insurance rate increases and offers relief to some policyholders who experienced steep flood insurance premium increases in 2013 and early

2014. Flood insurance rates and other charges will be revised for new or existing policies beginning on April 1, 2015. As required by HFIAA, the maximum deductible for a flood insurance policy will increase to \$10,000 for single family and two- to four-family dwellings. If used, the deductible must apply to both building and contents. For single-family homes, choosing

the maximum deductible will result in up to a 40 percent discount from the base premium. It is important to remember that using the maximum deductible may not be appropriate in every financial circumstance and may not be allowed by lenders to meet mandatory purchase requirements.



168

In 2014, Delaware had 168 car crashes that were caused by cell phone use/distracted driving

78

Injuries were caused as a result of the 168 automobile crashes

2

Fatalities that occurred due to the 168 automobile crashes

Distracted Driving in Delaware

It is illegal to text and drive, or to talk on the phone without a hands-free device.

Do You Know Your Risk?

Updated flood maps help guide future building requirements

How do you know if you live in a designated flood zone? Most people know if they live in a flood zone because they were required to purchase flood insurance in order to secure their home loan. However, flood maps change over time. In fact, the flood zone maps for each county in Delaware have all been updated within the past year. Flood insurance can be expensive, but not having the coverage could mean that your home and everything you own could be destroyed—leaving you in financial ruin. According to FEMA, the average flood claim from 2008 - 2012 was \$42,000. In 2012, the average flood insurance policy cost \$650 per year. In 2014, average claims paid ranged from a low of \$10,476 to a high of \$42,275.

The following information is from a DNREC press release, *Delaware communities adopt higher standards for building in a floodplain*, from April 8, 2015:

Communities across Delaware have adopted new regulations that set higher standards for building in a floodplain, or high risk flood zone. The regulations were adopted by communities as a result of the release of new Delaware Flood Insurance Rate Maps (FIRMs) by the Federal Emergency Management Agency (FEMA) and in conjunction with Senate Bill 64 that recommended more protective flood damage reduction standards for local governments to use. The FIRMs include updates to floodplain boundaries that are used to establish flood insurance rates for properties within a floodplain and for communities and municipalities to enforce local floodplain ordinances.

All of the 48 Delaware communities that participate in FEMA's NFIP have updated their floodplain regulations that pertain to all new development and substantially-improved structures in special flood hazard areas. As a result of more accurate FIRMs, most of the communities chose to incorporate additional best practices that are

more protective than the federal regulations.

Forty communities added freeboard, or additional feet of elevation above expected flood levels (as shown on FIRMs), to their flood codes. Including a freeboard requirement pays huge dividends – by increasing public safety, protecting property and reducing rates for flood insurance premiums. A total of 21 communities chose 18 inches of freeboard, while 17 communities adopted 12 inches. The Town of Ocean View requires 2 feet of freeboard, and the Town of Henlopen Acres has retained its 3-foot freeboard requirement.

DNREC's Division of Watershed Stewardship has partnered with FEMA to improve the accuracy of flood insurance rate maps through a Cooperating Technical Partnership. The improved FIRMs incorporate new coastal storm surge modeling completed by FEMA and the results of more than 200 miles of watershed studies completed by DNREC. The maps provide more accurate flood risk identification and are the basis for the higher local flood damage reduction standards, which many communities have adopted.

FEMA released the updated Kent County FIRMs last year, on July 7, 2014. The New Castle County maps were released this year on February 4, and Sussex County FIRMs became effective on March 16. The maps are available online at <http://msc.fema.gov/portal>.

FIRMs show the high-risk areas where there is at least a 1 percent annual chance of flooding. Mortgage lenders require borrowers whose properties are located in special flood hazard areas to purchase flood insurance through FEMA's NFIP as a condition of receiving a federally-backed mortgage loan. The maps also show the low- or moderate-risk areas where flood insurance is optional, but recommended. For more information, visit DNREC's website, <http://www.dnrec.delaware.gov/swc/drainage/pages/flooding.aspx>.



Health & Wellness

Qualifying for New Health Insurance Outside of Open Enrollment

Special Enrollment Periods:

Health Insurance and the Affordable Care Act

If you missed the Open Enrollment period, you can still enroll in a private health insurance plan through the Marketplace (Healthcare.gov) if you qualify for a special enrollment period (SEP).

Qualifying Life Event: Under the Affordable Care Act, you qualify to apply for health insurance coverage outside of Open Enrollment if you have had a qualifying life event, such as: having a baby, getting married or divorced, or losing your current health insurance coverage. To see the full list of possible circumstances that would qualify you for a special enrollment period, go to www.healthcare.gov/sep-list/. If you think you qualify for a special enrollment period, contact the Marketplace Call Center at 1-800-318-2596.

Recent Immigrants: The federal Department of Health and Human Services identified an issue with HealthCare.gov in which some applicants who qualified for advanced premium tax credits did not receive them. The affected individuals have incomes under 100% of the Federal Poverty Level but are ineligible for Medicaid due to their immigration status. HHS did not give the number of affected consumers – either nationally or by state.

The issue has been fixed. Affected consumers can now change their applications to receive an updated tax credit calculation and qualify for a special enrollment period.

Consumers who think they might be affected can log in to their account on www.Healthcare.gov and select “Report a life change” to determine if they are eligible for the special enrollment period. Or they can call the federal call center at 1 (800) 318-2596, explain that they were affected by the “immigration block system issue” and that only some people in their household received advance premium tax credits when they applied earlier.

Consumers must report the issue and enroll in coverage by July 31, 2015. If requested, coverage can be retroactive with an effective date as early as Jan. 1, 2015.

Medicaid & SHOP Accept Applications Year-Round

You can apply for Medicaid coverage or the Children’s Health Insurance Program (CHIP) at any time of the year. Go to assist.dhss.delaware.gov for more information, or call 1-800-996-9969.

There is no set open enrollment period for the Small Business Health Options Program (SHOP) Marketplace, which is open to small businesses with 50 or fewer full-time equivalent employees. You can enroll in SHOP any month, any time of year. There’s no restricted enrollment period when you can start offering a SHOP plan. For more information about SHOP, go to www.healthcare.gov/small-businesses/. There’s a phone number dedicated to SHOP questions: 1-800-706-7893. Agents and brokers helping small businesses with SHOP coverage can use this number, too.



Ask the Commissioner

Question: What's the difference between a cancellation and a non-renewal when it comes to my auto insurance? Are they the same thing?

Answer: While a cancellation and a non-renewal may sound the same they are distinctly different. A cancellation means that a company ends its relationship with you as a customer during the previously agreed upon dates of coverage. In Delaware, auto insurance companies cannot cancel a policy that has been in force for more than 60 days, with these exceptions: you do not pay the premium; the company finds that you have committed fraud or made serious misrepresentations when you completed your application; or your drivers license has been revoked or suspended.

On the other hand, when your auto insurance company sends you a notice of non-renewal it means that your policy will not be renewed when the current term of coverage ends. Basically, this is the insurance company's way of saying that they don't want you as a customer any more. This is most often the result of your claims filing history—you may have submitted a lot of claims in a short period of time.

In Delaware, companies are required to send a letter of non-renewal to their customers at least 30 days in advance of the end of coverage date (the rules are a little different for commercial policies). That letter must be delivered to you via certified mail, which means you'll have to sign to receive the letter. It is, of course, very important for you to act quickly upon receiving such a letter so you may have the proper time to shop for new coverage before your current coverage ends. If your policy is canceled or non-renewed, you will probably pay more for insurance in the future since other companies will ask about previous cancellations on their application for coverage. As always, get quotes from at least two or three companies and compare the prices and benefits before you sign on the dotted line.



Contact the Delaware Department of Insurance

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