



# Insurance Matters

COMMISSIONER KAREN WELDIN STEWART, CIR-ML

## Reliable Protection for Delaware Consumers.

*The Main Reason for Our Existence.*

Ask **?** the  
Commissioner

Greetings!

**H**as the bureaucratic maneuvering around the federal health care law got you wondering about your health insurance? Or maybe, you need help with your property and casualty policy but don't know where to turn?

business day. Additionally, our Consumer Services staff will carefully explain your rights under the law and help you leverage the opportunities available within the scope of your insurance coverage.

Enter our Consumer Services staff where protecting Delaware consumers is our main reason for existence.

If you would like to be the next satisfied client of our Consumer Services staff please call (800) 282-8611 (toll-free in Delaware) or (302) 674-7310 or visit the [Consumer Service Division](#) on the DOI website.

Our staff is fluent in every insurance topic from deductibles to risk pools. Most importantly, their job is to keep the consumer first in every insurance service case.

Most Sincerely,  
*Karen*  
Karen Weldin Stewart,  
CIR-ML  
Commissioner

Contact us! You will get a response on your initial contact in less than one

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Life & Health

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# LIFE & HEALTH



## Medicare: General Enrollment

Eligible seniors can sign up now through March 31, 2011 for Medicare “Part B” - which will help cover medically-necessary doctors' services, outpatient care and home health services. Coverage will be effective July 1.

Though not mandatory, if you don't enroll in Part B when you are first eligible, you may have to pay a penalty of 10% for each full 12-month period you decline the service.

You can delay your Medicare Part B enrollment without penalty if you are covered under a group health plan based on your own current employment or the current employment of any family member or if you are disabled and working.

Most people first become eligible for Medicare at age 65. Typically, they pay a monthly premium of about \$115.40. Your Part B premium could be higher if you do not enroll when you first become eligible. For more information, please contact [ELDERinfo](http://ELDERinfo) toll-free at (800) 336-9500 or (302) 674-7364.

# Consumers & Business



## Be Aware

Are you adequately insured? Take a look at your homeowners and auto policies in regard to what is or is not covered, and what your deductibles are. Have a talk with your agent. Obtain an understanding of your coverage, and what it will mean in the event of a loss. Will you receive replacement cost on a property loss, or market value? It's best to have an understanding of these things now rather than wait until after a loss and find yourself bewildered.

Is your deductible at the right level for you? Talk to your agent. You may have the option to reduce your insurance premium by increasing your deductible. The risk here is that in the event of an insured loss, a higher deductible means you may have to pay a high portion for repairs or losses yourself. Talk to your agent about possible options. In these tough economic times, these are things you want to know about.

Do your insurance policies include personal liability protection? This is something you should be aware of. Your auto policy may not protect you from personal liability in the event of an insured loss, and you may want to discuss this risk with your insurance agent.

If you have any questions or concerns, remember, the Delaware Department of Insurance can help. Contact the DOI Consumer Service Division at (800) 282-8611 (toll-free in Delaware) or (302) 674-7310. You can also visit us on the Web at [delawareinsurance.gov/departments/consumer/consumerhp.shtml](http://delawareinsurance.gov/departments/consumer/consumerhp.shtml)

Be aware, be alert, be protected.

# Consumers & Business



## Snow-related Insurance: Killjoy or Smart Move?

Every snowfall it happens – someone breaks a leg on the slopes, loses valuable ski gear to theft, or damages their snowmobile. Perhaps a well-meaning neighbor accidentally tears the garage door of the lady next door while plowing her driveway. Or, maybe, the owner of a pick-up truck, anxious to earn a few extra dollars, ruins the fence around his first customer's parking lot.

It's easy to recognize how each of these examples might have insurance ramifications. But, if any of these things happened to you, would you know what to do? Many people wouldn't. That's why the National Association of Insurance Commissioners (NAIC) has released a special Consumer Alert on the subject.

The NAIC Consumer Alert discusses insurance needs in several snow-related scenarios such as: Skiing, Snowmobiling, Snowplowing, Snow Removal at Home, Winter Illness, and Travel Insurance. As you might imagine, the NAIC puts a big emphasis on prior planning, conducting regular policy reviews, and consultations with your insurance agent.

Remember, the Delaware Department of Insurance is here to help. Should you encounter a snow-related coverage issue, contact the department's Consumer Service Division by calling (800) 282-8611 (toll-free in Delaware) or (302) 674-7310. You can also visit us on the Web at [delawareinsurance.gov/departments/consumer/consumerhp.shtml](http://delawareinsurance.gov/departments/consumer/consumerhp.shtml).

# CONSUMERS & BUSINESS



## JFC Highlights

In February of this year, Commissioner Karen Weldin Stewart and key staff made their annual report to state lawmakers about [last year's accomplishments and plans for the coming budget year](#), which begins on July first.

Significant accomplishments were reported in every operating unit including: Workplace Safety, Consumer Services, the Bureau of Examination Rehabilitation and Guaranty, Fraud, Market Regulation, ELDER*info* and our Captive Bureau.

Commissioner Stewart then briefed lawmakers on her strategic plans which call for increasing the number of traditional and captive insurers domiciled in Delaware; improving the availability of consumer information and improving the collection of insurance company fees due to the state.

Despite having one of the smaller operating budgets of any state insurance department, Commissioner Stewart reported that her staff is “out-working” their counterparts. In the process, she explained her department is creating a predictable and healthy regulatory environment for business and an environment rich in expertise and support for Delaware consumers.

# CONSUMERS & BUSINESS



## 2010 – A Year of Exceeding Expectations

The new year was a time for department staff to evaluate the previous year's performance. The record shows that we exceeded expectations in 2010!!

Our Consumer Services staff [returned over two million dollars](#) to Delawareans locked in disputes with insurers. This resulted from staff adherence to Commissioner Stewart's direction – "keep the consumer first".

Our Workplace Safety staff saved Delaware businesses more than eight million dollars in workers compensation insurance premiums. In this economy, eight million dollars-saved enabled many businesses to survive, reinvest, or create new jobs.

In 2010, the Insurance Department happily transferred more than thirty-two million dollars to the pension funds of Delaware's police, fire and ambulance professionals. Thank God for their abiding dedication and service!

Finally, our new "[Captive Insurance](#)" bureau [doubled the number](#) of these privately held insurers from 48 to 96. Early on, Commissioner Stewart pledged to grow this modern, professional-job-creating and clean business in Delaware. In 2010, our Captive staff moved way ahead of schedule!

The task now is for department staff to leverage the successes of 2010 to ensure continued success in 2011 and beyond.

# Workplace & Safety FRAUD



## Premium Rate Evasion

Every state in the nation has enacted laws which require minimum levels of auto insurance. Sometimes, consumers struggle to find a balance between complying with their state's law and managing their budgets in an effort to obtain affordable coverage. This can be a demanding task for some and can lead to creativity without thinking about the consequences.

Commonly known within the insurance industry, premium rate evasion is a practice that can result in adverse consequences for those involved. Simply stated, premium rate evasion involves deceiving the insurer in terms of where a vehicle is or will be principally garaged during the term of the policy in order to secure a lesser premium. Auto insurance premiums are partially based upon this factor which can result in a significant difference in an annual premium between zip codes, cities, states and rural versus urban locations.

In many instances, a consumer will engage in this activity without any forethought in terms of potential consequences. The first consequence to consider is the act of committing insurance fraud in the application phase for insurance coverage. Secondly and just as important, are the coverage issues that could arise once a claim is filed. In both instances, a basis for denial of coverage could be established by the insurer in the process of filing a claim resulting in a significant financial risk to the consumer even though premium payments have been made.

As there are many other consequences and ramifications associated with premium rate evasion, consumers should consider the aforementioned important and significant issues when obtaining auto insurance and consult with their agent about answering the question of your vehicle will be garaged. Should you ever have fraud-related questions or have reason to suspect insurance fraud has been committed, contact the DOI Fraud Hotline at (800) 632-5154 (toll-free in Delaware) or (302) 674-7350. You can also find us online at [delawareinsurance.gov/departments/fraud/FRAUD.shtml](https://delawareinsurance.gov/departments/fraud/FRAUD.shtml).

# The NAIC & You



## The NAIC and You

We'd understand it if you said that you have never heard of the [National Association of Insurance Commissioners, NAIC](#). So, you probably don't have the NAIC's website as a bookmark on your computer, right? However, Commissioner Stewart would like to persuade you otherwise.

The National Association of Insurance Commissioners is a big help to the staff of the Delaware Insurance Department, providing data, research, and regulatory-related news the department turns to on a daily basis. It is also a good source for real-time information on current or emerging insurance topics such as the debate around national health care.

But, the NAIC is also a great resource for you too! I urge you to visit the NAIC's InsureU website, [www.insurance.insureuonline.org](http://www.insurance.insureuonline.org). There, you can enjoy a wide (and frequently updated) array of information covering a variety of practical insurance topics pertinent to consumers' insurance needs at all stages of life. You can even test your insurance IQ!

Remember, should you ever have questions about anything you see there, the DOI is here to help. Our main number is (302) 674-7300 and our Consumer Service toll-free number (instate callers only) is (800) 282-8611. Out of Delaware callers can reach the Consumer Service unit at (302) 674-7310. Our website is [www.delawareinsurance.gov](http://www.delawareinsurance.gov).



# Ask? the Commissioner



[Ask the Commissioner](#) is a feature containing a question(s) recently posed to Commissioner Stewart. This edition features questions asked by lawmakers and their staff during the Department of Insurance's recent budget hearing.

*What is meant by the term "captive insurer"?*

A captive insurer is a privately held insurance company that issues policies just like a commercial carrier but does not offer insurance to the public.

*What is the update on the Captive Bureau's progress?*

Generally speaking, the [Captive Bureau](#) is progressing ahead of schedule. For example, the bureau doubled (from 46-98) the number of captives (private insurers) domiciled in Delaware in 2010. Although this new bureau is still in the growth phase (and not yet making a profit) its year-over-year revenue has steadily increased from \$200,000 in 2005 to more than \$800,000 in 2010. My goal as Insurance Commissioner is to grow this clean and modern industry in Delaware in a way that generates significant revenue for the state and employs Delawareans in high paying and professional jobs .

# Strategic Vision

## FY 2012 and Beyond

- **INCREASE**
  - the number of traditional insurers domiciled in Delaware
  - the number of captive insurers domiciled in Delaware
- **IMPROVE**
  - the reporting/availability of consumer information
  - the collection of insurance company fees due to the State of Delaware
- **SAVE**
  - businesses more money on workers' comp premiums

# Insurance Department's FY '12 Priorities



## **Budget priorities:**

- Hold DOI operating budget to FY '11 level
- Look for long-term staffing efficiencies

## **New organizational priorities:**

- Implement Governor Markell's performance management methods
- Develop/implement procedures needed to align with federal health law