



Insurance Matters

COMMISSIONER KAREN WELDIN STEWART, CIR-ML

The Consumer Comes First.

The Main Reason for Our Existence.

Ask [?]the Commissioner



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Greetings!

This edition of Insurance Matters “covers the waterfront” of insurance news affecting you. So much is happening!

The big buzz right now concerns [my office’s investigation](#) of the medical test procedures used by insurers and the proposed merger of [Blue Cross Blue Shield \(BCBS\) of Delaware with Highmark, Inc.](#)

This edition also contains valuable consumer tips including ways the “uninsurable” can obtain basic home or auto coverage.

Business owners will be interested in the free workers’ compensation rate comparison service our department is providing in conjunction with the

Delaware Compensation Rating Bureau.

Finally, it’s big news whenever someone achieves the coveted “Number 100” distinction. So, I included the latest from our [Captive Insurance Bureau](#) which recently celebrated the formation of [Delaware’s 100th Captive Insurer!](#)

I hope you enjoy this edition of Insurance Matters.

Most Sincerely,
Karen

Karen Weldin Stewart,
CIR-ML
Commissioner

P. S. If you enjoy this E-newsletter, please tell a friend and be sure to contact me with your ideas for the Summer Edition!

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Life & Health

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LIFE & HEALTH



UPDATE: BLUE CROSS BLUE SHIELD OF DELAWARE/HIGHMARK MERGER

The Insurance Department staff has been conducting a review of the proposed Blue Cross Blue Shield of Delaware/Highmark, Inc. merger since the companies filed a [statement of affiliation](#), last October.

Now, we've reached the critical public comment phase and the question for your consideration is - how might this merger affect the delivery of health care service? The Insurance Department would like to hear from you!

We invite you to comment in person by attending one of our [three public hearings](#) (May 16, 17 or 19) or you may [submit your comments in writing](#) until May 31st.

The proposed merger requires Commissioner Karen Weldin Stewart to weigh complex subjects including competition for insurance products, the financial strength of the new company, and the competency of the proposed management.

The Commissioner has repeatedly said she intends to give special attention to its impact on the insurance-buying public. So now is the time to make your voice heard.

LIFE & HEALTH



MEDICAL TEST PROCESS INVESTIGATED — REPORT SAYS BLUE CROSS/ BLUE SHIELD (BCBS) OF DELAWARE BROKE THE LAW

For the last year, the Department of Insurance has been investigating the [medical test pre-authorization process](#) used by the major Delaware health insurers.

Prior to our investigation, staff had received no complaints about medical pre-authorization for two years. When Commissioner Stewart did learn of potential problems, she immediately called for a moratorium on all medical test denials and launched a comprehensive investigation.

The investigation resulted in a [report](#). The report stated that BCBS broke state law by contracting with a 3rd party medical test pre-authorization administrator that received fees from BCBS based on savings under the contract.

Commissioner Stewart called on BCBS to abandon this practice. She also wants the company to adopt test decision criteria used by recognized medical professionals, and to employ licensed and certified health care experts to prepare test denials. [To view the company's response, click here.](#)

The Department of Insurance is preparing reports on other insurers which will be released at a later date.

Consumers & Business



AUTO INSURANCE FOR THE UNINSURABLE

Having a hard time getting auto insurance? Maybe you know someone who needs help?

The Delaware Automobile Insurance Plan (DAIP) may be just what you need. This program provides insurance coverage for drivers who cannot obtain insurance through the voluntary market.

Drivers possessing a valid Delaware driver's license and a vehicle registered in Delaware are eligible to participate. The types of insurance available include: passenger auto, commercial garage liability, and commercial vehicle insurance.

Any insurance agent holding a valid Property & Casualty license for the state of Delaware is eligible to write business through this program. The Department of Insurance encourages drivers to consult their agent or broker for details.

For more information on this program go to www.aipso.com/PlanSites/Delaware.

Consumers & Business



OPTIONS FOR THE UNINSURABLE:

“FAIR PLAN” PROVIDES BASIC HOMEOWNERS INSURANCE

The Insurance Placement Facility of Delaware more commonly known as the "FAIR Plan" was created in the 1960's to provide basic insurance for properties deemed uninsurable for reasons such as but not limited to claims history, lapse of coverage and vacancy.

For many, a FAIR Plan policy may be the answer. Though it does not provide liability coverage, it does provide limited coverage for the structure and contents. In most cases, a FAIR Plan policy will satisfy lender requirements. The maximum coverage limit is \$500,000.

Applicants can go through an insurance agent or can contact the FAIR Plan directly. To learn more about the Delaware FAIR plan or to apply for a FAIR plan policy, go to www.defairplan.com/index.aspx.

Consumers & Business



THE DELAWARE ADVANTAGE FOR CAPTIVE INSURANCE

The State of Delaware achieved a major milestone this Spring when it issued the license for [Delaware's 100th captive insurance company!](#)

This achievement was celebrated with a star-studded banquet featuring remarks by Governor Jack Markell to a crowd of enthusiastic Delaware business and government leaders. Also in attendance were many out-of-state business representatives who are considering forming a captive insurance* company in Delaware.

Delaware Insurance Commissioner Karen Weldin Stewart says many factors explain the success of this unique form of insurance business in Delaware including flexible business entity laws, a stable corporate environment, and a positive record of collaborative business development efforts.

Earlier this year, Commissioner Stewart told state lawmakers that her goal is to continue to increase the number of captive insurers domiciled in Delaware noting that they are a promising source of new revenue and clean, high paying jobs!

More information on [“The Delaware Advantage”](#) is available on our [Captive Insurance Program](#) webpage.

* A “captive” insurance entity is owned by the company that it insures.

Consumers & Business



MAJOR CONSUMER PROTECTION VICTORY — “JOB ONE”

Recently, the Department of Insurance celebrated a major consumer protection victory that ended with a \$527,000+ refund to consumers. Sadly, this is a case that involved a life insurance agent with questionable professional integrity and a pattern of misrepresentation. The good news is that Department of Insurance investigators discovered the pattern and revealed the agent responsible. What's more, the insurance company agreed with our recommendations to make consumers whole again. In this particular case, this meant the company would have to rescind the policies and refund all premiums paid over the course of 14 years - which totaled \$527,450. The company did this without deducting the cost of the \$4-million dollars worth of life insurance coverage provided to consumers during that time.

While cases involving an agent's professional integrity are rare, our department does respond each year to thousands of consumer complaints and calls for assistance.

For our staff, consumer protection is "Job One". For assistance, please call (800) 282-8611 or [visit our website](#).

CONSUMERS & BUSINESS



ELDERINFO PROVIDES FREE, UNBIASED MEDICARE COUNSELING

Whether you are new to Medicare or a longstanding client, you will want to jot down the [dates of our June Medicare events](#), in all three counties. At these events, you can learn about Medicare benefits, supplemental insurance policies, Medicare Advantage plans, and prescription drug coverage. You can also learn about the deadlines for certain new benefits.

Seating is limited at these events; so, you do need to register. Please call our office at (800) 336-9500 or (302) 674-7364 to register.

These events are organized by the members of our [ELDERinfo](#) staff who look forward to meeting and serving you!

CONSUMERS & BUSINESS



EMPLOYEE OF THE QUARTER

Can you recall a time when you spoke with a pleasant and helpful customer service representative? Because our consumer service staff speaks with thousands of consumers every year, they put a premium on politeness and helpfulness. Recently, we received unsolicited comments about Denise Warnett, one of the consumer service professionals in our *ELDERinfo* Section which we'd like to share.

One consumer wrote, "Thank you for hiring such a sincere, courteous individual...her patience with seniors is the gold standard in our opinion. A second consumer wrote, "She is very polite, sincere and courteous." Denise's own supervisor describes her as, "A very courageous woman that never complains. Her pleasant smile and radiant spirit is positive within our section."

In consideration of the unsolicited public comments and the endorsement of her supervisor, Denise Warnett was recognized as the Department of Insurance's Employee of the Spring Quarter.

Congratulations, Denise!

CONSUMERS & BUSINESS



PLANNING YOUR INSURANCE COVERAGE

Insurance professionals say that consumers need to know their stuff when determining coverage needs. The same goes for insuring against the unexpected.

By that, they mean you need to know all the “stuff” in your home that warrants special protection. And, you need to make an emergency plan – before the emergency strikes – to guide you if your world is turned upside down by unforeseen disaster.

The actual planning is easy - thanks to the [National Association of Insurance Commissioners](#) (NAIC). The NAIC has put together a list of [disaster preparedness resources](#). This list contains helpful information on what you can do now to prepare in the event of a natural disaster, such as the recent record-breaking tornadoes that cut a path of devastation across the South.

The site also contains information on [creating a home inventory](#) along with a [free iPhone app](#) to keep track of all of your valuable items in case of disaster. The Delaware Insurance Department encourages you to check out these extremely helpful resources.

Workplace & Safety FRAUD



BOOSTING DELAWARE BUSINESS

Attention Delaware business owners! The Department of Insurance has arranged with the Delaware Compensation Rating Bureau, Inc. (DCRB) to provide you a quick and easy way to compare workers' compensation insurance rates.

You can now [go to our website](#) under the "Business Consumers" banner, click on the "Compare WC Rates" tab and link to the DCRB's website to view the ***Carrier Pricing Benchmark Application***.

This application enables business owners to find all authorized manual rates by classification and insurance carrier. Manual rates may be sorted by carrier within classification in ascending or descending order using the tools included in the application.

The ***Carrier Pricing Benchmark Application*** is free, but first-time users will be asked to register before using this application.

Workplace & Safety FRAUD



INSURANCE FRAUD AND YOU

Insurance fraud is so rampant and creates so many victims that consumers cannot be too careful. To protect you, the Department of Insurance operates a [Fraud Unit](#) staffed with professional investigators. Our investigators provided the following tips to help you and your family avoid being victims of insurance fraud.

- ◆ Research insurance products before purchasing.
- ◆ Be aware that marketing scams exist over the phone and on the internet. Websites can be very convincing.
- ◆ Remember, if it sounds too good to be true, it probably is.
- ◆ Make sure you understand the terms and conditions of your policies.
- ◆ On medical claims, review your explanation of benefits closely for types and dates of services rendered.
- ◆ Guard your personal healthcare insurance information as well as your auto insurance information.
- ◆ Review all estimate documents and invoices for accuracy.
- ◆ Be suspicious of out-of-pocket payment offers following an accident.
- ◆ Verify agent and company licensing through the Delaware Department of insurance (this can be done online at www.delawareinsurance.gov.)
- ◆ Report suspected insurance fraud to the Delaware Department of Insurance Fraud Prevention Bureau at (800) 632-5154.

Ask? the Commissioner



Ask the
Commissioner
is a feature
containing a
question(s)
recently posed to
Commissioner
Stewart.

I heard that Delaware volunteer fire, rescue, and ambulance companies will receive additional funds from insurance premiums in fiscal year 2011 – is that correct?

Yes, that is correct and distributing these funds is one of the best parts of my job as Insurance Commissioner. In fiscal year 2011, the total funds received by [Delaware volunteer fire, rescue, and ambulance companies](#) will be \$26,477,779 from insurance premiums, an increase from \$24,320,707 in fiscal year 2010. The Department of Insurance collects premium taxes paid by insurers and works with the Delaware State Treasurer to make payments to the various volunteer fire, rescue, and ambulance companies in all three counties. In our view, these funds are a small way to say thank you to the men and women who selflessly answer the call to protect our homes, businesses, and lives.

Can you provide details on the upcoming visit of your counterparts from other states?

Yes, in early June I will host a 3-day meeting of insurance commissioners, spouses and key staff from throughout the northeast - a group of about 36 in all. Their visit is being arranged in coordination with the National Association of Insurance Commissioners (NAIC). The business agenda includes presentations on timely and specialized topics such as Surplus Lines and Re-insurance. The social agenda includes an insider's tour of the infamous Monster Mile and a Delaware BBQ. As you can imagine, hosting such an event is quite an honor for Delaware; so, my staff and I will be doing everything in our power to make a great impression on these VIPs. Expenses will be paid for by the NAIC.