



Insurance Matters

Commissioner Karen Weldin Stewart, CIR-ML

A Newsletter for Delawareans

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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

The Main Reason for Our Existence

Welcome to the Spring 2014 edition of **Insurance Matters**, the Delaware Department of Insurance e-newsletter that provides important insurance information about matters affecting you. After making it through the harshest winter in years Delawareans are clearly excited to get outside and enjoy the warm weather. On the following page are tips regarding insurance-related items that should be reviewed before the warmer weather arrives, bringing with it potentially damaging storms . The old saying, “An ounce of prevention is worth a pound of cure,” is especially true when it comes to prepping your home, family, and/or business for a natural disaster.

The staff of the Department of Insurance is here to serve you, no matter the subject area, if you encounter any problems or need assistance understanding your rights as a consumer. If you recently signed up for health insurance and need a little help understanding the basics of health insurance coverage we have a publication called *The Instant Insurance Guide: Health* that can be found at www.delawareinsurance.gov/Guides/HealthGuide.pdf. This guide has been updated to include all of the changes that are a result of the Affordable Care Act. We also have the guides available in print. We’re now on Twitter, in addition to Facebook, so follow us @Delaware_DOI to see the informative links and news stories that we “tweet” on a regular basis. Our goal is to keep you informed about insurance issues and related topics that can help improve the safety and well-being of you and your property, your family, and your business. Thank you for reading and don’t forget to share **Insurance Matters** with your family and friends.

Warm Regards,

Karen

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

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

www.delawareinsurance.gov



Springtime Reminders

Plan Now to Save Yourself Time & Frustration Later

Spring can be a very busy time for everyone as we take advantage of the warmer weather and extra hours of daylight. However, there are a number of items related to insurance that you should take time to fit in to your hectic schedule. Doing the proper planning now can potentially help save time, money and frustration in the coming months should your home or personal property be negatively impacted by storms, floods or other natural disasters this spring or summer.

Now is a great time to update your personal property inventory for your home, or create one if you've never done it before. With today's technology this process is easier than ever with the help of the free app, *MyHome Scr.APP.book*, for your smartphone. The Department of Insurance also has a PDF that you can print that's available on our website. For links to all of these resources visit <http://delawareinsurance.gov/departments/consumer/StormPrepare.shtml>. Having an up-to-date home inventory will help make the insurance claims process much easier should your home be damaged by a natural disaster.

The *Storm Preparedness* webpage, listed above, is filled with resources and information about what to do before, during and after a major storm. You will also find info about protecting your home or business from damage, and tips for preparing for meeting with an adjuster if your property sustained damages.

If you do not have flood insurance and live in a flood-prone area it is highly recommended that you consider purchasing flood insurance. Homes located near

bodies of water and along the state's eastern borders are particularly susceptible to flooding during strong thunderstorms, tropical storms and hurricanes. Keep in mind that most flood policies require a 30-day waiting period before they become effective. According to the National Flood Insurance Program, just a single inch of floodwater can cause more than \$10,000 in damage to a home. Floods and flash floods occur in all 50 states, and they cannot always be predicted or prepared for which is why purchasing a flood insurance policy as soon as possible is critical to ensuring your property is protected in the event of a disaster.

Below is a brief list of items the Delaware Department of Insurance suggests that you review now, before a disaster strikes. For a complete list of items, visit the webpage mentioned earlier in this article.

- Make sure that you understand the deductible provision of your policy.
- Keep all of your insurance policies in an easily accessible location.
- If forced to evacuate, keep with you at all times your insurance records, including the name and telephone number of your insurer or insurance agent.
- Be certain you understand the claim procedures of your insurance company.
- Make sure you have insurance up to at least 80% of the value on your home to avoid penalties under any co-insurance provision of your policy.
- Keep all necessary information regarding your health coverage, including prescription information, with your insurance records in the event of an evacuation.

For the best protection consider scanning all of these important documents and saving them in your personal e-mail account. That way, if documents are lost in a disaster you can still access them from anywhere. Be prepared, you'll thank yourself later!

In the Atlantic, hurricane season starts June 1 and ends on November 30.

A typical year has 12 tropical storms, of which seven become hurricanes.

Getting Married?

Tips for Engaged or Newlywed Couples Combining Insurance

Are you getting married soon? If you are planning a wedding you have probably had many discussions about caterers, music, cakes and a honeymoon and how you're going to pay for it all. Most couples, however, do not discuss combining their insurance plans until after the wedding even though it could have major and long-lasting impacts on your lives. Sometimes combining coverage can even save you some money, which you could certainly use after a week in Hawaii. Below you will find a few tips on combining your insurance coverage. You can find much more info from the *National Association of Insurance Commissioners*, NAIC, at www.insureuonline.org/newlyweds_adventure.htm.

Auto: Before you combine your auto insurance policies you should discuss your driving records. If one person has a really bad record you might want to keep your policies separate. You should also educate yourself about named-driver exclusion clauses. And don't forget to review who is or is not covered as a driver for those fun toys such as boats, motorcycles and ATVs.

Health: Which coverage to keep? The lowest premium isn't the only consideration when deciding between health insurance plans. And sometimes it makes sense to stick with your individual coverage. To avoid a short-term decision that results in long-term out-of-pocket expenses, be sure to review provisions related to cost-sharing—deductibles, co-pays and coinsurance—and consider what is not covered by the plan.

New family coverage: Most group insurance providers consider marriage a qualifying major event, which means you can make related policy changes outside the approved open enrollment period. To avoid a coverage lapse, alert your provider immediately if getting married also includes stepchildren.

Home: New home or fixer-upper: A renovation

investment of \$5,000 or more can change a home's replacement value and your insurance needs. As you research coverage for your first home together, think about what the structure offers today... and tomorrow.

Where to live: Location, location, location doesn't only affect a home's resale value. Your address also impacts insurance rates, as does your home's construction type and square footage. Do your homework before crossing the threshold.

Life: Update beneficiaries: Be sure to name your new spouse as the beneficiary by contacting your HR department or individual life insurance provider.

Life insurance – how much is enough? Now that “I” actually means “we,” you may want to revisit your life insurance. To determine the correct amount, consider future income potential, the cost of raising kids and any outstanding mortgage.

For more information about the many different types of insurance please visit www.delawareinsurance.gov where you will find guides, helpful information and links to additional resources. Don't forget about the free “Licensee Lookup” service where you can verify the license status of an agent or broker.

Important Questions to Discuss Before Getting Married

How might our individual credit and legal histories impact our combined financial future?

Beyond rent or mortgage payments, have we budgeted correctly for our living arrangements?

What financial responsibilities do we have to family members, today and in the future?

Do our individual financial safeguards still work now that we're a couple?



Health Insurance

Which “Life Events” Qualify Me to Sign Up for Coverage in the Marketplace Outside the Open Enrollment Period?

The following information is related to questions about the federal Health Insurance Marketplace and all questions should be referred to 1-800-318-2596 or view the FAQs on www.healthcare.gov. **The Delaware Department of Insurance does not handle questions related to Healthcare.gov but is passing along this important information to help inform consumers in Delaware who may be affected.**

After Open Enrollment, you can enroll in private coverage through the Marketplace only if you have a qualifying life event. If you do, you get a special enrollment period allowing you to buy a health insurance plan through the Marketplace.

Examples of qualifying life events:

- Marriage
- Having a baby; Adopting a child or placing a child for adoption or foster care
- Moving outside your insurer’s coverage area
- Losing other health coverage—due to losing job-based coverage, divorce, the end of an individual policy plan year in 2014, COBRA expiration, aging off a parent’s plan, losing eligibility for Medicaid or CHIP, and similar circumstances. Important: Voluntarily ending coverage doesn’t qualify you for a special enrollment period. Neither does losing coverage that doesn’t qualify as minimum essential coverage.
- Gaining citizenship
- Leaving incarceration

For people already enrolled in Marketplace coverage: Having a change in income or household status that affects eligibility for premium tax credits or cost-sharing reductions

If you think you qualify for a special enrollment period, you have two choices:

1. Start a Marketplace application.

Note: You won’t see a reference to a special enrollment period until you finish your application and get to your “To-do list” page. There you’ll see a statement that you can enroll only if you have a special enrollment period. Continue the process and enroll in a plan.

2. Contact the Marketplace Call Center. Be sure to tell the representative that you believe you qualify for a special enrollment period. They can help you enroll by phone. Call 1-800-318-2596 (TTY: 1-855-889-4325) 24 hours a day, 7 days a week.

Once you have Marketplace coverage, you must report certain “**life changes**”. This information may change the coverage or savings you’re eligible for.

While most “life changes” are similar to the “qualifying life events” (listed to the left) there are additional qualifying events that must be reported.

For more information about when and how to report life changes please visit: www.healthcare.gov/how-do-i-report-life-changes-to-the-marketplace/

The Delaware Department of Insurance does not administer Healthcare.gov. All questions should be referred to 1-800-318-2596.

Auto Insurance Matters

Lying to Your Auto Insurance Company Will Cost You

A recent survey by CarInsurance.com found that 34% of drivers either gave false information or omitted information that they provided to their insurer. The drivers who took the survey gave three reasons why they submitted false or incorrect information: 63.3 percent said they did it to save money; 28 percent said they did it because there was no correct answer option on the form; and 8.7 percent said they felt cheated by the company in the past.

The most common lies were:

- Annual mileage: 36.3 percent
- Where car is parked: 32.4 percent
- Names of drivers with access to vehicle: 25.1 percent
- History of tickets or accidents: 20.5 percent
- Gaps in insurance coverage: 19.2 percent
- School grades, or teen driver's grades: 18.9 percent
- Anti-theft devices on the car: 17.4 percent
- Primary type of use (such as business, school or work): 17.3 percent

More than 40 percent of those who lied said their insurance company eventually found out about the bad information. Of those who were caught:

- 33.5 percent said their claim was denied
- 31.5 percent said their premiums went up
- 25.4 percent said their policy was canceled
- 7.6 percent said they were sued for fraud
- 2 percent said nothing happened.

Lies are often discovered after a driver files a claim and the insurance company looks in to the details of the policy and the claim. If the insurer finds fraud they could deny your claim, cancel your policy or possibly pay the claim but charge you back premiums. What's the point of paying an insurance premium to protect your car if the company is just going to deny your claim, cancel your policy or possibly even sue you? Fraud isn't worth it! To report insurance fraud call 1-800-632-5154 or send an email to fraud@state.de.us.

Automobile Safety Recalls: Are You Affected?

Manufacturers of automobiles sold in North America have issued millions of recalls in recent weeks. The issues range from minor to major, and some defects are known to have caused deaths in some instances. So far in 2014 recalls have been issued by major manufacturers including, but not limited to, GM, Toyota, Nissan, BMW, Mazda, Chrysler, and Honda for matters ranging from software to mechanical problems.

How do you know if you are affected? You can visit the *National Highway Traffic Safety Administration's* website at www-odi.nhtsa.dot.gov/owners/SearchSafetyIssues and enter your car's year, make and model to find a list of recalls. Automobile manufacturers list recalls on their own websites, too. Most manufacturer websites allow you to enter the car's VIN to see which recalls have not yet been fixed, which is especially helpful if

you purchased your car used. You can also sign up to receive e-mails if future recalls are issued for your car.

Who pays for recall issues? The statute of limitations for all no-charge recalls is 8 years from the original sale date of the vehicle. After that time has passed, you may be required to pay if you want to have the part or parts replaced or fixed.

What if you bought your car used? Regardless of whether you are the original owner or not, you still qualify for any recalls, including those that have occurred before you bought the car.

It is suggested that consumers check now for any recalls and check again periodically, or sign up to receive e-mail alerts. If recalls are found do not wait to have the problems fixed, especially since most are fixed for free.



Medigap for the Disabled

Limited Time to Act: New Medigap Options for Disabled Medicare Recipients Under Age 65

As was mentioned in the Winter issue of this newsletter, a new law, Senate Bill 42 (SB 42), which was passed by the Delaware legislature in 2013 became effective January 1, 2014. SB 42 requires insurance companies that offer Medigap (Medicare supplemental insurance) policies to people 65 and older to also offer the same policies to anyone under the age of 65 who qualifies for Medicare due to a disability.

Lakia Turner, director of the *Delaware State Health Insurance Assistance Program*, Delaware SHIP, said, "It's important that existing Medicare beneficiaries under 65 [those beneficiaries as of Dec. 31, 2013] understand that they only have until June 30, 2014 to purchase a [Medigap] plan under this law. Therefore, we encourage anyone who is eligible to take the time to review their options now. Newly enrolled Medicare recipients under 65 have six months to purchase one of these plans, from the time benefits begin, so we want those individuals to know that

they should not wait until the last minute to purchase this coverage. We're here to help anyone who has questions so please call sooner than later!" If you have questions about Medigap plans call Delaware SHIP at 1-800-336-9500 or 302-674-7364 for assistance.

What exactly is a Medigap policy? A Medigap policy, also known as "Medicare supplement insurance" is private health insurance that's designed to supplement original Medicare and helps pay some of the health care costs that Medicare doesn't cover, such as: co-payments, coinsurance, and deductibles.

According to statistics from the Centers for Medicare & Medicaid Services there are more than 27,700 individuals living in Delaware who receive Medicare because of a disability. These disabilities range from kidney failure and other physical disabilities to certain mental illnesses and cognitive disorders.

Majority of Renters Lack Renters Insurance Despite Protections

Almost all homeowners carry home insurance, but estimates suggest only 25 to 50 percent of people who rent carry insurance for their possessions. This is despite the fact that renters are 50 percent more likely to experience theft than those who own homes, according to Bureau of Justice statistics.

If you rent, your landlord's insurance will not pay to replace your possessions if they are damaged or destroyed by a fire or a burst water pipe, or if they are stolen. Renters insurance carries the same coverage for your possessions and the same liability as a homeowners policy. With renters insurance, you will have coverage

if your possessions are stolen, damaged or destroyed. Additionally, if someone is injured in your home, the cost of their medical care and legal proceedings related to their injury is covered up to your policy's liability limits.

A renters policy may also provide you with living expenses if your apartment is destroyed or damaged and you cannot stay there. Renters insurance is very affordable and oftentimes you and any roommates can share a policy, making it even cheaper. The best way to determine how much coverage you need is to perform a home inventory. For info on performing a home inventory see the "Springtime Reminders" article on page 2 or visit delawareinsurance.gov/information/InsureU.shtml

Legislation We Support

Proposed Bill to Require Insurers to Provide 30 Consecutive Days of Inpatient Care for Mental Illness & Addiction

Under current Delaware law individuals who are dealing with drug and/or alcohol addictions usually receive in-patient treatment for 5-7 days to detox. After that time, in most cases, the patient is discharged and the insurance only covers outpatient therapy. If the outpatient therapy does not work the insurer may increase the level of care until they agree to allow inpatient coverage again. The problem with this approach is that, commonly, when an individual has detoxed and discharged from inpatient care they often return to the unstable environment where they abused drugs and/or alcohol.

Treatment for mental health and chemical dependency is covered under the 10 Essential Health Benefits required under the Affordable Care Act. The requirement states the insurance company cannot place a dollar limit or visit limit on related services, but the coverage must be based on medical necessity. The Insurance Commissioner reviewed legislation dealing with this issue in other states which resulted in Commissioner Stewart submitting the following proposal which became House Bill #164, HB 164, of the 147th General Assembly. The official title of the bill is: *An Act to Amend Title 18 of the Delaware Code Relating to Insurance Coverage for Mental Illnesses and Drug and Alcohol Dependency.*

HB 164 proposes that health insurers issuing large group policies provide a minimum of 30 consecutive days of inpatient care (per 12 month period) for serious mental illnesses and drug and alcohol dependencies in order to increase the likelihood of long-term success. The current 5-7 days of inpatient care is often not a sufficient amount of time to detoxify from an alcohol or drug addiction and then diagnose an underlying mental illnesses which is sometimes found among addicts who were self-medicating as a coping mechanism.

The hope is that this change will allow the doctors to detox the patient and keep them in a safe/structured environment to conduct counseling/therapy to determine the stressors causing the addiction and to develop a plan to help maintain and retain sobriety or mental stability for the long-term. The bill states that if the patient checks out against medical advice at any time during the approved 30 day stay, the issuer can consider the 30 consecutive day requirement satisfied for the 12 month period.

The necessity for the change to the Delaware code became apparent in recent years as more families have struggled emotionally and financially to get treatment for loved ones with addictions. According to data from the Centers for Disease Control, CDC, "The misuse and abuse of prescription painkillers was responsible for more than 475,000 emergency department visits in 2009, a number that nearly doubled in just five years. In 2010, 1 in 20 people in the US (age 12 or older) reported using prescription painkillers for nonmedical reasons in the past year."

The Department of Insurance hopes that with the passage of HB 164 individuals who are suffering from addiction will be able to receive treatment before their health and well-being further deteriorates. Increasingly, individuals who abuse prescription painkillers are turning to cheaper sources for their high, such as heroin. Removing barriers to treatment options that can help get individuals on the path to sobriety has the potential to reduce deaths from overdoses and save family members from emotional and financial distress.

To read the bill and find more details about HB 164 please visit <http://legis.delaware.gov/billtracking>.



Ask the Commissioner

During a storm a tree from my neighbor's yard fell on my fence. Whose insurance has to pay for fixing the fence: mine or his? And what about the clean-up costs?

Like many insurance-related questions the answer often depends on the circumstances. Generally, it does not matter whether or not the tree was located on your property or your neighbor's property; if it lands on your home, detached garage or other insured structure (such as your fence) you can file a claim with your insurance company.

The owner of the property where the tree or limb originated usually isn't liable if a storm blew it down. This includes trees that fell due to wind or lightning (as well as snow, sleet or ice if it happens in the winter). Damage sustained during a storm is considered a "natural" event that's not either person's fault. However, if a neighbor's tree falls on your property (house, shed, fence) on a calm day with no wind then they are usually liable.

Keep in mind, you will be responsible for paying the deductible. Evaluate the damage to be sure it is in your best interest to file the claim. If the cost of repairing the fence is not much more than your deductible, it might not be worth claiming.

The issue is a little more complicated if your neighbor's tree was dead and he or she knew about it. If that's the case then your home insurance company may seek money from your neighbor's insurer. If your insurance company is successful in recovering the costs, you may be reimbursed for the deductible.

What about the cost to clean up the downed tree? Usually there is also coverage for the cost of removing the tree, generally up to about \$500 to \$1,000, depending on the insurer and the type of policy purchased. That dollar limit is likely to be the same whether one tree fell, or ten.

It's important that you know what your homeowner's policy covers before incidents like this happen because not all policies offer the same coverage. If you don't understand your policy your insurance agent should be able to help you make sense of the wording in the contract. If you still need help understanding your policy after speaking with your agent call our Consumer Services Department at 1-800-282-8611 for help.



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