



Insurance Matters

Commissioner Karen Weldin Stewart, CIR-ML

A Newsletter for Delawareans

Issue 18 • Winter 2015

Our Mission

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

In This Issue

1. Welcome
2. Open Enrollment
3. Workers' Comp Rates
4. Captive Bureau Successes
5. Safe Driving News
6. Fire Safety Tips
7. Non-Resident Licensees
8. Ask the Commissioner

Contact DOI
DOI Website



The Consumer Comes First

Hello, and thank you for reading the Winter 2015 edition of **Insurance Matters**, the Delaware Department of Insurance e-newsletter that provides insurance information about matters affecting Delaware's families and businesses. I hope the new year has been treating you well and I applaud everyone who has made an effort to eat healthier foods, lose weight, or stop smoking. Another key factor for maintaining a healthy body is having health insurance. People who do not have health insurance are less likely to seek treatment for seemingly small health problems which could eventually turn in to major health issues. If you don't have health insurance and you're seeking coverage for 2015, you only have until **February 15** to sign up during the open enrollment period under the Affordable Care Act (ACA). I encourage you to visit Delaware's own website, www.ChooseHealthDE.com, for more information. The tax penalty for going without insurance will increase in 2015. See page 2 for more information about this topic.

There's plenty of good news inside our Winter edition. In January, I was happy to approve substantial decreases in workers' compensation insurance rates. It has been estimated the decreases in rates will save employers as much as \$20 million on their workers' comp policies in 2015, compared to the rates in 2014. Employers also have the potential to save even more on workers' comp rates by participating in the DOI's *Workplace Safety Program*—see page 3. You can read about the continued success of our Captive Insurance Bureau on page 4, and get tips on purchasing a safe (new or used) automobile on page 5.

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. 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



Open Enrollment Ends 2/15

Health: It's Your Final Chance to Enroll or Change Plans

If you are not on Medicare and need health insurance, February 15 is the deadline for signing up for coverage through the Health Insurance Marketplace; www.Healthcare.gov. If you need help with your current plan, help understanding your options for 2015, or assistance enrolling, go to www.ChooseHealthDE.com to get connected to free, local help from a trained Marketplace Guide. Help is also available by phone at 1-800-318-2596 (please note that this number connects to a national call center).

In 2015, if you choose to go without insurance, you will have to pay a penalty of \$325 per uninsured adult or 2 percent of household income, whichever is higher (unless you qualify for an exemption).

If you sign up for a plan by Feb. 15 your coverage will take effect March 1. After Feb. 15, the open enrollment period will be closed for 2015 and you will only be able to sign up for a plan if you experience a qualifying *life event*. Examples of qualifying life events include the birth of a child, the loss of your current insurance coverage, or moving to a new state.



Many individuals and their families will qualify for federal subsidies to help lower health insurance premiums. Talk to a Marketplace Guide or set up an account on www.Healthcare.gov to get more information about plans and coverage available, as well as costs and subsidies.

Anyone with an ACA-compliant health insurance plan, whether you got it through the Marketplace, your employer, or directly through an insurance company, is entitled to receive certain preventive health benefits at no-cost or co-pay. To find a complete list of covered preventive services for adults, women, and children, visit www.healthcare.gov/preventive-care-benefits/adults/

Remember, thanks to protections built in to the Affordable Care Act your health insurance cannot be canceled due to preexisting conditions, newly diagnosed medical issues or your use of services during the previous year.

The Department of Insurance cannot and does not provide tax advice so find a qualified professional to help with your questions related to fees and subsidies. The IRS website that is dedicated to ACA-related questions is <http://www.irs.gov/aca>.

For Small Businesses: Small Business Health Options Program (SHOP)

The Small Business Health Options Program (SHOP) offers a simpler way to find and buy health coverage that meets the needs of your employees—and your business. To enroll in SHOP coverage, you must have 50 or fewer full-time equivalent (FTE) employees and meet certain other requirements. Visit www.healthcare.gov/small-businesses/ to choose coverage and enroll yourself, or you can work with an agent or broker.

For more information about the SHOP Marketplace visit www.healthcare.gov/small-businesses/ or call the SHOP-dedicated helpline at **1-800-706-7893**. Check out the website's SHOP Tax Credit Estimator Tool to find out if you may be eligible for a tax credit and how much the credit could be worth to you.

Please note that the SHOP Marketplace is open year-round. SHOP is not affected by the Feb. 15 deadline for individuals.

Workers' Comp Rates

Substantial Decreases Will Save Businesses an Estimated \$20 Million

Insurance Commissioner Karen Weldin Stewart recently approved the Delaware Compensation Rating Bureau's (DCRB) workers' compensation amended rate filing, resulting in overall average decreases of 9.7% in residual market rates and 11.5% in voluntary market loss costs.

The decreases are the result of cooperation among the DCRB, the Department of Insurance and Delaware's Ratepayer Advocate, and are expected to save employers approximately \$20 million in insurance costs this year.

"After several years of rate increases, I am pleased to announce a decrease in the premium most business owners will pay this year when purchasing workers' compensation insurance," said Commissioner Stewart. "As I said when the preliminary numbers were released in the fall, the decrease is the result of all the stakeholders working together to bring down Delaware's high health care costs, which have been driving rates up over recent years.

"I want to thank the General Assembly for passing House Bill 373 last session, requiring that medical costs be reduced over the next three years. I

particularly want to thank my fellow members of the Governor's Workers Compensation Oversight Panel, including Chair Rich Heffron, and Attorney General Matt Denn, past Chair of Workers' Compensation Task Force, for doing the hard work that laid the foundation for HB 373."

In October, the DCRB had proposed decreases of 1.56% in residual market rates and 3.52% in voluntary market loss costs. The Insurance Department performed an extensive review of the proposal, including obtaining independent reviews of the filing from two consulting actuarial firms. The Ratepayer Advocate also reviewed the filing and retained a third independent actuary. The Department also held public information sessions in the three counties and a public hearing in Wilmington on January 12th. In subsequent discussions, the parties agreed that the DCRB would make an amended filing requesting the larger decreases, which Commissioner Stewart approved on January 28th.

The effective date of the decrease is retroactive to December 1, 2014 for new and renewal business.

\$9.3 Million: Estimated savings on workers' comp premiums, in 2014, by Delaware businesses that participated in the *Workplace Safety Program*.

Employers: Learn how your business could save up to 19% on workers' compensation insurance premiums by participating in the *Delaware Workplace Safety Program*. Call 302-674-7377 or visit our website, <http://delawareinsurance.gov/services/workplacesafetydiscount.shtml>.



Captive Bureau Successes

Kinion Named One of the Top Three Influential Figures in Captive Insurance

Steve Kinion, Director of the Delaware Insurance Department's Bureau of Captive and Financial Insurance Products, was named number three on *Captive Review* magazine's "Power 50 in 2014" list. Kinion moves up from 37th place last year on the list of persons of most influence in the world of captive insurance.



"Everyone in the Department is incredibly proud of Steve for making Delaware one of the international leaders in the captive industry," said Commissioner Stewart. "It's nice to know that people outside of our state recognize the tremendous work that Steve and his

team do to create an environment in Delaware where businesses want to work and grow."

Announcing this year's rankings, *Captive Review* observes that "Kinion has increased his level of influence by making passionate and well-considered interventions around topical regulatory issues..."

Captive owners and other key stakeholders are reassured by Kinion's drum beating for alternative risk transfer as he ensures the captive case is heard in full." The complete story may be found on *Captive Review's* website: <http://www.captivereview.com/news/revealed-the-2014-captive-review-power-50/>

Captive insurance companies, which are owned by the entities that they insure, are formed by businesses who wish to better manage the cost and administration of their own risk. In 2005, Delaware updated its laws regarding the formation of captives, thereby positioning the state to become a preferred domicile to the growing number of captive insurance companies being created by companies worldwide. Today Delaware is the sixth largest captive domicile in the world and the third largest captive domicile in the U.S. Delaware's sophisticated corporate laws, financial infrastructure and respected judiciary make it the preeminent jurisdiction for business. These benefits are extended to captive insurance companies through Delaware's Bureau of Captive and Financial Insurance Products.

To learn more about Delaware's Captive Bureau, visit <http://captive.delawareinsurance.gov/>

Welcome to Medicare Events Scheduled for March

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 March 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. To see a list of the event locations, dates and times visit <http://www.delawareinsurance.gov/DMAB/calendar.shtml> or call DMAB at 1-800-336-9500 to get help or register.



Safe Driving News

Traffic-related Fatalities Increased Across Delaware in 2014

In early January, Delaware's Office of Highway Safety (OHS) reported 125 traffic-related fatalities in 2014 compared to 101 fatalities in 2013—a 20 percent increase. OHS reported that alcohol and drug-related fatalities made up 47 percent of the total motor vehicle crashes, a slight increase from 2013. That news is particularly upsetting because so many of these deaths, and other accidents that resulted in injuries, could have been prevented. OHS also reported the following data for 2014:

4,086: Total number of people arrested for DUI in Delaware

92 Percent: Delaware's seat belt use rate (national average is 87 percent)

27: Pedestrians who died on Delaware roads

15: Motorcyclists who died on Delaware roads

3: Bicyclists who died on Delaware roads

Keeping Safety, Insurance Costs In-Mind When Buying a Car

If you're thinking about buying a new or used vehicle in the coming months then you may be a little overwhelmed with the huge number of cars, trucks, SUVs, and cross-overs on the market today. There's more to consider than the purchase price of the vehicle alone, though. Safety features, fuel economy, and the cost to insure the vehicle are all important factors that you should take in to consideration when making your selection.

A great resource for vehicle safety ratings is the *Insurance Institute for Highway Safety* (IIHS). IIHS conducts vehicle tests to determine crashworthiness — how well a vehicle protects its occupants in a crash. It also rates vehicles for front crash prevention, systems that warn the driver or brake automatically to avoid or mitigate a frontal collision. The vehicles that perform best in the tests qualify for *Top Safety Pick*, which has been awarded since the 2006 model year, or *Top Safety Pick+*, which was inaugurated in 2013. **To see the list of Top Safety Picks from 2006 through 2015 visit <http://www.iihs.org/iihs/ratings/TSP-List>.**

In recent years some automobile manufacturers have begun to include optional front crash prevention systems. The various systems use different types of technologies to detect objects in front of vehicles and some systems even apply the brake if the driver does not and a crash is imminent. Safety features like these will come at a higher up-front cost but have the potential to reduce crashes and save lives.

When shopping for used vehicles be sure to check on vehicle recalls by searching the VIN on the *National Highway Traffic Safety Administration's* free, online search tool at <https://vinrcl.safercar.gov/vin/>. The search results will tell you if a specific vehicle has not been repaired as part of a safety recall in the last 15 years.

Finally, don't forget that you can always call your insurance company and ask for an estimate on the cost of insuring a specific make and model of a car. You may be surprised to find that while many cars may look quite similar, the cost to insure them varies widely.



Fire Safety Tips

Each Season Has Its Own Perils: Help Prevent a Fire in Your Home

You may have seen the recent tragic news out of Annapolis, MD, regarding a house fire that claimed the lives of two grandparents and four of their grandchildren. Authorities believe that the blaze was sparked by an electrical problem which ignited a live but dried-out Christmas tree. Winter also brings about the greater chance for fires from space-heaters and chimneys. Other fires, such as those that start in the kitchen, can happen at any time of the year. Keep reading for more safety tips that can help keep your home and family safe year-round.

The most important thing you can do to ensure that your family is alerted of smoke and/or fire in the home is to make sure that there are numerous smoke detectors located throughout the home. Make sure that the batteries are working in the smoke detectors at least once per season. Some people don't know that there are actually two different kinds of smoke detectors: photoelectric and ionization smoke alarms. Photoelectric smoke alarms are generally more responsive to fires that begin with a long period of smoldering (called "smoldering fires"). Ionization smoke alarms are generally more responsive to flaming fires. For the best protection, use both types of alarms in your home.

- Never leave an open flame (like a candle) unattended.
- Create an escape plan for each bedroom and each level of the home. Fire can spread throughout the entire home in just minutes. Practice the escape plans with everyone in the family during the day and in the dark.
- The *National Fire Protection Association* recommends that portable space heaters should be kept at least 3 feet from flammable materials like curtains and furniture. Do not use old space heaters if they do not have automatic shutoff safety systems.

- If you burn wood in your stove or fireplace be sure to empty the ashes into a metal container with a lid. Allow the ashes to sit at least three or four days before disposing. The safest way to be sure that there are no more cinders in your ashes is to pour plenty of water over them before disposal.

- According to the U.S. Fire Administration, fire departments respond to roughly 2,900 clothes dryer fires each year, with an estimated \$35 million in property damage. The leading cause of these fires was the failure to properly clean the dryers. *Remember these tips to keep your dryer in good shape:*

- Clean the lint filter before and after each load of laundry
- Clean lint out of the vent pipe every six months
- Replace coiled-wire foil or plastic venting with rigid, non-ribbed metal duct
- Make sure the outdoor vent flap opens when the dryer is operating
- Turn the dryer off if you leave home or when you go to bed.



Attention Non-Resident Licensees

All Non-Resident Licensees Must Renew by Feb. 28, 2015

This is a message for insurance agents and brokers:

All non-resident licensees (individuals and business entities) are required to renew by February 28, 2015. Renewal notices will no longer be mailed out to the licensees. Renewal fees must be paid online at www.nipr.com.

Fee for renewal is \$75.00 for all individuals and business entities for the following License Types: Producer, Adjuster, Public Adjuster, Appraiser, Fraternal Producer, and Limited Lines Producers. Individual Surplus Lines Brokers are required to pay a \$125.00 fee. The license will not be reissued upon renewal. You may verify license status and print a copy of the license at: www.delawareinsurance.gov/

Licensing Attachment Warehouse: If a licensee answers "Yes" to one or more Background Questions, supporting documentation may be attached online through NIPR's Licensing Attachment Warehouse at <https://pdb.nipr.com/docMgmt/main.html>. The Electronic Attachment Warehouse eliminates the need to fax or mail the supporting documentation. Licensees who are unable to use the NIPR Attachment Warehouse website may fax the supporting documentation to 302-736-7906.

Address Changes: Individuals may change their address online at: www.nipr.com. Business entities must submit a Form 2C (located on our website) and fax to the Department.

Cancellation of License: Should you choose not to renew, you must notify the Department in writing. Please submit a signed request in writing and either fax or email (licensing@state.de.us) to the Department.

Licensees who fail to renew, without informing the Department of cancellation, will be subject to Administrative Action [a fee].

For more information about Producer Licensing in Delaware visit <http://www.delawareinsurance.gov/services/renewlicense.shtml>



**\$2.1
Million:**

**Total amount of funds recovered for
Delaware consumers in 2014 by the
Delaware Department of Insurance**



Ask the Commissioner

Question: I've been looking in to life insurance policies and, honestly, it's pretty confusing. Can you explain what underwriting is and why some insurance companies want me to have a medical exam (and others don't) before they offer me coverage?

Answer: Underwriting is the process used by insurance companies for evaluating the risk of insuring an applicant. Through this process the insurer decides if it is willing to insure you and what it would charge you for the coverage. Factors that insurance companies may use in making this decision include: age, gender, health and lifestyle habits (smoking, for example), family health history, whether you work in a hazardous occupation, and/or if you engage in dangerous hobbies (such as mountain climbing, scuba diving or sky diving). For example, if you do engage in a hazardous hobby, or work at a dangerous job, it means the risk the insurance company assumes to cover you is higher and, therefore, your premiums will likely be higher.

The insurance company receives this information from your application, and may ask you to fill out a health questionnaire or have a health examination or certain medical tests. The medical exams are usually conducted by a paramedical examiner at your home but sometimes they may ask you to see a doctor at a physician's office.

The extent of the exam will likely vary depending on the data that each specific insurance company needs to obtain and analyze. For example, Prudential Insurance's website says that during the exam, the examiner will record your height and weight, blood pressure, and pulse. They may also ask for a urine sample which will test for nicotine, signs of kidney disease, elevated sugars, and/or other drugs or conditions. Sometimes they will also take a blood sample to test for various medical conditions such as liver disorders, high cholesterol, and diabetes. Other types of tests could also be administered, or samples requested, such as: an ECG to screen for heart conditions, oral fluid sample to test for drugs or nicotine, and/or cognitive and mobility testing.

Generally, you will be required to undergo this type of testing in order to obtain the lowest rate on a life insurance policy. Some policies do not require a medical exam, but those policies generally are more expensive. If you are in reasonably good health, it makes sense to take a brief medical exam and save money on your monthly premiums.



Contact the Delaware Department of Insurance

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DMAB: 1-800-336-9500

Fraud: 1-800-632-5154

Dover Office Main Line: 302-674-7300