



# Insurance Matters

Commissioner Karen Weldin Stewart, CIR-ML

A Newsletter for Delawareans

Issue 21 • Fall 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 Fall 2015 edition of **Insurance Matters**, the Delaware Department of Insurance e-newsletter that provides insurance information about matters affecting Delaware’s families and businesses. As usual, our Fall edition has lots of information about the open enrollment season for Medicare Part D and the Health Insurance Marketplace. If you’re on Medicare it is highly recommended that you review your options for prescription drug plans for 2016 since the details of the plans change from one year to the next. Just because your current plan worked well for you in 2015, doesn’t mean it will be the most cost-effective plan for 2016. The same is true if you get your health insurance through the Health Insurance Marketplace, [www.healthcare.gov](http://www.healthcare.gov). Each year there are often changes to a plan’s networks, deductibles, co-pays, etc., so the open enrollment period provides you the one chance annually to change plans based on your needs and your budget. Please note that the open enrollment period for the Health Insurance Marketplace will run from November 1, 2015 through January 31, 2016 — which is different than last year. See pages 2 and 3 for additional information and resources.

Fall is when we see the highest number of collisions between cars and deer. Data from *State Farm* shows that in 2014-2015 drivers in Delaware have a 1 in 142 chance of hitting a deer which will result in a claim. This number is higher than last year’s chance of 1 in 150. If you didn’t already know, damage to a vehicle from a collision with an animal is covered under an auto policy’s optional comprehensive portion. If you only have collision coverage or liability coverage, your insurance carrier will not cover damage to your vehicle resulting from a collision with an animal. Use extra caution when driving around dawn and dusk.

Whether you need help with a simple question or feel that your claim has been wrongly denied, the staff of the Department of Insurance is here to serve you. If you’re having trouble resolving an issue with an insurance company or an agent, give us a call.

Warm Regards,

**Karen**

Karen Weldin Stewart, CIR-ML  
Insurance Commissioner

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

[www.delawareinsurance.gov](http://www.delawareinsurance.gov)



# Health Insurance

## Plans Change From Year to Year - Be Sure to Review Your Options

Studies have shown that the average consumer spends about 30 minutes reviewing their health insurance plan options but spend an average of nearly 4 hours researching their next computer purchase. Reviewing the fine details of an insurance plan isn't the most thrilling way to spend an hour or two of your time, but the Department of Insurance encourages everyone with a health insurance plan to review their options annually. Changes are often made to health insurance and prescription drug plans annually, which means co-pays, fees, deductibles, formularies and the network of providers may change from one year to the next.

Even if your prescription drug plan or health insurance plan works for you this year, it doesn't mean that it will be the best, or most cost-effective, plan for you or your family in the year ahead. Luckily, free help is available to assist you in making these important decisions. Just make sure that you don't wait until the last minute to try to enroll in a new plan - this is not a decision you want to make at the last moment.

The open enrollment for **Medicare** runs from October 15 through December 7. It's the time when all people with Medicare are encouraged to review their options for prescription drug plans (Medicare Part D), including any changes in costs, coverage, and benefits that will take effect in 2016.

Call the **Delaware Medicare Assistance Bureau**, DMAB, at **1-800-336-9500** for help with your questions related to Medicare, Medicare prescription drug plans (Part D) and Medicare Advantage (Part C). You can also get information on DMAB's website, [www.delawareinsurance.gov/DMAB](http://www.delawareinsurance.gov/DMAB). Staff

and trained volunteers are available to meet with Medicare recipients at various locations throughout each county to review your current prescriptions and options in-person.

If you want to change your Medicare coverage for next year, this is the time to do it. If you're satisfied that your current coverage will continue to meet your needs for next year, you don't need to do anything. Staff members are also able to help with questions about financial assistance programs.

**If you are not on Medicare and need health insurance**, November 1, 2015 through January 31, 2016 is the open enrollment period for the Health

Insurance Marketplace, [www.healthcare.gov](http://www.healthcare.gov). If you need to enroll in a plan, or review your current plan and options, visit [www.ChooseHealthDE.com](http://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 (this number connects to a national call center).



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 [Healthcare.gov](http://Healthcare.gov) to get more information about plans and coverage available, as well as costs and subsidies.

Even if you keep the same plan you should update your income and household information to ensure that you're receiving the proper subsidy, if you qualify for financial assistance. Your health insurance cannot be canceled due to preexisting conditions, newly diagnosed medical issues or your utilization of services during the previous year.

# Health Insurance

## ***Open Enrollment Season: Know YOUR Dates***

### **If you have Medicare:**

**October 15 to  
December 7, 2015**

Call the **Delaware Medicare Assistance Bureau, DMAB**, for help with your questions related to Medicare & Medicare prescription drug plans (Part D).

*Medicare is not part of, or affected by, the Health Insurance Marketplace (Healthcare.gov)*

**1-800-336-9500**  
[delawareinsurance.gov/DMAB](http://delawareinsurance.gov/DMAB)



### **If you are not on Medicare and need health insurance:**

**November 1, 2015 -  
January 31, 2016**

If you need to enroll in a new plan or review your current plan and options, visit the Health Insurance Marketplace at **Healthcare.gov**.

Or visit **ChooseHealthDE.com** to get *free, local help* from a trained Marketplace Guide.

**ChooseHealthDE.com**  
1-800-318-2596



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# Auto Insurance News

## Commissioner Stewart Signs Bulletins to Protect Consumers

### Commissioner Stewart Outlaws “Widow’s Penalty” In Setting Auto Insurance Rates

#### Says Practice Is Not Supported By Facts

Insurance Commissioner Karen Weldin Stewart announced today that she will not approve any auto insurance company’s rate submission that includes a “widow’s penalty,” under which a widow or widower is charged a higher rate based solely on the change in his or her marital status following the loss of a spouse.

“This so-called ‘widow’s penalty’ is completely unfair,” said the Commissioner. “Becoming a single driver because of the death of your spouse is not the same as being a young, inexperienced single driver. I will not approve any auto insurance rate filings that cannot provide actuarially sound data for including widows and widowers in a higher single rate category.”

Automobile insurance companies are permitted to charge inexperienced drivers, such as teenagers, a high premium because some actuarial studies show that young single drivers file more claims than young married drivers. However, the Delaware Insurance Department is not aware of any such data showing that older single drivers exhibit the same behavior when compared to older married drivers.

The Insurance Department recognizes that marital status is not the only reason why auto insurance premiums can change following the loss of a spouse. For instance, many companies offer multi-policy discounts for having both life and auto policies with that company. If one of those policies ends, such as a life insurance policy after a spouse dies, that discount may be cancelled. Also, a married couple on a policy might have their driving records considered together when determining the premium. When one spouse dies, the premium will change to reflect the risk of the remaining driver. If that driver has a better driving record than his or her spouse, the premium may go down. However, the reverse is also true.

The new policy, contained in Auto Bulletin No. 23, is effective immediately and is directed to all insurers writing automobile insurance coverage in Delaware. Commissioner Stewart reminds consumers that the policy only applies to rate reviews going forward, so current policyholders should shop around and get quotes from other insurance companies if their auto premium has recently increased.

The full text of Auto Bulletin 23 may be found at <http://www.delawareinsurance.gov/departments/documents/bulletins/autobull23.pdf>



# Auto Insurance News

## Commissioner Stewart Signs Bulletin Prohibiting Price Optimization

### Says Practice Punishes Loyal Customers

Insurance Commissioner Karen Weldin Stewart announced today that she is forbidding property and casualty insurers from using so-called “price optimization” when setting rates for personal lines of insurance such as automobile and homeowners’ policies.

Commissioner Stewart said “The use of price optimization results in insurance companies charging different premiums for two consumers who have the same risk profile. This amounts to unfair discrimination, which is expressly prohibited by Delaware law. Price optimization penalizes customers who are loyal to their insurance company, and I won’t allow it in our state.”

Price optimization occurs when an insurer uses information obtained through sophisticated data-mining technology to charge a particular customer a higher premium because the data indicates that the customer is unlikely to notice, shop around, or object. The practice has been called a “customer loyalty penalty” and has been outlawed in ten other states and the District of Columbia during the past year.

“Delawareans are required by law to buy auto insurance, and having homeowners’ insurance is required by mortgage companies,” said Commissioner Stewart.

“These are not luxury items. It is not fair for insurance companies to set premiums based on whether or not the policyholder is statistically likely to shop around.”

Title 18 of the Delaware Code prohibits charging unfairly discriminatory rates, requires that the rates be based upon risk, and requires differences among risks to have a demonstrable probable effect on losses or expenses. While risk classification is widely accepted as a legitimate insurance actuarial principle, and Delaware insurance laws permit insurers to classify certain risks, the fundamental factor underlying insurance rates is that they fairly reflect the risk of loss and the associated expenses of servicing and maintaining a policy.

Commissioner Stewart reminds consumers “always to shop around and compare rate quotes before purchasing auto or homeowners’ insurance. If you have a question regarding your rates, call your insurance company. If you don’t receive a satisfactory response, call our Consumers Division at 674-7310 or 1-800-282-8611.”

The full text of Domestic/Foreign Insurers Bulletin No. 78 announcing the Commissioner’s policy can be found at <http://www.delawareinsurance.gov/departments/documents/bulletins/domestic-foreign-insurers-bulletin-no78.pdf?updated>.

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### Prepare Your Teen for Safe Driving: Set Expectations From the Beginning

While teen driving statistics are troubling, research suggests parents who set rules cut accident risk in half.

- Draw up a formal Teen Driving Contract that clearly defines the rules and consequences associated with driving privileges. (print at home contract: [http://www.insureuonline.org/teen\\_driver\\_contract.pdf](http://www.insureuonline.org/teen_driver_contract.pdf))

- Set a driving curfew. More than 40% of teen auto deaths occur between the hours of 9 p.m. and 6 a.m.
- Limit the number of passengers allowed in your teen’s car. For teenagers, the relative risk of a fatal crash increases as the number of passengers increases.
- Make all cell phone use off-limits while driving. Texting or talking on a cell phone can double the likelihood of an accident.



# For Your Information

## No Health Insurance? Penalty to Increase in 2016

If you can afford health insurance but choose not to buy it, you must pay a fee or have a health coverage exemption. (The fee is sometimes called the “penalty,” “fine,” “individual responsibility payment,” or “individual mandate.”)

If you don’t have health insurance in 2016, you’ll pay the higher of these two amounts:

**2.5% of your yearly household income** (Only the amount of income above the tax filing threshold, about \$10,150 for an individual in 2014, is used to calculate the penalty.) The maximum penalty is the national average premium for a Bronze plan.

**\$695 per person** (\$347.50 per child under 18)  
The maximum penalty per family using this method is \$2,085.

## Need Help With An Insurance Issue? Call Us!

The Department of Insurance is here to help you if you’re having an issue you can’t resolve with your insurance company or agent/broker. Call our Consumer Services Division at **1-800-282-8611**

## Check for Recalls on Your Vehicle by VIN, Online

### *Takata Airbag Recall Update*

An estimated 23.4 million defective inflators are in U.S. vehicles. See lists of all affected vehicles by year, make and model, or search by VIN at **[www.safercar.gov](http://www.safercar.gov)**

## Safe and Affordable: Used Car Rankings from IIHS

Parents who are looking for a safe and affordable car for their teenage driver (or anyone, for that matter) are often overwhelmed with the number of options on the market. The Insurance Institute for Highway Safety, IIHS, has compiled a list of vehicles that they recommend with prices ranging from about \$3,000 to nearly \$20,000. The recommendations are guided by four main principles:

- Young drivers should stay away from high horsepower.
- Bigger, heavier vehicles are safer.
- Electronic stability control (ESC) is a must.
- Vehicles should have the best safety ratings possible.

See the complete list at **<http://www.iihs.org/iihs/ratings/vehicles-for-teens>**

# Insurance Tips for Military

## Home & Auto Insurance Considerations for Armed Service Members

### Homeowners Insurance Considerations for Military

Many homeowners policies have a “vacancy clause” that may be triggered if you are deployed for an extended period of time and your family has moved to a new location. Such policies might not pay claims if your house is vacant for 60 days or more. A house is considered vacant if there are no occupants and it is unfurnished, while a house is considered unoccupied when it is furnished, but there are no occupants. Some companies offer an endorsement that specifically allows coverage for your house to continue, even if it is vacant for an extended period of time. Consult with your insurance company to learn how it defines “vacancy” and whether the claims for a vacant house will be paid.

It is a good idea to review your homeowners policy with your agent before you leave for military duty. Doing so could help you avoid a dispute in the future. Also make sure your policy limits are sufficient to cover your home and your personal property at today’s costs. Consider increasing your coverage if you have made additions or improvements to your property.

While homeowners and renters insurance policies typically cover personal property that you take with you while traveling, most policies exclude damages caused directly or indirectly by acts of war. The military generally will not pay to repair or replace property that is damaged or lost in military housing or in a war

zone. Talk to your agent about whether personal items that you take with you during your deployment will be covered if they are lost, stolen or damaged.

### Auto Insurance Considerations for Military

If you will be deployed for an extended period of time and no one will be driving your vehicle, you may be able to suspend some of your auto insurance coverage to save on premium payments. Not all states – or insurance companies – allow for coverage to be suspended.

If you want to suspend auto coverage, contact your agent for the specific laws and policy limitations applicable in your state. You may want to ask whether the following types of coverage can be suspended while you are deployed: liability, collision, uninsured/underinsured motorist, medical payments and personal injury protection (PIP).

You may need to file an affidavit of non-use with your state’s department of motor vehicles to avoid being fined for failure to maintain insurance. If you suspend coverage, you may not be able to recover money for damage to your vehicle due to weather (i.e. hail or

tornado damage), Acts of God (i.e. earthquake or flood) or acts by another individual, unless you keep the coverage known either as “comprehensive” or “other than collision” in force (i.e. vandalism or hit-and-run).



The sun sets over the Delaware Bay in Lewes, DE. Photo by John Hinkson



# Ask the Commissioner

**Question:** Do you have any suggestions for how I can find a qualified insurance agent?

**Answer:** Because the Department of Insurance is a regulatory agency we cannot provide recommendations for agents or insurance companies. We suggest you ask your friends, family, or neighbors for their opinions and find out what they like most about their agent.

When you start your search for an agent, you'll have a couple of different types to choose from. You can pick an independent agent or a captive (sometimes called direct) agent. An independent agent may have contracts with several different insurance companies. A captive agent writes exclusively with one company. Independent and captive agents represent the insurance company and receive a commission from the insurance company.

When selecting an agent, the most important thing to do is verify his or her credentials. The Insurance Commissioner's office, in partnership with the National Association of Insurance Commissioners (NAIC), offers an online verification service called **Licensee Lookup** for members of the public and the insurance industry to check the license status of insurance agents and producers in Delaware. This service allows you to search and verify the status of a Delaware licensee. To use this free service go to <http://www.delawareinsurance.gov/services/licenseelookup.shtml>

Not all insurance companies use agents to sell their products. You can choose to do business directly with many companies. Purchasing coverage directly online from the company, for instance, could be cheaper because the company doesn't have to pay an agent a commission. If you choose to buy directly from the company, be sure to check that it is licensed in your state and research the financial stability of the company (through a company like A.M. Best).

While you're checking whether the agent and the company are licensed, you might also want to check with the *Better Business Bureau* to see if any consumers have filed complaints – or compliments – about the agents you're considering.

Remember, not all insurance agents will be offering the same products from the same companies. In the ideal situation you will create your own "network" of two or three agents to ensure you're getting the best insurance products available for the best value.



## Contact the Delaware Department of Insurance

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Dover, DE 19904

[www.delawareinsurance.gov](http://www.delawareinsurance.gov)

[consumer@state.de.us](mailto:consumer@state.de.us)

Consumer Services: 1-800-282-8611

DMAB: 1-800-336-9500

Fraud: 1-800-632-5154

Dover Office Main Line: 302-674-7300