

# AUTOMOBILE INSURANCE

## What's Mandatory, What's Optional; What it Costs You; What Affects Your Premium

### DON'T DRIVE UNINSURED

The Division of Motor Vehicles (DMV) aggressively enforces the Delaware Uninsured Motorist Law. Registered vehicles are randomly checked for minimum coverage as itemized below. The DMV receives notice from insurance companies of any terminated or lapsed policies. If your policy terminates or lapses without replacement by another policy, you will be penalized. These penalties include fines, the surrender of tags, and the loss of your driver's license.

### Mandatory Minimum Coverage

For your own protection and for the protection of others, Delaware law requires you to purchase the following minimum amounts of coverage:

#### 1. Bodily Injury Protection -- \$15,000/\$30,000.

If you are legally responsible for the injury or death of another and have minimum coverage, your insurance company will pay:

- \$15,000 MAXIMUM to one person involved in a single accident.
- \$30,000 MAXIMUM to all people involved in a single accident, with no more than \$15,000 to any one person.

#### 2. Property Damage -- \$10,000

If you are legally responsible for damages to another's property and have the minimum coverage, your insurance company will pay:

- \$10,000 MAXIMUM to a person involved in a single accident.

#### 3. Personal Injury Protection or PIP -- \$15,000/\$30,000

Whether you are responsible for the accident or not, your insurance company will pay for the medical expenses and loss of wages for you and your passengers. If you have minimum coverage your company will pay:

- \$15,000 MAXIMUM to any one person involved in a single accident.
- \$30,000 MAXIMUM to all people involved in a single accident, with no more than \$15,000 to any one person.

These minimum amounts are relatively low, and you may wish to purchase additional coverage to protect your assets from claims that exceed the minimum amounts. Keep in mind, however, that as you raise your coverage, your premiums will increase. This is because you are asking the insurance company to assume responsibility for a higher claim.

### Optional Coverage

The most commonly recognized coverages, in addition to the basic liability package, are collision and comprehensive coverages.

**Collision coverage** pays for physical damage to your car as the result of your auto colliding with an object, such as a tree or another car. This is relatively expensive coverage. Remember, this coverage is **not required by law** and is based on the value of your vehicle. However, collision insurance **may be required by your lending institution or lessor**.

Auto insurance policies only require the company to cover your financial losses, **not to replace your vehicle**. In the case of an accident involving an older car, the cost of repairing it can quickly exceed the value of the car and your insurance carrier will pay you what the car was worth rather than fix it. In severe cases, the value of the car may be less than premiums paid for the coverage. Therefore, **if your vehicle is worth less than \$2,000**, there is little reason for you to purchase collision coverage, because you are likely to pay more money in premiums than you would ever receive as a result of your claim.

**Comprehensive coverage** pays for damage to your car from almost all other causes, including fire, severe weather, vandalism, flood and theft. Comprehensive coverage also will cover broken glass, such as windshield damage. Comprehensive coverage is less expensive than collision coverage and many consumers choose to carry it. However, remember it is your choice; you are **not required by law** to carry comprehensive coverage.

When considering collision and comprehensive coverage, you should consider your **deductible**. A deductible is an amount of money you agree to pay as part of a claim before the insurer is committed to pay the rest of the claim. For example, if you carried collision coverage with a \$200 deductible and you had a \$500 loss, the insurance company would only have to pay \$300.

Basically, **deductibles lower your premiums** because you agree to reduce a set amount from the claim your insurer otherwise would have to pay. Insurance companies offer deductibles because they reduce the number of small claims, which are costly for them to handle.

If you purchase **collision or comprehensive coverage, you can save money** by agreeing to the highest deductible you can afford to pay in the event of an accident. However, since comprehensive coverage is usually cheaper than collision coverage, many people save money by dropping the collision coverage and keeping the comprehensive coverage to protect against natural perils, theft, and glass breakage.

If you borrow funds to purchase a new car, your lender may require you to carry comprehensive and collision coverage to protect the value of its collateral.

## Other Optional Coverages

**Uninsured motorist coverage** pays if you incur losses by a hit-and-run driver or a driver who does not have auto insurance. This coverage, when in effect, takes the place of the insurance that the other driver should have had but did not. The coverage comes at an **automatic \$250 deductible** for property damage, regardless of the deductible you may have on your other coverages. **Under-insured motorist coverage** protects the insured party when the liable party's limits are less than the insured's limits. See your agent for details.

Uninsured motorist coverage will have **policy limits**. It does not protect the other driver, and it may not cover damage to your vehicle. Your insurance company may sue the other driver for any money the company pays to you because of the other driver's negligence.

**Rental reimbursement coverage** usually pays \$15 to \$20 a day to rent a car for a specific number of days while your vehicle is being repaired or replaced. The premium will vary from insurer to insurer. Note that some portion of the rental reimbursement coverage may be collected in the absence of incurring rental expenses to compensate you for the loss of use of your vehicle.

**Towing and labor coverage** pays the cost of towing your car to the repair shop subject to the limit of your policy. Premium for this coverage can run as low as \$5 to \$10 per year. However, if you are a member of an auto club, you probably already have this service and may not want to duplicate your coverage.

## What Affects Auto Insurance Prices?

Insurance companies sort consumers by risk factors into groups. Each group is assigned a rate, based on the average frequency by which the group members submit claims. The actual premium for each member of a group is determined individually. That means: when you apply for an insurance policy, the company assesses how likely it is that you will use your insurance. Based on this assessment, the company will group you with others who share similar risks, and will assign you a price based on what the insurer believes it will cost to assume the financial responsibility for your potential claim. In this process, the insurer is bound by law and scrutinized by the Insurance Commissioner.

Some of these risk-related characteristics are beyond your control (such as age and gender). Others can be controlled; but since they relate directly to lifestyle or income, they are difficult to control. In the list below we attempt to rank them by controllability:

**Type of Car:** a car with a powerful engine carries a greater risk of high claims than a less sporty model and is thus more expensive to insure.

**Driving Record:** the better your driving record the lower your premiums.

**Discounts:** auto insurers offer premium discounts for numerous things, such things as anti-theft and safety devices, and for people who hold defensive driving and good student designations. Ask your agent what discounts are available to you.

**Amount of Coverage:** if you choose to carry coverage beyond the mandatory minimum, your premiums will be higher.

**Deductible Amount:** your choice of a higher deductible will reduce the cost of your car insurance.

**Usage of Vehicle:** the more you drive on a regular basis, the higher the risk, the higher the premium.

**Geographic Location:** living and/or regularly driving in an area with lots of traffic and frequent accidents will also result in higher premiums.

**Marital Status:** from prior claims data insurers know that married persons tend to have a lower claims level than unmarried ones. Marital status does reduce premiums once the driver reaches age 22, if female, and age 30, if male.

**Employment History:** other statistics show that persons who work in the same place for a long time tend to have lower claims.

## WHAT SHOULD YOU DO IF INVOLVED IN AN ACCIDENT?

- **Stop the vehicle immediately.** Keep calm. Do not argue, accuse anyone, or make any admission of blame for the accident.
- **Call for medical assistance if there are any injuries.** Do what you can to provide first aid, but do not move an injured person unless you possess medical or lifesaving expertise or unless there is a life-threatening event (i.e., vehicle leaking gas).
- **Notify the appropriate law enforcement authorities.** Fully cooperate with any authorities responding to the accident.
- **Be an information gatherer.** \*If the police do not respond, gather the following information:
  - Exchange insurance, driver's license, and automobile registration information;
  - Witnesses' names, phone numbers, and addresses;
  - Brief description of how the accident occurred.
 \* If the police do respond, keep a copy of everything they give you.
- **Notify your claims contact person/number on your insurance card or your insurance agent.** Is your car disabled? Is your car in need of repair? This person will go over your policy with you and will verify your coverages.
- **Repairs. FAQ:** Do I have to use my insurer's body shop for repairs?  
*Answer:* No. You have final choice for which body repair shop you take your vehicle. However, be aware you may have to pay the difference if your body shop's estimate is higher than the insurance company's, unless the increase can be justified and agreed upon by all parties. You and the insurance company may agree on a predetermined course of action after you are involved in an accident. That could include the use of an insurance company-chosen auto-repair facility.

## MOTORCYCLE INSURANCE - WHAT YOU SHOULD KNOW

When driving a motorcycle, insurance coverage is mandatory. As with auto insurance, you are required by law to carry a minimum of bodily injury, property damage, and personal injury protection (PIP). We caution you to take the following facts into consideration:

1. When inquiring about your premium, the agent may give you a quote based on the minimum PIP limits and a \$15,000 deductible. That means, unless you deliberately choose otherwise and pay an additional premium, you have ZERO PIP coverage, as the coverage limit of \$15,000 will be reduced to zero by the deductible. Keep in mind that the low premium

comes at a high price! Consider other options which come at a higher premium but with lower deductibles.

2. Also, the higher the premium option you choose, the fewer exclusions your policy may have. At the minimum premium you may receive medical and loss wage benefits for only those accidents which occur (a) on a highway and (b) wherein there is actual physical contact with another vehicle.
3. Be safe - wear a helmet.

# 4

# AUTOMOBILE INSURANCE Rates

The following are sample premiums submitted by the insurance companies selling the most auto insurance in Delaware. These sample premiums represent ANNUAL RATES for MINIMUM INSURANCE COVERAGE required by Delaware law.

<b>CITY OF WILMINGTON</b>	Youthful Male Single	Youthful Male Single	Youthful Female Single	Youthful Female Single	Adult Pleasure Class	Adult Pleasure Class	Senior Citizen
	Your Own Car	Your Parents' Car	Your Own Car	Your Parent's Car	Under 7,500 Miles/Year	Over 7,500 Miles/Year	Pleasure Class
AIU Insurance Company	2720	1939	2337	1681	928	967	1132
Allstate Indemnity Company	8900	7672	6680	5930	3952	3952	3716
Allstate Insurance Company	3466	2817	2711	2208	1010	1252	823
American International Insurance Company	2294	1624	1954	1404	773	806	946
Delaware Auto Plan (Assigned Risk)	5205	3123	2603	2603	1735	2169	N/A
The First Liberty Insurance Company	701	599	604	535	342	396	385
Geico Casualty Company	1544	1235	1505	1204	1221	1221	1176
Geico General Insurance Company	887	688	855	676	516	625	370
Geico Indemnity Company	1260	1008	1228	983	847	997	818
Government Employees Insurance Company	887	688	855	676	516	625	370
Kansas City Fire & Marine Insurance Company	1220	902	1036	774	417	417	392
Liberty Insurance Corporation	1137	1007	1007	918	634	723	657
Liberty Mutual Fire Insurance Company	739	633	638	564	361	418	407
Nationwide General Insurance Company	754	612	640	527	368	385	324
Nationwide Mutual Insurance Company	639	552	567	507	368	368	362
Progressive Classic Insurance Company	2609	2241	2665	2270	1480	1480	1502
Progressive Northern Insurance Company	2775	2385	2836	2414	1574	1574	1597
United Services Automobile Association*	1095	704	634	537	258	300	241
USAA Casualty Insurance Company*	1459	868	756	692	292	340	273

<b>NEW CASTLE COUNTY</b> (New Castle County above the C&D Canal)	Youthful Male Single	Youthful Male Single	Youthful Female Single	Youthful Female Single	Adult Pleasure Class	Adult Pleasure Class	Senior Citizen
	Your Own Car	Your Parents' Car	Your Own Car	Your Parent's Car	Under 7,500 Miles/Year	Over 7,500 Miles/Year	Pleasure Class
AIU Insurance Company	2248	1552	1861	1332	729	758	901
Allstate Indemnity Company	6052	5214	4540	4028	2684	2684	2524
Allstate Insurance Company	2932	2392	2305	1882	862	1073	700
American International Insurance Company	1937	1374	1654	1189	655	683	801
Delaware Auto Plan (Assigned Risk)	3969	2382	1985	1985	1323	1654	N/A
The First Liberty Insurance Company	650	555	561	496	317	367	357
Geico Casualty Company	1405	1124	1369	1095	1111	1111	1069
Geico General Insurance Company	828	551	799	634	484	585	346
Geico Indemnity Company	1140	912	1111	889	766	901	740
Government Employees Insurance Company	828	551	799	634	484	585	346
Kansas City Fire & Marine Insurance Company	840	627	716	541	304	304	287
Liberty Insurance Corporation	1056	936	936	853	589	671	611
Liberty Mutual Fire Insurance Company	685	585	590	522	334	386	377
Nationwide General Insurance Company	702	570	597	491	343	359	302
Nationwide Mutual Insurance Company	616	534	548	490	357	357	351
Progressive Classic Insurance Company	1673	1455	1735	1487	976	976	976
Progressive Northern Insurance Company	1780	1548	1847	1582	1038	1038	1038
United Services Automobile Association*	998	643	579	490	236	275	221
USAA Casualty Insurance Company*	1329	791	690	631	268	311	250

<b>KENT &amp; SUSSEX COUNTIES</b> (And New Castle County below the C&D Canal)	Youthful Male Single	Youthful Male Single	Youthful Female Single	Youthful Female Single	Adult Pleasure Class	Adult Pleasure Class	Senior Citizen
	Your Own Car	Your Parents' Car	Your Own Car	Your Parent's Car	Under 7,500 Miles/Year	Over 7,500 Miles/Year	Pleasure Class
AIU Insurance Company	1695	1198	1442	1036	570	594	698
Allstate Indemnity Company	4212	3628	3150	2792	1858	1858	1750
Allstate Insurance Company	1983	1601	1537	1246	560	688	467
American International Insurance Company	1412	1002	1207	868	478	498	585
Delaware Auto Plan (Assigned Risk)	2718	1631	1360	1360	906	1133	N/A
The First Liberty Insurance Company	435	372	376	332	212	246	239
Geico Casualty Company	981	785	955	764	775	775	747
Geico General Insurance Company	544	362	525	417	318	385	228
Geico Indemnity Company	791	633	770	616	531	625	513
Government Employees Insurance Company	544	362	525	417	318	385	228
Kansas City Fire & Marine Insurance Company	542	411	466	369	209	209	200
Liberty Insurance Corporation	708	627	627	571	395	449	410
Liberty Mutual Fire Insurance Company	458	391	395	350	224	258	252
Nationwide General Insurance Company	519	422	441	363	254	265	223
Nationwide Mutual Insurance Company	455	398	408	368	277	277	272
Progressive Classic Insurance Company	1288	1120	1336	1144	751	751	752
Progressive Northern Insurance Company	1370	1192	1421	1217	799	799	800
United Services Automobile Association*	718	465	419	356	175	202	164
USAA Casualty Insurance Company*	953	570	497	456	197	228	184

\*Eligibility for USAA insurance is generally restricted to U.S. military officers, non-commissioned officers and their dependents.

The above rates are those charged as of April 30, 2004 for the minimum automobile liability insurance legally required in the State of Delaware and do not include any surcharges for accidents or violations. Ask your insurance company if you qualify for these discounts: Good Driver, Multi-car, Seatbelt User, Mature Operator, Defensive Driving Course, Driver Training or Good Student.

Any questions, please call the Insurance Department's Consumer Services Division at (302) 739-6775 or at (800) 282-8611 (in Delaware only).

# HOMEOWNER'S INSURANCE

For Owners, for Renters, for Everyone

## FREQUENTLY ASKED QUESTIONS

### Why Buy Home Insurance?

- Owners: To protect both your house and personal property.
- Tenants: To protect your furniture and other personal property.
- Everyone: To protect against liability for accidents that injure other people or damage their property.

### How Much Insurance Do I Need?

- Property Protection:** The better your coverage, the less you will have to pay out of your own pocket if disaster strikes.
- Self Protection:** You need enough liability coverage to protect yourself from lawsuits resulting from your negligence.
- Lender Requirements:** Your lender may require you to cover the house for at least the amount of the mortgage. This may be either too little or too much coverage for your individual circumstance. You are not required to purchase insurance from the insurer recommended by your lender.
- Policy Requirements:** Insurers may impose some coverage requirements for replacement cost protection.

### What Affects Home Insurance Prices?

- Types of Construction:** Frame houses usually cost more to insure than brick.

•**Age of House:** New homes may qualify for discounts. Some insurance companies may not insure very old homes or may offer a limited form of coverage.

•**Local Fire Protection:** Your home's distance from a fire hydrant and the accessibility of your home to your local fire department determine your fire protection classification.

•**Amount of Coverage:** The amount of coverage you buy for your house, contents, and personal liability will affect the price you pay.

•**Deductible Amount:** Your choice of a higher deductible will reduce the price for home insurance.

•**Hurricane Deductible:** In an effort to fend off rate increases associated with an increased risk of hurricane damage, many homeowner policies now call for the payment of a deductible (typically 2% of the property's value) before losses are covered from wind, rain, hail, tornadoes or cyclones *directly caused by a hurricane*. Damages caused by weather unassociated with a hurricane will be covered without application of the hurricane deductible.

•**Discounts:** Insurers may offer lower prices for such things as insuring your home and car with the same company and installing dead-bolt locks or alarm systems.

### What Deductible Should I Choose?

- The deductible applies only to coverage on your house and personal property. It is the amount you have to pay out of pocket on each claim.
- A policy with \$100 deductible will cost more than one with \$250 deductible. Higher deductibles may be available at a reduced price.

## PRIVATE MORTGAGE INSURANCE - HOME BUYERS BEWARE

If you put less than 20% down when purchasing a house, most lenders require you to buy Private Mortgage Insurance (PMI) to cover the remainder of the 20% and guarantee your loan. You can, however, avoid PMI and still put down less than 20% - by buying a **two-loan package**. They are offered by some mortgage companies and work as follows: The first mortgage may be the traditional 30-year fixed-rate mortgage for 80% of the purchase price. The second mortgage could then be a 15-year fixed-rate second mortgage for 10%. Your cash down payment would cover the remaining 10%. If you find a lender who allows you to do such a two-loan package, you are putting your money into a mortgage instead of giving it away on PMI. And unlike your PMI premium, your mortgage interest is tax deductible. Unfortunately, many people keep paying for PMI coverage they no longer need after they have acquired more than 20% equity in their home. The terms of your mortgage agreement may require that you obtain an appraisal to establish that you have reached the 20% equity mark before the PMI obligation is lifted.

## TYPES OF COVERAGE AVAILABLE

Whether you own or rent, there are different packages of home insurance offered to protect your home and belongings.

Each package protects against a specified number of perils. **Perils** are events that cause damage to property. Three examples are fire, wind-storm, and theft. In addition to coverage for named perils, each package policy usually contains four additional types of coverage: property damage, additional living expenses, personal liability, and medical payments. Home insurance policies apply to most owner occupied single-family homes and are modified slightly for apartments and condominiums.

### Property Damage

Property damage coverage helps pay for damage to your home and **personal property**. Other structures such as tool sheds, detached garages, houses, and their contents are also covered. You should check with your agent or your insurance company to determine if the amount of coverage on other structures is sufficient.

**Personal property** is the contents of your home and other **personal belongings** owned by you or family members who live with you.

Home insurance policies may provide limited coverage for small boats; however, most home insurance policies do not cover motorized vehicles. You should check with your agent or insurance company to determine your needs and your policy limits pertaining to your recreational vehicles and equipment.

Some forms of personal property, such as silverware, computers, guns, money, expensive antiques and jewelry, have limited coverage under your homeowner's policy and may need additional insurance. This coverage can be added to your policy as an **endorsement**.

You can choose to insure your home and belongings for either **replacement cost** or **actual cash value**. These terms are explained in the next column.

### Additional Living Expenses

Most home insurance policies provide additional living expenses that will pay some expenses if your home is damaged by an insured event to the extent that you cannot live there while repairs are being made, or if you are denied access to your home by government order. These expenses could include limited motel, restaurant, and warehouse storage.

### Personal Liability

This coverage protects you against a claim or lawsuit resulting from (non-auto and non-business) bodily injury or property damage to others caused by your **negligence**. This coverage applies to you and all family members who live with you. You should check with your agent or insurance company to determine if the amount of personal liability coverage is sufficient.

### Medical Payments

Regardless of who is at fault, this coverage pays medical expenses for persons accidentally injured on your property by a member of your family or by your pets. **Medical payments do not apply to your injuries or those of family members living with you or to activities involving your at-home business.** You should check with your agent or insurance company to determine if the amount of medical payments coverage is sufficient.

### Replacement Cost or Actual Cash Value?

**Replacement cost** is the amount it would take to replace or rebuild your home or repair damages with materials of similar kind and quality, without deducting for depreciation. **Depreciation** is the decrease in home or property value since the time it was built or purchased because of age or wear and tear.

Many insurers require homeowners to insure their homes for at least 80% of the replacement cost. If the homeowner fails to insure for at least that, a penalty is applied to partial losses. For example, if it would cost \$50,000 to replace your home and it is insured for \$40,000 (80%), and a fire causes \$25,000 worth of damage, then your insurance company will pay the full \$25,000.

On the other hand, if your \$50,000 home is insured for \$30,000 and you suffer a \$25,000 loss, your insurance company would pay for only part of the loss and you would have to pay for damages out-of-pocket. It may therefore be advisable to insure your home at a minimum of 80% of its replacement cost. Check with your agent or insurance company to see what is required. You may wish to insure at 100% of replacement cost so you will have sufficient coverage in the event of total loss.

**Actual Cash Value** is the amount it would take to repair or replace damage to your home after depreciation. For example, if your roof has a 20-year warranty and is 17 years old, there would be a depreciation for the age and condition of the roof.

Most standard home insurance policies cover the contents of your home (i.e., personal belongings) on an actual cash value basis. Many insurers offer an option for you to insure your belongings at replacement cost. The premium will be slightly higher for this coverage; however, you may want to consider the option.

Whether your home is insured for replacement value or actual cash value, it is important to keep track of its value. For instance, the addition of a room, improvements, and yearly inflation all increase the replacement cost of your home, while the actual cash value of the home may decrease over time.

Check with your agent or insurance company at least once a year to make sure your policy provides adequate coverage.



# 8

# HOMEOWNER'S INSURANCE Rates

The following sample premiums have been submitted by the insurance companies selling the most homeowner's insurance in Delaware.

These sample premiums represent ANNUAL RATES for the most commonly purchased homeowner's coverages.

SINGLE FAMILY DWELLING AND PERSONAL PROPERTY - ANNUAL RATES	CITY OF WILMINGTON PROTECTED		NEW CASTLE COUNTY OTHER THAN CITY						KENT AND SUSSEX COUNTIES					
			PROTECTED (1)		SEMI-PROTECTED (2)		UN-PROTECTED (3)		PROTECTED (1)		SEMI-PROTECTED (2)		UN-PROTECTED (3)	
			MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME
COMPANY	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME
Allstate Insurance Company	264	292	223	247	262	300	308	331	243	269	286	327	338	364
Atlantic States Insurance Company	245	258	213	224	213	224	292	348	213	224	213	224	292	348
Cumberland Mutual Fire Insurance Company	411	456	283	313	392	435	433	480	476	528	662	735	732	813
Kansas City Fire & Marine Insurance Company	356	361	330	337	337	356	421	492	409	414	414	430	483	452
Harleysville Insurance	614	646	373	391	504	579	598	692	463	486	629	723	746	863
Keystone Insurance Company	264	289	264	289	294	328	310	340	264	289	294	328	310	340
Liberty Mutual Fire Insurance Company	263	288	230	253	263	289	306	339	310	341	353	390	413	457
Lititz Mutual Insurance Company	344	381	254	281	362	417	417	498	254	281	362	417	417	498
Nationwide Mutual Fire Insurance Company	220	244	206	229	260	306	317	344	225	251	283	334	345	376
Standard Fire Insurance Company	333	367	275	302	347	400	376	419	293	322	371	427	401	448
State Farm Fire and Casualty Company**	292	324	292	324	292	324	292	324	397	441	397	441	397	441
United Services Automobile Association	224	248	237	262	338	384	388	464	275	304	392	451	451	539
USAA Casualty Insurance Company	256	284	271	300	379	422	407	532	314	348	441	517	517	619
Westfield Insurance Company	203	225	166	185	192	222	231	255	162	180	188	216	286	249
Windsor-Mount Joy Mutual	308	341	266	299	308	354	370	410	348	391	404	464	486	537

Both frame and masonry homes insured at \$100,000 replacement value with \$250 deductible; \$300,000 liability; \$1,000 medical expense.

TENANTS - PERSONAL PROPERTY ONLY ANNUAL RATES	CITY OF WILMINGTON PROTECTED		NEW CASTLE COUNTY OTHER THAN CITY						KENT AND SUSSEX COUNTIES					
			PROTECTED (1)		SEMI-PROTECTED (2)		UN-PROTECTED (3)		PROTECTED (1)		SEMI-PROTECTED (2)		UN-PROTECTED (3)	
			MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME
COMPANY	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME
Allstate Insurance Company	130	130	130	130	151	151	173	173	130	130	151	151	173	173
Atlantic States Insurance Company	149	165	124	138	124	138	151	192	111	124	111	124	138	173
Cumberland Mutual Fire Insurance Company	108	108	100	100	122	122	133	133	100	100	110	110	121	121
Kansas City Fire & Marine Insurance Company	245	245	240	240	240	240	240	240	251	251	251	251	251	251
Harleysville Insurance	229	252	142	157	172	216	172	216	186	204	224	281	224	281
Keystone Insurance Company	125	138	125	138	152	191	152	191	124	138	152	191	152	191
Liberty Mutual Fire Insurance Company	115	115	115	115	129	129	129	129	118	118	133	133	133	133
Lititz Mutual Insurance Company	93	101	93	101	128	155	147	190	80	88	109	134	125	163
Nationwide Mutual Fire Insurance Company	140	140	140	140	151	151	172	172	140	140	151	151	172	172
Standard Fire Insurance Company	106	110	106	110	123	128	123	128	106	110	123	128	123	128
State Farm Fire and Casualty Company**	133	133	133	133	133	133	133	133	137	137	137	137	137	137
United Services Automobile Association	NW	NW	NW	NW	NW	NW	NW	NW	NW	NW	NW	NW	NW	NW
USAA Casualty Insurance Company	NW	NW	NW	NW	NW	NW	NW	NW	NW	NW	NW	NW	NW	NW
Westfield Insurance Company	58	58	61	61	74	74	74	74	48	48	58	58	58	58
Windsor-Mount Joy Mutual	188	188	188	188	225	225	225	225	245	245	295	295	295	295

Rented house or apartment contents insured at actual cash value of \$30,000 with \$250 deductible; \$300,000 liability; \$1,000 medical expense.

CONDOMINIUM OWNERS - PERSONAL PROPERTY ONLY - ANNUAL RATES	CITY OF WILMINGTON PROTECTED		NEW CASTLE COUNTY OTHER THAN CITY						KENT AND SUSSEX COUNTIES					
			PROTECTED (1)		SEMI-PROTECTED (2)		UN-PROTECTED (3)		PROTECTED (1)		SEMI-PROTECTED (2)		UN-PROTECTED (3)	
			MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME
COMPANY	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME	MASONRY	FRAME
Allstate Insurance Company	166	166	166	166	194	194	223	223	166	166	194	194	223	223
Atlantic States Insurance Company	189	211	159	176	159	176	194	245	142	159	142	159	176	224
Cumberland Mutual Fire Insurance Company	111	111	100	100	125	125	137	137	100	100	113	113	124	124
Kansas City Fire & Marine Insurance Company	264	290	258	284	258	284	310	393	271	298	271	298	325	413
Harleysville Insurance	288	318	178	199	215	272	215	272	231	256	281	354	281	354
Keystone Insurance Company	125	140	125	140	155	192	155	192	125	140	155	192	155	192
Liberty Mutual Fire Insurance Company	116	116	116	116	131	131	131	131	131	131	147	147	147	147
Lititz Mutual Insurance Company	115	124	141	154	197	240	227	296	120	132	167	206	193	253
Nationwide Mutual Fire Insurance Company	155	155	155	155	167	167	191	191	155	155	167	167	191	191
Standard Fire Insurance Company	144	150	144	150	169	176	169	176	144	150	169	176	169	176
State Farm Fire and Casualty Company**	164	164	164	164	164	164	164	164	169	169	169	169	169	169
United Services Automobile Association	137	151	137	151	193	236	222	292	137	151	193	236	222	292
USAA Casualty Insurance Company	169	186	169	186	239	292	275	363	169	186	239	292	275	363
Westfield Insurance Company	117	117	91	91	110	110	110	110	79	79	95	95	95	95
Windsor-Mount Joy Mutual	279	279	279	279	336	336	336	336	366	366	442	442	442	442

Condominium unit owners property insured at cash value of \$50,000 with \$250 deductible; \$300,000 liability; \$2,000 medical expense.

\*Eligibility for USAA insurance is generally restricted to U.S. military officers, non-commissioned officers and their dependents.

\*\* Rates are based on a \$500 deductible.

NW = Not Written

- (1) Protected = Within 1,000 feet of a fire hydrant and within 5 miles of a fire company.
  - (2) Semiprotected = Within 1,000 feet of a fire hydrant or within 5 miles of a fire company.
  - (3) Unprotected = More than 1,000 feet from a fire hydrant and more than 5 miles from a fire company.
- The rates above are those charged as of April 30, 2004.

Premium prices may vary according to the age of your home, its location and its condition. Premiums will also vary due to any credits or discounts received and any additional coverages selected.

Any questions, please call the Insurance Department's Consumer Services Division at (302) 739-6775 or at (800) 282-8611 (in Delaware only).

# LET'S TALK ABOUT THE WEATHER

## CONSUMER ALERT

### Be Prepared For Weather-Related Disaster    If You Experience Weather Damage...

- Review your existing insurance coverage to make sure it is adequate. **Hurricane damage** is covered under a standard homeowner's/renter's policy (although many policies contain a special hurricane deductible); damage from flooding is generally not covered. So ask your agent about the National Flood Insurance Program.
- Learn the facts about flood insurance. You can protect your home, business, and possessions with the **National Flood Insurance Program (NFIP)**.
- Make sure you ask your agent about contents coverage as it is not automatically included with the NFIP building coverage.
- There is a 30-day waiting period before the flood coverage goes into effect.
- For more information, ask your agent or contact the **NFIP at 1-800-611-6123**, or visit them at **www.fema.gov/nfip** on the Internet.
- Plan now for a future claim. Inventory your personal property, including all model names and serial numbers. Do not overlook items you use seasonally or infrequently and store in out-of-the-way places: special china and silverware, holiday decorations, summer and winter sports equipment, carpentry tools, and baby-care furnishings. Attach sales receipts and photograph or video-tape each room. Store the inventory information off the premises, in a safe deposit box for example. Keep readily at hand the telephone numbers of your insurance agent, your insurance company's local claims office, and its home office.

- Contact your insurance company immediately to report losses. If you have flood insurance, start by calling your insurance agent to report your claim. The agent will prepare a Notice of Loss form and an adjuster will be assigned to assist you. Follow the instructions given to you by claim personnel.
- Take steps to protect your property from further damage.
- Take notes of your conversations with insurance personnel. Keep a log of the people you spoke to and when. Ask questions if you don't understand instructions. If possible, photograph the damages.
- Wait for the adjuster to arrive! Do not call anyone to repair or replace your loss without first getting instructions from your adjuster. Your insurer's visual inspection of your loss may be necessary before repairs are undertaken. Making permanent repairs before the adjuster's inspection could trigger a denial of your claim.

### If Your Weather Related Claim Seems Unfairly Denied...

- Review the terms of your policy to determine if it covers specific weather-related problems.
- Appeal to your agent or the insurance company's claims department.
- Contact the Insurance Department. If after hearing from your insurance company you still feel your claim hasn't been handled properly, a consumer representative will discuss the matter with your insurer and assist you in settling your claim within the provisions of your policy contract.

### Pre-Storm Planning

- Prepare a personal evacuation plan (involve family members).
- Assemble a disaster supplies kit (i.e., first aid kit; canned food and a nonelectric can opener; water supplies for at least three days, per person; protective clothing and sturdy shoes; battery-powered radio, flashlight, and extra batteries; special items for infants, elderly, or disabled family members; medicine; toiletries).
- Prepare for high winds -- protect windows and trim back dead or weak tree branches.
- Have plenty of cash (and a credit card).
- Make arrangements for pets.
- Fuel car.
- Teach family members how to turn off gas, electricity, and water.

### Watch Out For "Fast-Buck" Artists

You are at your most vulnerable when disaster strikes, so be wary of people who try to cash in on your loss. Be on your guard for home repair rip-off artists who overcharge, perform shoddy work and often leave without finishing the job.

- Deal only with licensed and insured contractors. Contact the Better Business Bureau at (302) 594-9200 to see if there are any complaints on file about the company you are considering hiring.
- Don't be talked into participating in a scheme to submit a phony insurance claim. If someone proposes this to you, help fight insurance fraud -- contact the Insurance Department's Fraud Prevention Bureau at 1-800-632-5154.

# The Arbitration Process

## The Delaware Insurance Department's Arbitration Process

The Delaware Department of Insurance is available to provide assistance in resolving conflicts with insurers through an arbitration process. Consumers who feel their insurance claim or conflict with their insurance carrier has been handled improperly or denied unfairly may contact the Insurance Department's Consumer Services Division, and an investigator will review the case and help resolve the issue(s). If a solution cannot be reached, the Insurance Department offers a low-cost alternative to litigation – the arbitration process.

The arbitration process was formed pursuant to Delaware Department of Insurance Regulation 901 (formerly Regulation 10) in accordance with the directives of the Delaware Motorists Protection Act (Subchapter 1, Chapter 12, Title 21 Del. C.). Any insurance company licensed in Delaware is subject to arbitration by the Delaware Insurance Commissioner. Consumers can file for an arbitration hearing regarding automobile, homeowners, and health insurance. The consumer and the insurance company share the cost of arbitration equally. If the consumer wins in arbitration, the filing fee may be reimbursed as part of the settlement award.

Arbitration is available only after several attempts to resolve the matter informally have failed. To begin the arbitration process, the consumer will complete a request for arbitration petition. The petition, with supporting documentation and payment of a filing fee, is submitted to the Department of Insurance Arbitration Secretary. The consumer is also required to mail a copy of the petition, along with the supporting documentation, to the insurance company. The insurance company will then respond to the Department of Insurance. It is important to remember that the arbitration panel may dismiss, without prejudice, the matter if the petitioner did not attempt to resolve the matter before filing for arbitration.

Requesting an arbitration hearing is designed to be as easy as possible. Be prepared to support your case. **Maintain all correspondence to and from your insurance company that explains why you are not satisfied, and keep accurate notes from phone calls. Make sure you have the figures and documentation to back up your argument.** Upon receiving your completed paperwork, along with your filing fee, the Arbitration Secretary will process the paperwork and notify all involved parties, via mail, of the date, time, and place the hearing will be held. Hearings are scheduled in locations most convenient to the claimant. (Example: A Sussex County resident will not be required to travel to New Castle County for the hearing.)

Automobile and homeowners insurance hearings are conducted by a three-person panel (one licensed Delaware attorney and two licensed Delaware insurance adjusters) who are appointed by the Insurance Commissioner. Each member of the arbitration panel will have a suitable background or experience relevant to the cases presented to them. (Example: Automobile cases will have members experienced in handling automobile claims.) No member may serve on a panel that would create a conflict of interest. (Example: If your dispute involves XYZ insurance, no panel member presiding over your case would be an employee of XYZ insurance.)

The arbitration panel hears first and third party property and Personal Injury Protection (PIP) claims for damages resulting from motor vehicle accidents. The arbitration panel may also hear disputes relating to claims for losses or damages under an insured's homeowner's policy. Arbitration is not an available forum for all disputes. The Department's arbitration process is limited to policies issued in this state and motor vehicles registered in Delaware. The arbitration panel's jurisdiction does not include claims against an out-of-state vehicle. The arbitration panel may only rule on the existing coverage listed in your automobile or homeowner's policy.

Health insurance arbitration hearings are conducted by a licensed Delaware attorney, who is also appointed by the Insurance Commissioner. The arbitration hearing attorney may only hear cases where there are disputes based on contractual issues, and not those determined to be of "medical necessity." Due to the complex nature of health insurance arbitrations, any questions regarding the health insurance arbitration process should be directed to the Delaware Insurance Department Arbitration Secretary.

The Department of Insurance's arbitration process is designed to offer a low-cost alternative to litigation. You do not need to retain an attorney. The arbitration panel members study all of the documentation submitted by each party, along with any evidence submitted, and listen to testimony presented. The arbitration panel will then confer privately and issue a decision. The arbitration decision is legally enforceable. However, decisions may be appealed and reviewed by the Superior Court in the State of Delaware.

There will be situations when an arbitration decision is not satisfactory to all parties involved. In these instances, the Delaware Insurance Department's arbitration decisions can be appealed *de novo* by either party to the Superior Court (*de novo* - Latin for "anew," which means starting over, as in a trial *de novo*). An appeal can be filed up to 30 days from the date of the arbitration panel decision (90 days for homeowners).

If you have questions regarding the arbitration process, please contact the Delaware Insurance Department Arbitration Secretary at (302) 739-4251. (NOTE: The Arbitration Secretary is not permitted to answer legal questions.)

## CREDIT INSURANCE

— VOLUNTARY OR FORCED — WHAT YOU SHOULD KNOW

Credit Insurance means insurance sold in connection with a consumer loan transaction and covers the debt (and the interest due on the debt) in the event the debtor becomes unable to pay. Credit insurance is available in the form of credit life; credit accident; and health (or disability), or creditor-placed insurance.

### Credit Life and Credit Accident & Health (Disability) Coverage

The most commonly sold credit insurance is referred to as credit life or credit accident & health (or disability) insurance. **Credit life insurance** pays in the event of the debtor's death. **Credit accident & health (or disability) insurance** covers loan payments due while the debtor is ill or disabled.

**A lender may not refuse to give a consumer the loan simply because the consumer declines to purchase credit life and credit accident & health insurance.**

### Creditor-Placed Insurance

Creditor-placed insurance (sometimes called "force-placed" insurance) is purchased by the creditor, who is the named insured (or "covered person"), after the date of the credit transaction, and protects the creditor against any risk of damage to property serving as collateral for the loan (such as an automobile). It is purchased according to the terms of the loan agreement as a result of the debtor's failure to provide required physical damage insurance, and the cost of the coverage is charged to the debtor.

### Important Consumer Protection

- The purchase of consumer credit insurance is optional.
- Any restrictions upon eligibility of coverage must be fully disclosed.
- A brief description of the coverage must be provided.
- Credit insurance policies come with a 30-day "free look." Up to 30 days after signing the contract, consumers can still cancel the policy and are entitled to a full refund of any premiums paid.

### CONSUMER BEWARE

- **Creditor-placed insurance will only pay claims to the creditor for physical damage to your property. IT WILL NOT pay any liability claims made against you, and it will not pay for any physical damage claims you make. IT WILL NOT meet the requirements of Delaware's mandatory automobile insurance law.**
- **You can avoid the high cost of creditor-placed coverage. By maintaining insurance on your property as required under the loan contract, you will save money.**
- **If the property securing the loan is an automobile, and you are having trouble finding insurance because you are considered a "high-risk", contact the Delaware Insurance Department's Consumer Services Division, which can provide you with a list of insurers writing policies for higher-than-standard risks. While these premiums are high, they may still be lower than premiums for force-placed insurance.**
- **The creditor MUST CANCEL creditor-placed coverage and refund a certain percentage of your premiums ("unearned premiums") if you give the creditor proof that you have bought insurance somewhere else or if you pay off the loan.**

# WE ARE HERE TO HELP YOU

## **PROVIDING INFORMATION**

Apart from this Guide, the Insurance Department offers the following additional publications and listings in print form or via the Department's website: [www.state.de.us/inscom](http://www.state.de.us/inscom):

- The Guide to Health Insurance for Delaware Senior Citizens
- The Buyer's Guide to Life Insurance for Delawareans
- A Shopper's Guide to Long-Term Care Insurance
- Resolving Health Care Disputes -- An Action Kit for Delawareans
- A Buyer's Guide to Equity-Indexed Annuities
- The News Couldn't Be Bigger for Small Business: Health Insurance for Small Employers and Self-Proprietors
- ElderInfo: Facts about the Senior Citizen Health Insurance Counseling Service
- Listing of Accredited Defensive Driving Programs in Delaware
- Listing of Automobile Insurers Writing Policies in the Non-Standard Market

## **PROVIDING ASSISTANCE IN RESOLVING CONFLICTS WITH INSURERS**

If you feel your insurance claim or conflict with your insurance carrier has been handled improperly or denied unfairly, our consumer representatives will review your case and help you solve your issue. If a solu-

tion cannot be reached, we offer you a low-cost alternative to litigation: the arbitration process. Arbitration hearings are informal and conducted by a panel appointed by the Commissioner. They are held at locations convenient to you. They are inexpensive, with the costs being shared equally by you and the insurance company.

## **FILE AN INSURANCE COMPLAINT VIA THE INTERNET**

One of the primary roles of the Delaware Insurance Department is to protect consumers from illegal insurance practices by insuring that insurance companies, adjusters, appraisers, producers (more commonly referred to as agents) and brokers that operate in Delaware act in accordance with state insurance laws. Consumers may contact the Insurance Department to file a complaint against an insurance company, adjuster, appraiser, producer/agent or broker via the Internet at: [www.state.de.us/inscom/complaintform.htm](http://www.state.de.us/inscom/complaintform.htm)

## **EVERYTHING WE DO, WE DO FOR YOU ...**

Apart from providing you with information on how to get the best deal for your money and apart from helping you when you have a conflict with your insurance company or your agent, we at the Insurance Department ensure that you receive reliable insurance coverage at reasonable rates. To learn more about how we protect your interest, please contact us or visit our website.

# SMART SHOPPING FOR ALL TYPES OF INSURANCE

No one wants to pay more for their insurance than they absolutely must. The only way you can make certain you are not paying too much is to shop around. The key to comparison shopping is to know what insurance coverage you need before you start and

## **SEEK UNBIASED INFORMATION**

- Information is available from a number of unbiased sources. These sources include public libraries, consumer groups, and consumer publications.
- Consumers may also obtain a wide variety of information from the Insurance Department. Consumer Services Representatives are available to answer questions regarding all types of insurance coverages.

## **WHERE TO SHOP**

- Check newspapers and yellow pages of the telephone directory for companies and agents in your area.
- Ask your neighbors, relatives, and friends for recommendations on insurance companies and agents and their experience regarding pricing and service.

then to find out how much those coverages will cost from a number of insurers. Comparison shopping takes time but will save you money since different companies charge different rates for identical products and services.

## **FOR YOUR PROTECTION**

- Before signing an application for any insurance coverage, call the Insurance Department and verify that the company and the agent you are dealing with is licensed. It is illegal for any company or individual to sell insurance without a license.
- If you are contacted by an unlicensed company or agent, call the Insurance Department immediately so that prompt regulatory action can be taken. By doing so, you may protect someone less knowledgeable than you from being victimized.
- Read the policy and make certain that you understand its contents. If you have questions, contact your insurance agent or company for clarification.
- Keep your policy in a safe place and know the name of your insurer.

## **TELEPHONE NUMBERS**

**Consumer Hotline:** 1-800-282-8611  
**Agent Licensing:** 1-302-739-4254

**ElderInfo:** 1-800-336-9500  
**Fraud Prevention:** 1-800-632-5154

[www.state.de.us/inscom](http://www.state.de.us/inscom)

# INSURANCE FRAUD

**Don't Commit It, Help Us Fight Insurance Fraud and Reduce Your Insurance Premiums.**

*The Insurance Fraud Prevention Statute, initiated by Commissioner Donna Lee H. Williams, demonstrates Delaware's commitment to get tough on insurance fraud. The Insurance Department's Fraud Prevention Bureau receives hundreds of complaints each year involving all types of insurance fraud. Efforts of the Bureau so far have saved millions of dollars in reserves that would have otherwise been paid in fraudulent claims (raising the cost of insurance for all of us).*

## BEWARE:

You can be fined up to \$10,000 for each act of civil insurance fraud, and you can be charged with a felony for criminal insurance fraud.

### Auto Insurance

#### Application Fraud

- Sometimes known as *rate evasion*, is telling your insurance company that your car is primarily used and garaged in Delaware, when it is not.

*Example:* You are a Delaware beach property owner and actually live in another state, yet you list your Delaware beach property as your full-time residence so you can get a lower premium.

- Failing to disclose prior claims and/or accidents when required to do so.
- Failing to list all eligible drivers in a household on the application.
- Obtaining insurance on a vehicle on which another person will be the principal driver because that driver either cannot obtain coverage elsewhere or would have to pay higher premiums. *Example:* Some drivers may be excluded from driving certain vehicles in a household. This must be clarified at the time of the application for an auto policy.

#### Claims Fraud

- Overstating the cost of repairs or replacement parts from an auto collision, or theft claim.
- Submitting altered receipts for any of the above items.
- Claiming false or exaggerated injuries to obtain lost wages or any other injury settlement resulting from an accident.
- Overstating lost wages.

### Life and Health Insurance

#### Application Fraud

- Intentionally failing to provide prior medical history which may affect your insurability, when required.
- Omitting any required information which has a bearing on your insurability or rate structure.

#### Claims Fraud

- Submitting double claims for the same services to the same insurance company.
- Submitting double claims for the same services to different insurance companies when you are entitled to only one coverage. This does not mean that you may not be entitled to supplemental coverage. Some policies will cover those costs not covered by the primary policy. You should check with your insurance company.

### Property and Casualty Insurance (i.e. Homeowner's)

#### Application Fraud

- Intentionally failing to provide prior claims history which may affect your coverage.
- Failing to disclose existing damage.

#### Claims Fraud

- Overstating the cost of repairs or replacement when filing a claim for property damage or theft.
- Altering receipts for any of the above items.
- Creating a false receipt for the above items.
- Claiming false or exaggerated injuries to secure lost wages as a result of an accident.

## DON'T BECOME A VICTIM OF FRAUD – HELP US STOP FRAUD IN ITS TRACKS:

It's easy to protect yourself and help us. Just follow these simple rules:

- When buying insurance or obtaining any services, remember, "if it looks too good to be true, it probably is."
- When dealing with someone you do not know, spend the time to check their credentials with the Insurance Department before you give them any money. It takes very little time to call our toll free number, 800-282-8611, where Department staff is always happy to check on the status of an agent, agency, or insurance company for you. If you have any questions about the policy or if the person selling you the policy or handling your claim appears reluctant to respond to your questions, contact the Insurance Department before signing any documents.

### AVOID FRAUD AFTER AN ACCIDENT:

- ALWAYS have the police respond to the accident scene while all parties are still there. Late reported or un-reported accidents are difficult to investigate.
- Make sure that you get complete identification from the other driver(s), including their driver's license, vehicle registration and insurance card, and get the names of all occupants in their vehicle(s). Ask everyone individually, if they are all right and write down exactly what they tell you.
- When you get home, immediately take pictures of the damage to your vehicle and keep them along with the other information that you have obtained at the accident scene.
- Inform your insurance agent as soon as possible.
- If you are in a minor accident and someone gives you the name of a doctor or lawyer who can "make you money" or if a body shop offers to inflate your damage estimate to include your deductible, don't just walk away and forget it. Call the Insurance Department's Fraud Prevention Bureau.

*Remember, insurance fraud is costing us our hard-earned money and we can stop it if we work together.*



**If you have any questions concerning insurance fraud or would like to report fraud to the Insurance Fraud Prevention Bureau please call:**

**1-800-632-5154 toll free in Delaware or  
(302) 739-4257**

