



Insurance Matters

Commissioner Karen Weldin Stewart, CIR-ML

A Newsletter for Delawareans

Issue 14 • Winter 2014

Our Mission

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

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The Consumer Comes First

The Main Reason for Our Existence

Welcome to the Winter 2014 edition of **Insurance Matters**, the Delaware Department of Insurance e-newsletter that provides important insurance information about matters affecting you. If you are a past reader of this newsletter you may have already noticed our updated layout. Our format will still remain similar to that of the past but now we will cover a wider array of stories and include the voice of more people from throughout the state. This newsletter is not the only update we're making in our efforts to reach the public. We now have a Twitter account and invite you to follow us @Delaware_DOI. Additionally, we have updated our Health and Small Employer guides that we provide to the public since major changes have occurred in these areas because of the Affordable Care Act (ACA).

The goal of this newsletter still remains the same: to inform and serve Delaware consumers. While the ACA has dominated the insurance industry news over the past year there are numerous other topics that still demand our attention. 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. Just as in the past we encourage your input and suggestions for future topics and questions for this newsletter. Don't forget to "Like" us on Facebook where we post helpful and informative links to news stories and websites on a regular basis. Our goal is to keep you informed. Thank you for reading and have a safe and prosperous New Year.

Most Sincerely,

Karen

Karen Weldin Stewart, CIR-ML

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

www.delawareinsurance.gov



Health Insurance

How Will the Affordable Care Act Affect You in 2014?

Most everyone knows that the Affordable Care Act, or Obamacare, is dramatically changing the nation's health care and health insurance system. But you're not alone if you're a little confused about the details. Starting in 2014 everyone in the U.S., with a few exceptions, will be required to have health insurance coverage. Most Delawareans already have health insurance coverage through their employer, through

Medicaid or Medicare, or through an individual plan. The remaining 10% of uninsured individuals will need to obtain coverage by March 31, 2014 in order to be compliant with the law's "individual mandate" requirement. Individuals who do not obtain coverage will face a fine ranging from a minimum of \$95, or 1% of income, whichever is more.

For those who do not have health insurance there are several options for obtaining coverage. Some may qualify to join a spouse's employer-based health plan. Others will need to purchase an individual health insurance policy. Individual policies are available through numerous health insurance companies-see our website for a full list. Additionally, the federal government is offering subsidies to those who qualify to help lower-income individuals afford an individual policy. The only policies that qualify for subsidies are offered through www.healthcare.gov, the federal government's Health Insurance Marketplace.

Some people have health insurance plans that are not affordable or do not provide the levels of coverage that they need. Those people can also shop for insurance

through www.healthcare.gov. Delaware has its own website filled with state-specific info about the Health Insurance Marketplace: www.ChooseHealthDE.com.

If you have questions about your options or how to sign up there are also trained Marketplace Guides who provide free assistance in all three counties. Assistance is available in-person or over the phone. The Department of Insurance does not provide assistance with enrollment in the Marketplace but our

website, www.delawareinsurance.gov, does provide helpful information and links to resources.

71,957 Delawareans are uninsured and eligible for coverage through the Health Insurance Marketplace. 86% of those individuals may qualify for lower costs on coverage in the Marketplace, including through Medicaid. - U.S. Department of Health & Human Services

Important ACA Dates To Know for 2014

Jan. 1 (with grace period through March 31): Individual Mandate kicks in. You must have health insurance by March 31 if you want to avoid paying a penalty.

Jan. 1: Final consumer protections kick in. The protections with the largest impact include that you cannot be denied coverage for pre-existing conditions and insurers can no longer impose annual or lifetime coverage limits.

March 31: Open enrollment closes in the Health Insurance Marketplace, www.healthcare.gov.

Oct. 2014: Grandfathered plans that were extended in 2013 but do not meet the minimum coverage standards cannot be renewed.

Nov. 15: Open enrollment for 2015 starts.

Jan. 2015: Businesses with more than 50 employees must provide health insurance or pay fines of \$2,000 per employee.

Licensee Renewal Time

Resident Licensees Must Renew By February 28, 2014

All resident licensees (individuals and business entities) are required to renew by February 28, 2014. Renewal notices will no longer be mailed out to the licensees. All renewal fees must be paid online at www.nipr.com.

Fee for renewal is \$50.00 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 \$100.00 fee. The license will not be reissued upon renewal. You may verify license status and print a copy of the license on the Department of Insurance website, www.delawareinsurance.gov.

Linda Long, Market Conduct Examiner, stated, "Resident licensee are required to renew by February 28th of every even year. Expiration dates do not appear on the actual license. Licensees are strongly encouraged to visit our website to verify the current status of the license. The Licensee Look-Up link will provide an up-to-date status on the license. The Continuing Education Transcript link will also provide real time data on current C.E. credits for the individual licensee."

Cancellation of License: Should you choose not to renew, you must notify the Department in writing. Licensees who fail to renew, without informing the Department of cancellation, will be subject to Administrative Action (fee).

Workplace Safety Program Saves Delaware Businesses Millions

The Delaware Insurance Commissioner's Office, in coordination with the Delaware Compensation Rating Bureau, offers qualifying Delaware employers an opportunity to lower workers' compensation insurance premiums by participating in the Delaware Workplace Safety Program.

Businesses may earn discounts up to 19 percent by providing and maintaining a safe place to work. In fact, in 2013 Delaware businesses participating in the Workplace Safety program saved \$9.36 million in premium expenses. A total of 1693 businesses participated.

Businesses have nothing to lose by participating in the Workplace Safety Program. Failure to qualify cannot be the basis for premium increases or sanctions imposed by other safety enforcement authorities. There are

no penalties for failing to qualify. To be eligible to participate an employer must have been in business for a minimum of three years and pay at least \$3,161 in annual workers' compensation premiums.

Kathleen Humphries, director of the Workplace Safety Program, said she receives praise from the program's participants for the money they save and the improved level of safety. One business owner said, "The program has helped our shop become safer and the employees are more in-tune with the correct way to conduct themselves in a busy area." Another business owner stated, "It's an awesome program which greatly supports and adds value to my safety program and the culture of safety I have created for my company."

For more information about the program please visit www.delawareinsurance.gov or call (302) 674-7377.



Insurance Fraud

Fraud Bureau Investigates Hundreds of Incidents Annually

The Department of Insurance's Fraud Prevention Bureau works to foster a cooperative approach in the detection, investigation and prosecution of insurance fraud. The Fraud Bureau is charged with investigating allegations of insurance fraud in all lines of insurance, as well as practitioner fraud (doctors, dentists, chiropractors, clinics, lawyers, etc.) and fraud perpetrated by the insurance companies, agents and brokers. According to the *National Insurance Crime Bureau* fraud is the second most costly white-collar crime in America behind tax evasion. Insurance industry studies estimate that 10 percent, or more, of all property/casualty insurance claims are fraudulent.

The cost of insurance fraud doesn't just affect insurance companies—the cost is passed along to the rest of us. In fact, the F.B.I. estimates that insurance fraud costs the average U.S. family between \$400 and \$700 per year in the form of increased premiums. The Fraud Bureau at the Delaware Department of Insurance aims to help keep those costs down by recovering funds that were paid out fraudulently, assessing fines and acting as a deterrent to future fraud.

In 2013 the Fraud Division investigated 465 incidents of suspected or reported fraud, according to the

Director of the Fraud Prevention Bureau, Gerald Pepper. Mr. Pepper stated that the department usually investigates about 500 cases per year.

Accomplishments for the Fraud Bureau in 2013 include: a 5% increase in the case resolution rate from previous year (from 75% to 80%); a 2% increase in the collections rate from previous year (from 79% to 81%); and an increase in the number of civil resolutions by 27% and criminal prosecutions by 62% over the previous year.

Some of the most commonly investigated instances of fraud involve auto insurance, workers' compensation insurance and falsified medical billings. Regarding auto insurance fraud, Mr. Pepper stated that individuals will allow their coverage to lapse, "and then after they're involved in an accident they reapply for coverage," only to file an accident claim days, or even hours, after their coverage has been reinstated.

Other types of fraud may be carried out without a policy holder's knowledge such as when a contractor overcharges for the work performed to fix what was a legitimate claim. Mr. Pepper also spoke of the importance of reviewing your health insurance EOBs [explanation of benefits] to make sure that tests or procedures are not billed to your insurance company that were never performed.

When purchasing insurance or filing a claim: 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 Department of Insurance before signing any documents.

To report suspected insurance fraud:

**Call 1-800-632-5154
or (302) 674-7350**

Send an email to fraud@state.de.us

Captive Insurance

Delaware Named U.S. Onshore Captive Domicile of the Year

Captive Review magazine has named the winners of the 2013 U.S. Captive Service Awards and Delaware has been recognized as the winner in the category of *U.S. onshore captive domicile of the year*. *Captive Review* says, “Steve Kinion has led an experienced and approachable team in establishing Delaware as one of the U.S.’s most well regulated domiciles. Updating their laws every year, the domicile have worked hard to stay innovative and competitive and the judges felt that Delaware stepped up to the plate even more than Vermont this year, which came a close second.”

Captive insurance is a form of self-insurance where a business owner forms their own insurance company to insure their own risk. Since the owner is insuring

himself, captive insurance is an incentive to avoid behaviors that lead to insurance losses. By reducing losses, the business owner can invest dollars formerly used to pay claims back into the business to create jobs. In terms of jobs and economic opportunity, the captive program has exceeded expectations. Commissioner Stewart is proud of Delaware Captive Bureau and the captive team at the Department of Insurance led by Captive Director Steve Kinion.

Stewart stated, “In addition to providing economic growth for many professional service firms in Delaware, the Captive insurance bureau has generated revenue for the state during this very difficult financial time. Stewart added, “I am proud of my team and I believe the Steve and the entire captive bureau have done an excellent job. I am grateful for their hard work and the growth of the captive insurance industry means jobs, revenue, and wealth for Delaware - and that’s good for Delaware.”

In a separate ranking by *Captive Review*, the Director of the Bureau of Captive and Financial Insurance, Steve Kinion, was also named as one of the Annual “Power 50”, a list that recognizes the captive industry’s most proactive, influential and innovative figures in 2013. Described as being a highly professional regulator with a pragmatic understanding of the need for proportional regulation; Kinion has been instrumental in driving the growth of Delaware as a captive domicile. Last year Delaware experienced the best year for captive licenses the state has seen since its adoption of captive regulation in 1984.



Delaware Breakwater Lighthouse off Cape Henlopen. Photo courtesy of John Hinkson.



New Medigap Options

New Plans for Disabled Medicare Recipients Available Now

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

Lakia Turner, director of ELDERinfo/Delaware SHIP, said, “Existing Medicare beneficiaries under 65 only have until June 30, 2014 to purchase a [Medigap] plan under this law so we encourage anyone who is eligible to call us as soon as possible. Newly enrolled Medicare recipients under 65 have six months to purchase one of these plans, from the time benefits begin, so we want those individuals to know that they should not wait until the last minute to purchase this coverage.” Ms. Turner added that anyone with questions about Medigap plans should call ELDERinfo/Delaware SHIP at 1-800-336-9500 for assistance.

What exactly is a Medigap policy? A Medigap policy, also known as “Medicare supplement insurance” is

private health insurance that’s designed to supplement original Medicare and helps pay some of the health care costs that Medicare doesn’t cover, such as: copayments, coinsurance, and deductibles.

Premium rates for the pre-65 Medigap policies may differ from the premium rates for the post-65 Medigap policies, and that the risks assumed by carriers with respect to the pre-65 Medigap policies may not be subsidized by purchasers of the post-65 Medigap policies. SB 42 requires two different ratings pools for the pre-65 Medigap policies: one for end-stage renal disease and another for all other disabilities.

According to statistics from the Centers for Medicare & Medicaid Services there are more than 27,700 people living in Delaware who receive Medicare because of a disability. These disabilities range from kidney failure and other physical disabilities to certain mental illnesses and cognitive disorders. People receiving Medicare because of a disability come from every ethnic background, age group and county across the state.

Did You Know?

“Someone turning age 65 today has almost a 70% chance of needing some type of long-term care services and supports in their remaining years” - Longtermcare.gov

To learn more about long-term care insurance visit: delawareinsurance.gov/departments/consumer/longterm.shtml



Sassafras trees in White Clay Creek State Park hold on to the last of their leaves as fall turns to winter. Photo courtesy of John Hinkson, 2013.

Funds Recovered

\$320,331.29 in Settlement Agreements with Companies

Insurance Commissioner Stewart announced December 20, 2013 that the Delaware Department of Insurance has entered into settlement agreements with various insurance companies and other state regulatory agencies. All three settlement agreements related to multi-state examinations of carriers with respect to their practices and procedures for identifying and paying proceeds owing under life insurance policies, annuity contracts and retained asset accounts. The insurance companies involved in these three cases, along with the settlement amounts to be received by the Department, are listed.

1. Midland National Life Insurance Company and North American Company for Life and Health Insurance. Delaware Settlement Amount: \$25,785.62
2. Aviva Life & Annuity Company and Aviva Life & Annuity Company of New York. Delaware Settlement Amount: \$12,724.67
3. New York Life Insurance Company, New York Life Insurance and Annuity Corporation, and New York Life Insurance Corporation of Arizona. Delaware Settlement Amount: \$281,821.00

\$1.78 Million Recovered for Delaware Policyholders in '13

Insurance Commissioner Stewart and the Delaware Department of Insurance announced in January 2014 that \$1,787,726.73 had been recovered for consumers in all of 2013. The Consumer Services Division investigates consumer complaints asserting improper treatment by agents and/or carriers. The division was assigned to 5,160 cases and closed 5,056 of those cases.

Michael Gould, director of the Consumer Services Division said, "The Consumer Services Division is proud to have helped in the recovery of more than 1.7 million dollars for consumers in 2013. We're here to help educate consumers and give them a better understanding of about their legal and contractual rights, as well."

If you need help with an insurance issue contact the Consumer Services Division at 1-800-282-8611 or send an e-mail to consumer@state.de.us

Updated *Small Employer* and *Health* Guides Available

The Department of Insurance recently made updates to the consumer Health Insurance Guide as well as the Small Employer Guide to reflect many of the changes to health care laws because of the Affordable Care Act (Obamacare). The guides are available at www.delawareinsurance.gov in PDF format for use electronically and can also be printed.

"The Department of Insurance is here to serve the public and help them with all of their insurance questions," said Commissioner Stewart. "These guides provide answers to some of the most commonly asked questions related to health and small business insurance and they are written in simple language that is easy for the average person to understand." As always, anyone with additional questions can always call the Consumer Services division toll-free at 1-800-282-8611.



Ask the Commissioner

Are you required to call the police and get an official accident report when you're involved in a minor collision with another car?

That all depends on what you might consider to be a “minor” collision.

According to the Delaware Code, Title 21, Chapter 42, you are always required to contact the police when a collision involves any of the following:

1. When the collision results in injury or death to any person;
2. When the collision occurs on a public highway and results in property damage to an apparent extent of \$500 or more; or,
3. When it appears that any collision involving a driver whose physical ability is impaired as a result of the use of alcohol or drugs or any combination thereof.

Therefore, an exchange of insurance information should be sufficient if the accident appears to have caused only \$500, or less, in damage. But how do you know what \$500 in damages looks like?

Cpl. Mark Hoffman of the Dover Police Department says that it is suggested to call the police in all instances other than transfers of paint from one vehicle to another. “It’s difficult for anyone outside of an autobody shop to estimate repairs costs, therefore we suggest anyone involved in a collision call the police if any damage is present.” Cpl. Hoffman adds that the police can help verify the accuracy of the insurance information being exchanged between the drivers.

Basically, if in doubt, call the police and they will provide a recommendation and most likely send an officer to the scene. Most of the time, if the damage sustained is less than \$500 you might be better-off paying for the repair out-of-pocket so as to avoid a premium increase in the future. However, the decision is up to you.

In instances where you do file a claim there is a free app for your smartphone that will walk you through the information gathering process. This free app is called **WreckCheck** and it’s available for download through our website, <http://delawareinsurance.gov/information/InsureU.shtml>.



Contact the Delaware Department of Insurance

841 Silver Lake Blvd.,
Dover, DE 19904

www.delawareinsurance.gov

consumer@state.de.us

Consumer Services: 1-800-282-8611

ELDERinfo: 1-800-336-9500

Fraud: 1-800-632-5154

Dover Office Main Line: 302-674-7300