



# Insurance Matters

COMMISSIONER KAREN WELDIN STEWART, CIR-ML

## The Consumer Comes First.

*The Main Reason for Our Existence.*

Greetings!

Ask <sup>?</sup>the  
Commissioner

And welcome to the Fall 2011 edition of **Insurance Matters**, my department's e-newsletter dedicated to consumer protection and keeping you first in insurance matters.

included another one in this edition on roofs and gutters. Last, but not least, I know that everyone has an interest in the proposed Blue Cross and Blue Shield merger. Though that won't be decided until late 2011 to early 2012, I did include a status report and preview of next steps.

As always, this newsletter contains something for everyone in your family and extended family.

Remember, as Insurance Commissioner my motto is "The Consumer Comes First". To that end, my staff and I are working hard to fully inform you and fully support you in insurance matters. You can help us by telling your friends and neighbors about this free e-newsletter. Here's wishing you are great fall season!

Delaware seniors - it's time for your Medicare Drug Coverage Check Up.

Business owners will want to read the testimonial in support of our Workplace Safety Program that is saving Delaware businesses millions!

Homeowners liked our previous "Damage Control" story (washing machine hoses) so much that we

Most Sincerely,  
*Karen*  
Karen Weldin Stewart,  
CIR-ML  
Commissioner

 Helpful Links

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# LIFE & HEALTH



## **BLUE CROSS BLUE SHIELD/HIGHMARK PROPOSED AFFILIATION DECISION COULD BE BEFORE THE NEW YEAR**

It's been one year since the Department of Insurance received the Statement proposing the affiliation of Blue Cross and Blue Shield of Delaware with Highmark Inc. ("Highmark").

Highmark, a Pennsylvania non-profit corporation, seeks to become the sole member of Blue Cross and Blue Shield with the new entity being subject, as it is today, to regulation by this Department.

Much has happened in the last year, notably days of public and technical hearings held before a hearing examiner.

That completed, it is now the duty of the hearing examiner to write a comprehensive report which Insurance Commissioner Karen Weldin Stewart will use to inform her final decision on the proposed affiliation.

Ultimately, Commissioner Stewart will weigh the proposed affiliation in the context of its impact on competition, the two company's financial condition, the competence of the proposed management, and the impact of the transaction on Delaware policyholders.

Commissioner Stewart could render a final decision before the new year.

# Consumers & Business



## DEFENSIVE DRIVING DISCOUNTS DEFENDED

Recently, the [Delaware Defensive Driving Program](#) recovered defensive driving discounts for thousands of Delaware drivers who had recently been denied discounts already earned for passing the course!

Thanks to the quick response of the Insurance Department staff, the company fixed the problem (a computer error) and returned all monies owed to policyholders.

But the story doesn't end there. Delaware Insurance Commissioner Karen Weldin Stewart fined the insurer \$25,000 explaining that the company needed to be a more reliable partner in the Insurance Department's effort to make Delaware roads safer.

The Delaware Insurance Department works to reduce the property loss and personal injury related to unsafe driving through its support of the Defensive Driving Program and the reduced premiums for drivers who complete the program.

If you have a question or comment about our Defensive Driving Program, [please contact us](#).

# Consumers & Business



## NEW LAW MAY HELP COASTAL PROPERTY OWNERS

Recent changes in State law have cleared the way for a new category of insurer (Surplus Lines Insurer) to offer insurance that could benefit coastal property owners.

The new law could help enhance the Delaware market in several ways. Companies previously prohibited can now offer this specialized category of insurance in Delaware. In addition, companies licensed in this new category will be regulated by the Insurance Department. Finally, companies interested in serving the Delaware market might move their operations here, which could result in new job creation.

The Insurance Department cautions coastal property owners that restrictions may be in place and conditions may apply. Furthermore the new law does not necessarily mean that desired coverage will be available. Residents are urged to consult with their agent or broker about policy availability and pricing.

# CONSUMERS & BUSINESS



## ATTENTION DELAWARE SENIORS...

### IT'S TIME FOR YOUR ANNUAL MEDICARE DRUG COVERAGE CHECK-UP!

Five things you can do before December 7, 2011, to make sure your Medicare drug coverage is right for you in 2012:

1. Review your plan's 2012 benefits:
  - ▶ You should have already received information from your current plan by now.
2. Do a Part D plan comparison:
  - ▶ Call *ELDERinfo*, Delaware State Health Insurance Assistance Program "SHIP" with the following information:
    - Medicare card info
    - List of prescription drugs
    - Income and resource information
3. From October 15 to December 7 you can:
  - ▶ Change plans
  - ▶ Enroll in a Medicare drug plan or Medicare Advantage
4. Check your eligibility for extra help with drug costs:
  - ▶ Apply anytime by calling *ELDERinfo*
5. Remember, your friendly *ELDERinfo* staff can help!
  - ▶ We can help you compare drug plans and apply for extra help with drug costs
  - ▶ Toll-Free 1-800-336-9500
  - ▶ [www.delawareinsurance.gov/elder](http://www.delawareinsurance.gov/elder)

*ELDERinfo*, is a program that helps guide seniors and the disabled through the complexities of Medicare, long-term care insurance, and prescription assistance programs. It is a free service of the [Delaware Insurance Department](http://www.delawareinsurance.gov). *ELDERinfo* provides free and unbiased Medicare information and counseling. For more information or to learn how you can volunteer, please call *ELDERinfo*.

# Consumers & Business



## HOMEOWNER DAMAGE CONTROL BASICS: SPOTLIGHT ON ROOFS AND RAIN GUTTERS

In our last edition of **Insurance Matters** we focused on things you can do to prevent water damage caused by worn washing machine hoses. In this edition we maintain our focus on water damage; but, we shift our attention to rain gutter damage control basics.

Clean your gutters by removing leaves, acorns, sticks and other debris. This will allow water to flow freely. This is important because standing water can seep into your house and cause a variety of damage, from stained ceilings to mold formation. Making the water flow freely will also prevent an over-loaded gutter from being torn from your house.

Once you have the water flowing freely, make sure to direct the water onto the ground and safely away from the house. This consumer tip is sponsored by our Consumer Services staff.

# Workplace & Safety FRAUD



## WORKMAN'S COMPENSATION PREMIUMS:

### THIS BUSINESS ALREADY SAVED THOUSANDS

In previous editions of this newsletter, we have reported the actual dollars saved by the Delaware businesses that have enrolled in the Insurance Department's Workplace Safety Program. So far this year, participating Delaware businesses have saved a whopping \$5.5 million dollars!

For this edition, we received permission from one of our participating businesses to feature [their letter](#) endorsing the program. After you read the letter, we're hoping you will refer a business that wants to save money on workman's compensation insurance premiums. [Here is how you can reach us.](#)

# Workplace & Safety FRAUD



## AUTO INSURANCE AND FRAUD

Each year our Fraud Unit investigates approximately five hundred cases of alleged insurance fraud, many of which involve auto fraud committed by Delaware drivers.

Here's what it typically looks like. A motorist continues to drive after he or she has let their auto policy expire. The motorist then gets in an accident and tries to reinstate the policy (and get the insurer to pay) by deliberately providing false or misleading information.

The penalties for those convicted of auto insurance fraud are high and include the obvious denial of the claim by the insurer and possible felony criminal charges of up to \$10,000.

Our Fraud staff advises that if you are thinking about letting your auto insurance expire, please first discuss the implications with your insurer or contact our Fraud staff by [clicking here](#).

# Ask? the Commissioner



Ask the  
Commissioner  
is a feature  
containing a  
question(s)  
recently posed to  
Commissioner  
Stewart.

I heard that you contacted the National Hurricane Center after Hurricane Irene with questions about the way they classified that storm when it passed over Delaware. Why did you do this?

The short answer is I wanted to make sure that my office was doing everything possible to help Delaware residents that suffered storm damage. Insurance coverage typically hinges on things like wind speed and the way storms are officially classified (e.g., tropical storm, nor'easter, or hurricane).

I found out that the National Hurricane Center (NHC) classified Irene as a hurricane because the highest sustained wind speed measured (by its aircraft) was over 74 mph. Interestingly, none of the ground-based wind gauges in Delaware measured sustained hurricane-force winds. Nevertheless, the NHC's policy is to classify the type of storm on the highest reading. Consequently, Irene was classified a "hurricane" when it passed over Delaware.

This classification impacted policy holders who sustained damage from Irene in terms of higher deductibles and/or in terms of disqualifying them from coverage they might otherwise have received if the classification of Irene was not a 'hurricane.'

With the Hurricane Irene experience fresh in my mind, I have asked insurers and agents to make additional efforts to educate their policyholders about what is covered and what is not. I also intend to ask lawmakers to help me enact a new law that provides clear guidance to the industry on the parameters for hurricane coverage.



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Certificate #013316

January 26, 2011

Kathleen Humphries, Director Workplace Safety Program  
Delaware Department of Insurance  
841 Silver Lake Blvd  
Dover, DE 19904-2465

Dear Ms. Humphries:

In 1988, Mohawk became the first company to qualify for the Workplace Safety program's discount and we have been an enthusiastic participant ever since. In addition to saving us many thousands of dollars in workman's compensation insurance premiums, the program has helped us improve our safety record. We have always viewed the semi-annual inspections not as a burden but an opportunity for improvement in our safety program. An outside set of eyes helps keep our personnel focused on safety and reminds everyone our number one goal is our employee well being. Additionally, we have always found the inspectors to be knowledgeable and interesting in genuinely helping us and not trying to penalize us.

Lastly, by avoiding accidents in the first place, we have also realized additional cost savings from our lower loss history and the corresponding reduced premiums. In closing, I would like to congratulate Delaware Insurance Department for continuing and expanding this valuable program. I would also encourage any company not currently participating to join the program as a cost effective way to improve your safety record and reduce workman's compensation premiums.

Respectfully,

Scott M. Welch  
President