



# Insurance Matters

Commissioner Karen Weldin Stewart, CIR-ML

A Newsletter for Delawareans

Issue 22 • Winter 2016

## 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 Winter 2016 edition of Insurance Matters, the Delaware Department of Insurance e-newsletter that provides insurance information about matters affecting Delaware’s families and businesses. A new year means a new health insurance plan for many people. If you recently enrolled in a plan be sure to check your mail for a welcome packet of information from your insurance company. It’s very important that you keep these papers in a safe place so that you can refer to them at a later date, if necessary. When you’re reviewing the documents, be sure to make note of your deductible, co-pays, networks, and if you’ll be responsible for any co-insurance payments. If you need help understanding the meaning of the words or terms that the industry uses go to [http://delawareinsurance.gov/information/words\\_terms.shtml](http://delawareinsurance.gov/information/words_terms.shtml) for definitions.

As we prepare for a busy year ahead I would briefly like to look back at some of the accomplishments of the Department over the past year. My top priority is protecting consumers and assisting them with their insurance questions and concerns. Two years ago I restructured the Consumer Services Unit into three divisions and more recently implemented a phone recording system to monitor the quality of my staff’s efforts working with consumers. These changes have improved the effectiveness of the Consumer Services Division. Since I was elected insurance commissioner, monies recovered for consumers from insurance companies have increased 28 percent. Last year alone we helped recover almost \$2 million for consumers in Delaware. And all of this was accomplished while maintaining the fifth lowest state insurance regulatory budget, according to the National Association of Insurance Commissioners (NAIC).

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)



# Is Your Drone Covered?

## Drones Are a Growing Hobby, Read This Before You Take Flight

The Federal Aviation Administration estimated that more than one million drones would be sold during the holiday season of 2015. Everyone from photographers and farmers to law enforcement and hobbyists are taking to the air. As drones become more affordable and available, the skies are getting crowded. Insurance Commissioner Karen Weldin Stewart and the National Association of Insurance Commissioners advise that personal or commercial use of drones raises a number of critical insurance issues, ranging from personal injury and property damage to privacy concerns.

Drones are defined as remotely piloted aircraft systems and are also known as unmanned aircraft systems (UAS) or unmanned aerial vehicle (UAV). According to the Federal Aviation Administration (FAA), pilots of unmanned aircrafts have the same responsibility to fly safely as manned aircraft pilots. In late 2015, the FAA announced that drone owners must register their UAVs beginning December 21 and pay a \$5 fee. States and municipalities may have their own laws regarding drone use. Before you take flight, first check local, state and federal laws.

**Drone Safety:** Hobbyists have been flying model aircraft for decades. However, advances in technology allow drones to hover quietly and fly far from their pilot. According to the FAA, there will be 30,000 small unmanned UAVs used for business purposes by 2020. This number does not include drones used by hobbyists.

With some drones weighing up to 55 pounds, a fall from the sky can cause significant damage to property or bystanders. The FAA has issued these guidelines for drone hobbyists:

- Don't fly higher than 400 feet and stay clear of surrounding obstacles.

- Keep the aircraft in sight at all times.
- Stay away from manned aircraft operations.
- Don't fly within five miles of an airport unless you contact the airport and control tower before flying.
- Avoid flying near people or stadiums.
- Don't fly an aircraft that weighs more than 55 pounds.
- Use caution when flying your unmanned aircraft.

**Insurance for Private Use:** Since UAVs are operated remotely, there's no risk to passengers or crew. However, drones present a significant risk to property and life on the ground in the event of an accident. Drones can crash due to faulty and inappropriate operation, mechanical defects and component failure. Losses and damages could involve bodily injury to humans and animals as well as buildings and other structures.

Obtaining insurance for your drone for personal use isn't difficult. Using a private drone as a hobby is generally covered under a homeowner's insurance policy (subject to a deductible) which typically covers radio-controlled model aircraft. This also applies to a renter's insurance policy. Look at the contents section of your policy, or talk to your agent to see if your drone will be covered if it is lost, stolen or damaged. If your drone falls onto your car, damage to your car may be covered if you have a comprehensive coverage auto policy.



A larger concern is liability for an accident caused by your UAV. If your drone crashes into a person or someone else's vehicle, the accident is your responsibility. If you have a homeowners or renter's policy, generally the policy will cover liability for an accident caused by your drone. Check with

**Story continues on page 8**

**Insurance Matters**

# Attention Industry Professionals

## Resident Licensees Must Renew by February 29, 2016

**This is a message for insurance agents and brokers:** All resident licensees (individuals and business entities) are required to renew by February 29, 2016. Renewal notices will no longer be mailed out to the licensees. Renewal fees must be paid online at [www.nipr.com](http://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 at: [www.delawareinsurance.gov/](http://www.delawareinsurance.gov/)

Licensing Attachment Warehouse: If a licensee answers "Yes" to one or more Background Questions, supporting documentation may be attached online through NIPR's Licensing Attachment Warehouse at <https://pdb.nipr.com/docMgmt/main.html> The Electronic Attachment

Warehouse eliminates the need to fax or mail the supporting documentation. Licensees who are unable to use the NIPR Attachment Warehouse website may fax the supporting documentation to 302-736-7906.

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

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

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

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



**\$9+**  
**Million**

**Estimated savings on workers' comp premiums, in 2015, by Delaware businesses that participated in the DOI's Workplace Safety Program.**

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



# Auto Insurance

## Classic Tips for Ways to Lower Your Auto Insurance Premium

Let's be honest, nobody enjoys paying that hefty auto insurance premium every month (or six months, or year, depending on how you pay) but it's required by law so if you want to drive, you must be insured. The state requires certain minimum levels of coverage (see our Consumer Auto Guide on our website for more info) but many people also have additional types of optional insurance coverage that provide additional benefits, though they obviously come at a price.

If you're looking for ways to save on your auto insurance the most important thing you can do is **shop around!** If you haven't sought quotes from other insurance companies within the past year, we recommend that contact at least two other companies for quotes. Be sure to get quotes for policies that are exactly the same as your current policy so you can make an educated price

comparison. Don't assume that just because you've been insured through one company for many years that they will definitely be guaranteeing you the lowest cost policy available to you. Don't overlook smaller or regional insurance carriers, many of which have higher customer satisfaction scores than the biggest companies.

- **Always ask about discounts.** We can't emphasize this enough. Again, we encourage you to read our Auto Guide (page 9) to learn about potential discounts.
- **Research insurance costs before you buy a car.** Call your company for quotes on two or three models you're considering. You may be surprised at how much the premiums can vary among cars that seems pretty similar.
- **Consider raising your deductible.** Keep in mind that you'll pay more out-of-pocket if you do make a claim.

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## What Should You Do if You Witness a Car Wreck?

Have you ever witnessed an accident but weren't really sure what to do or how you could help out? With the proper knowledge you have the potential to save a life.

**Step 1:** If you witness an accident occur, pull over in a safe place that's a good distance from the scene of the accident. You don't want to be in the way if a police car or ambulance arrives. Call 911 to report the accident and be prepared to give some basic information to the 911 operator. They will probably ask for details like the location, number of people involved, severity of the crash, etc.

**Step 2:** Check on the occupants of the cars. If the scene is unsafe you should not approach the cars. Ask the victims if they are ok, or if you can help them with anything until the police or ambulance arrive.



Unless there is a risk that a vehicle is going to catch fire, do not move any injured victims. Tell them to remain in place until trained medical professionals arrive on the scene.

**Step 3:** If the damage is relatively minor and the people in the cars are ok, try to move vehicles out of the road. If the vehicles can't be moved, put out flares or traffic triangles to help alert oncoming traffic.

**Step 4:** Remain on the scene until the police arrive. Provide a statement to the police as well as your contact information. Be aware that you may be called as a witness by legal or medical authorities and/or insurance claim agents. Try to keep statements consistent and always factual.

# Health Insurance

## Are You Utilizing Your Preventive Health Services?

Most health insurance plans (all ACA-approved plans) must now cover a set of preventive services — like shots and screening tests — at no cost to you. This includes all plans purchased through the Health Insurance Marketplace (Healthcare.gov). **These services are free only when delivered by a doctor or other provider in your plan's network.** These preventive services do not require you to pay a copayment or coinsurance, even if you haven't met your yearly deductible. These services are not covered under limited benefit plans.

To view the complete lists of covered preventive services for adults, women and children, please visit [www.healthcare.gov/coverage/preventive-care-benefits/](http://www.healthcare.gov/coverage/preventive-care-benefits/).

Below is a partial list of covered preventive services for adults:

- Abdominal aortic aneurysm one-time screening
- Alcohol misuse screening and counseling
- Aspirin use to prevent cardiovascular disease for men and women of certain ages
- Blood pressure screening



- Cholesterol screening for adults of certain ages or at higher risk
- Colorectal cancer screening for adults over 50
- Depression screening
- Diabetes (Type 2) screening for adults with high blood pressure
- Diet counseling for adults at higher risk
- Hepatitis B screening for people at high risk
- Hepatitis C screening for adults at increased risk, and one time for everyone born 1945 – 1965
- HIV screening for everyone ages 15 to 65, and other ages at increased risk
- Immunization vaccines for adults
- Lung cancer screening for adults 55 - 80 at high risk
- Obesity screening and counseling
- Sexually transmitted infection (STI) prevention counseling for adults at higher risk
- Syphilis screening for adults at higher risk
- Tobacco Use screening, cessation interventions for tobacco users

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## Commissioner Stewart Fines Highmark BCBSD and Aetna \$483,000

Insurance Commissioner Karen Weldin Stewart announced on January 11, 2016, that she has fined Highmark BlueCross BlueShield Delaware \$383,000 for numerous violations, including failure to pay policyholder claims in a timely fashion.

Commissioner Stewart has also fined Aetna, Inc. \$100,000 for failing to pay policyholder claims in a

timely fashion and for charging excessive copays, among other violations. The fines resulted from routine market conduct examinations of each insurer performed by Insurance Department examiners.

A copy of the Stipulation and Consent Order and the Market Conduct Exam Report for each matter may be found at [www.delawareinsurance.gov/](http://www.delawareinsurance.gov/)



# For Your Information

## Shopping for a New Car? See IIHS Top Safety Picks

Nearly 50 vehicles meet tougher criteria for 2016 to take home the Insurance Institute for Highway Safety's TOP SAFETY PICK+ award, earning good ratings in all five IIHS crashworthiness evaluations and an advanced or higher rating for front crash prevention. An additional 13 models qualify for TOP SAFETY PICK.

The baseline requirements for both awards are good ratings in the small overlap front, moderate overlap front, side, roof strength and head restraint tests, as well as a standard or optional front crash prevention system. The 48 winners of the "plus" award have a superior- or advanced-rated front crash prevention system with automatic braking capabilities.

To learn more about the safety test and to view the list of cars, visit [www.IIHS.org](http://www.IIHS.org).

## 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*

More vehicles continue to be added to the recall list. Search for your vehicle by year, make and model, or search by VIN at [www.safercar.gov](http://www.safercar.gov)

## Do You Have a Winter Emergency Kit for Your Car?

You should have an emergency kit at home (you do, right?) but it's also highly recommended that you also have some emergency supplies in your car, too. The thing about emergencies is that they're usually unplanned. That's why you need to be prepared ahead of time.

Consider some of the following items for your car's winter emergency kit:

- Small shovel and cat litter for use in the snow
- Flashlight
- First-aid kit
- Tow chain or rope
- Emergency flares
- Extra hats, gloves
- Snacks and water
- Blanket
- Jumper cables
- Windshield scraper
- Important medications

# Captive Insurance

## Stewart Receives National Recognition as Insurance Pioneer

Influential trade publication *Captive Review* magazine has named Insurance Commissioner Karen Weldin Stewart to its first Enterprise Risk Captive Pioneers list, recognizing 20 of the “key influencers” in the United States’ smaller captive industry.

*Captive Review* said “Commissioner Stewart has been the driving force behind Delaware’s rapidly growing captive industry and has taken a strong interest in the facilitation of captives for small and medium-sized businesses.” These captive entities, known as Enterprise Risk Captives (ERCs), have played a significant role in Delaware’s captive growth. In July 2009, when Commissioner formed the Bureau of Captive and Financial Insurance Products, Delaware only had 38 captive insurers. In a little more than five years, Delaware became one of world’s preeminent captive insurance domiciles, in large part by providing ERCs a captive insurance domicile that has knowledgeable regulators and laws that encourage the formation of captive insurers.

“I’m honored to be included on this list of small captive insurance industry trailblazers,” said Commissioner Stewart. “When I first became Commissioner, I was determined to grow our captive program. Of course,

my hard-working captive division staff has really gotten down in the trenches and worked with our ERCs to make sure they make use of all the advantages Delaware’s favorable business climate provides. And my captive director Steve Kinion especially has become a respected champion for small market captives.”

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

For more information, please visit [captive.delawareinsurance.gov](http://captive.delawareinsurance.gov)

The *Captive Review* article is here: [captivereview.com/news/revealed-the-2015-captive-review-erc-pioneers](http://captivereview.com/news/revealed-the-2015-captive-review-erc-pioneers)

## Kinion Among Top Four Influential Figures in Global Captive Insurance

Insurance Commissioner Karen Weldin Stewart is pleased to announce that Steve Kinion, Director of the Delaware Insurance Department’s Bureau of Captive and Financial Insurance Products, has been named as one of the four most influential people in the captive insurance industry. The February 2016 issue of *Captive Review* magazine lists Kinion as number four on its global list of the “Power 50 in 2015” list. Kinion was also in the top four in 2014.

“The recognition of Steve for two consecutive years is further evidence of the continuing success of Delaware’s captive insurance program,” said Commissioner Stewart.

“The people of Delaware thank Steve and his team for creating an environment that fosters sophisticated alternative risk transactions.”

Announcing the 2015 rankings, *Captive Review* observed: “A true warrior of the industry and unafraid to make his voice heard, Kinion can be relied upon to spot any legislative or NAIC [National Association of Insurance Commissioners] action that could compromise the position of strength of captives in America’s booming captive sector.”



# Insurance News

## Is Your Drone Covered?, Continued from page 2

your agent or insurer to verify your policy contains this important coverage.

**Privacy Concerns:** You may be excited to obtain a drone for your own use, but how would you feel about your neighbors owning and operating drones near your home? Privacy is a legitimate concern when it comes to drone use.

UAVs are often equipped with on-board cameras and other data-collection capabilities which can pose a threat to privacy. Drones may capture private data that could be harmful or embarrassing if shared. Beyond intentional surveillance, drones may also unintentionally capture images during routine and unrelated flights. As a drone owner, remain mindful of privacy concerns. Insurers are developing policies to cover these liability exposures, so keep in touch with your insurer to make sure your use remains covered.

**Commercial Drone Use:** Currently, the commercial use of UAVs is largely restricted and operations are authorized on a case by case basis. The FAA has started regulating commercial drones with proposed rules such as requiring pilots to obtain

special pilot certificates, keeping drones away from bystanders, and restricting when and where they can fly. The proposed rules also prohibit drone delivery of packages. Since final rules have not been implemented, they are not being enforced.

**Future of Drone Insurance:** Widespread use of drones—private and commercial—poses various risks, ranging from safety to privacy of individuals. Risks arising from the use of drones could best be managed by property and casualty insurers, but only after defined drone operational requirements and performance standards are in place. Complete and clear drone regulation, by the states and the FAA, is necessary before insurers can meet policyholder needs.

Registration of drones will allow authorities to trace a drone back to an owner, which means it's vital that you're in compliance with laws and regulations and have the appropriate insurance coverage.

To learn more about the FAA's rules, and to re-register your drone, visit <http://www.faa.gov/uas/registration/>.

**In FY2015, the  
Consumer Services  
Division helped  
consumers in Delaware  
recover more than  
**\$1.9 Million****

**In FY2015, the Delaware  
Medicare Assistance Bureau  
(DMAB) assisted more than  
7,000 Medicare beneficiaries;  
helped them save nearly  
\$840,000 through partnership  
with Del. Medicaid & Medical  
Assistance (DMMA) program.**

# Ask the Commissioner

**Question:** I have a beach house that I'm considering renting out through a service like Airbnb. Over the years I have heard some horror stories about guests destroying rental homes but apparently these home sharing companies have since added better insurance protection for the homeowners. If I do end up renting out my home, is the insurance coverage from Airbnb enough to cover me if a guest "destroys" my home?

**Answer:** In the world of insurance, the answer is often "it depends on the circumstances." I wish there was a simple answer but sadly there isn't. First of all, don't assume that your standard homeowners insurance is going to provide any protection to you from guests. Most residential insurers will consider renting your home out through a service (like Airbnb) to be a business and likely require you to purchase a commercial insurance policy for business operations.

Airbnb offers a type of Host Guarantee "coverage" (at no additional charge) with a limit of \$1 million for property damage. However, there are many exclusions, so don't assume everything is covered.

In January 2015, Airbnb introduced Host Protection Insurance (HPI). This insurance is described as "coverage of up to \$1,000,000 per incident for Airbnb hosts in the US...if a guest is accidentally injured anywhere in a host's building or property during a stay."

That description and the program summary leave the host with more questions than answers. A few gaps to note are:

- With Airbnb coverage is limited to \$1 million per occurrence; \$2 million per location. Each homesharing company has its own policies in place with their own limitations, so be sure to read the fine print.
- Coverage is in excess of any other available coverage. The host must submit the claim to his Homeowners insurance and the claim must be denied by that company before Airbnb's insurance will pay. Presumably, the Homeowners insurance may also be cancelled for business use.
- The coverage is limited to an actual stay, not a booking. Worth noting: guests who overstay or arrive early—that time is not covered.

These are just a few of the concerns of relying solely on the insurance coverage provided for free from Airbnb. Before you offer your home for rent through any service we recommend that you have a discussion with your insurance agent to review your current homeowners policy. You should also thoroughly read the terms of service that you are agreeing to when you sign up for the rental service. If you don't understand the terms of service, don't sign up until you know what you're in for.



## Contact the Delaware Department of Insurance

841 Silver Lake Blvd.  
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**