



Insurance **Matters**

COMMISSIONER KAREN WELDIN STEWART, CIR-ML

The Consumer Comes First.

The Main Reason for Our Existence.

Greetings!

This edition of **Insurance Matters** we will be presenting information on seven timely insurance topics including: [The Affordable Care Act](#), [Captive Insurance: Delaware's fastest growing industry](#), [insurance fraud](#), [the Department of Insurance legislation summary](#), and more.

Insurance topics are not often seen as interesting reading. So, I am presenting these articles in a manner that I hope you find to be informative and entertaining. In addition, my staff is ready to advise you on various insurance topics, to help you with problem solving and to inform you of your rights.

I hope you enjoy this edition. Be sure to contact me with your suggestions for future topics!

Most Sincerely,

Karen

Karen Weldin Stewart,
CIR-ML
Commissioner

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LIFE & HEALTH



ARE YOU PROPERLY INSURED FOR YOUR SUMMER FUN?

The temperature is rising and the sun is shining, but before you put the boat on the lake or get the ATVs out of storage, the National Association of Insurance Commissioners (NAIC) and the Delaware Department of Insurance urge you to review your insurance to make sure you are properly protected.

Boats

The personal property coverage of your homeowner's policy might cover a small boat for \$1,500 or less in physical damage. However, coverage for your liability risk is limited. Insurers generally provide liability insurance on small sailboats (26 feet or less) and powerboats with small motors (50 HP for inboard and inboard/outboard and 25 HP for outboard motors). However, a boat of any significant size will be excluded from your homeowner's policy for both property and liability coverage. If you own a larger boat, ask your insurance agent or company about a separate policy that covers physical damage to the boat and any liability that might result from its use.

Personal watercrafts, such as Jet Skis, will also likely require a separate boat insurance policy. Again, you might be able to purchase this policy from your homeowner's insurer or you might wish to use an insurer that specializes in boat insurance. Talk with your insurance agent or company about your options.

Some other questions to ask your agent before putting your boat in the water:

- Does my policy have adequate liability limits?
- Are there special discounts for taking safety courses?
- Who does the policy cover to operate the boat or personal watercraft?
- Is the towing of skiers or tubes covered by my policy?

Motorcycles and Scooters

Motorcycles are not covered by your standard auto insurance policy. You must have a separate policy that covers liability, no-fault personal injury protection (if required) and depending on the value of the motorcycle, comprehensive and collision coverage. If your motorcycle is financed, your lender will likely require you to carry physical damage coverage.

The premium for your policy will partially depend on the motorcycle's engine size, its age and how often you ride. When you're getting a quote, be sure to ask your insurance agent or company if they offer discounts to members of associations or for taking safety courses.

CON'T. ON NEXT PAGE

LIFE & HEALTH

ARE YOU PROPERLY INSURED FOR YOUR SUMMER FUN? - CON'T.

Insurance companies have separate requirements for helmets. Be sure you understand Delaware state law and that you have read your policy to see what it requires when it comes to wearing a helmet. If you have specific questions, contact our office.

If you carry seasonal coverage on your motorcycle, which allows you to eliminate liability and perhaps collision coverage in the winter months if you do not ride, check to make sure your policy is up to date and that you have a current insurance card before riding this summer.

Scooters for yourself or your teenager also must have insurance. Talk with your insurance agent or company about who will be operating the scooter. Some insurance companies might offer a discount for safety courses.

ATVs

All-terrain vehicles (ATVs) are also not covered by standard automobile insurance policies; however, your homeowner's policy might partially cover your liability on an ATV. Ask your insurance agent or company if this coverage is enough to protect you and your family. You might want to consider a separate ATV policy to make sure you are properly insured.

Other questions to ask your insurance agent or company:

- Are there age restrictions on who may operate the ATV?
- Does my policy cover friends or family who are operating the ATV?
- Is there a discount for taking an operator safety course or for riding with a helmet?

More Information

Commissioner Stewart and the entire staff at the Delaware Department of Insurance would like you to use these tips. Please review your coverage and make sure that you and your families are insured for the increased risks that come with outdoor activities. Nearly all summertime, outdoor activities come with increased risks. A call to your insurance agent is always a good first step in making sure you are protecting yourself and your family.

If you have additional questions about your insurance needs for summer risks, contact the Delaware Department of Insurance at 302-674-7300



LIFE & HEALTH



THE AFFORDABLE CARE ACT & YOU

Dealing with health insurance and health insurance companies can be complicated and very confusing. With the enactment of *Patient Protection and Affordable Care Act (PPACA)* there will be many changes to both State and Federal laws which will impact you and your health insurance coverage. The Delaware Department of Insurance (DOI) is working with the Governor's Office and the Delaware Department of Health and Social Services to establish a health benefit exchange. Additionally, Commissioner Stewart introduced bills to enact consumer protection provisions of the ACA, such as prohibitions on preexisting condition exclusions for children under age 19, coverage for children up to age 26 and preventive services.

The DOI has provided helpful links below that provide information on the Affordable Care Act. We know that many of you have questions and we are here to answer them. The DOI staff is trained and experienced in dealing with health insurance issues. Please [contact our office](#) if you would like to better understand your options, gain clarity on the implementation of the Affordable Care Act, learn about the timeline and other issues that may be pertinent to you. Whether it's a simple question or a tough situation, we will do everything we can to help you.

Links:

[The Instant Insurance Guide: Federal Health Care Reform](#)
[healthcare.gov](#)

[pcip.gov](#)

[kaiserhealthnews.org](#)

LIFE & HEALTH



MEDICARE & THE AFFORDABLE CARE ACT

Under the Affordable Care Act, if you have original Medicare, you may qualify for a yearly wellness visit and many preventive services for free. Medicare provides preventive benefits to keep you healthy including a yearly wellness visit, tobacco use cessation counseling, and a range of no-cost screenings for cancer, diabetes, and other chronic diseases. Several preventive services are listed below:

- ◆ **Tobacco Use Cessation Counseling:** This benefit is now considered a covered preventive service, whether or not you have been diagnosed with an illness caused or complicated by tobacco use. While the counseling is a covered service, the co-insurance and deductible will apply if you have already been diagnosed with a tobacco related illness.
- ◆ **Screenings:** No more Medicare Part B deductible or copayment for these screenings if certain coverage criteria apply:
 - Bone mass measurement
 - Cervical cancer screening, including Pap smear tests and pelvic exams
 - Cholesterol and other cardiovascular screenings
 - Colorectal cancer screening (except for barium enemas)
 - Diabetes screening
 - Flu shot, pneumonia shot, and the hepatitis B shot
 - HIV screening for people at increased risk or who ask for the test
 - Mammograms
 - Medical nutrition therapy to help people manage diabetes or kidney disease
 - Prostate cancer screening (except digital rectal examinations)
 - See the full list of preventive services at Medicare.gov

Some Important Details

- ◆ For some preventive services, you will pay nothing. You may have to pay co-insurance (a part of the cost) for the office visit when you get these services.
- ◆ Your first yearly wellness visit can't take place within 12 months of your "Welcome to Medicare" preventive visit.

If you're in a Medicare Advantage Plan, check with your plan to see if these benefits will also be free for you.

Consumers & Business



DOI LEGISLATION SUMMARY

June 30th has come and gone and with it another legislative season has come to an end. Commissioner Stewart successfully submitted legislation protecting consumers and enhancing company solvency monitoring.

Hurricane Deductible (SB202 w/SA1) ... this bill requires Delaware licensed insurers writing residential property insurance to provide clear and prominent notice to their policyholders as to the existence of deductibles for losses caused by wind, hail or hurricanes.

Risk Based Capital (SB 230) ... this bill adds a trend test for property and casualty insurance companies at 3.0 enhancing the solvency monitoring efforts of the Commissioner and also adds confidentiality provisions, keeping Delaware in compliance with accreditation standards.

Captive/Risk Retention Group (SB 203) ... this bill makes changes to existing Delaware law pursuant to the NAIC Insurance Holding Company Systems Regulatory Act and the NAIC Model Risk Retention Act. Delaware domiciled risk retention groups (RRGs) will be complying with national uniform standards, keeping Delaware in compliance with accreditation standards.

Mini-Cobra Coverage in Small-Employer Plans (HB170 w/HA1) ... this bill benefits certain consumers offering 9 months of a continuation of existing health insurance through a small group policy at a cost substantially lower than the premiums incurred with a "HIPPA guaranteed policy." Currently, under federal law, employers with less than 20 full-time employees are NOT eligible for COBRA coverage. For more detailed information, please contact the Department's Consumer Services Unit at 302-674-7310.

Reinsurance (HB 346) ... this bill makes changes to existing Delaware law pursuant to the NAIC Credit For Reinsurance Model Act. Delaware domiciles (insurance companies) will now have access to reinsurance at more competitive prices and be in a better financial position to compete.

Independent Healthcare Appeals Program (SB 153 w/SA1) ... this bill clarifies the definition of "health carrier", adds consumer protection language, and extends the time period for filing an external appeal following receipt of an adverse benefit determination from 60 days to four months.

Casualty Insurance Contracts (HB 345) ... this bill eliminates a \$10 consumer filing fee to appeal an insurance company's cancellation or nonrenewal of an automobile insurance policy.

Next, the Governor will sign these bills and the Department staff will be getting ready to implement the respective requirements and also disseminating information to the public and insurance industry. The Department's website will be a useful resource for anyone monitoring upcoming changes and information at delawareinsurance.gov.

For more detailed legislation information, visit the Delaware General Assembly's website at legis.delaware.gov or call the Department's Legal Unit at 302-674-7345.

Consumers & Business



PRODUCER LICENSING / AGENT MARKET CONDUCT

The [Delaware Insurance Code](#) provides protections to consumers through the regulation of Producers. Producers are required to be licensed, remain up to date in the field of insurance through continuing education and to report administrative actions taken by other states within 30 days. The state is able to track the actions through participation in the [National Association of Insurance Commissioner's](#) (NAIC) national database, which provides alerts when a state has taken an action against a producer.

To protect consumers and be sure that all producers doing business in Delaware complies with the laws and regulations, Producer Licensing and Agent Market conduct is aggressive in taking action when a producer fails to notify the Department of Insurance of actions in other states. Since January 2012, the section has taken 21 producers to hearing, which has resulted in fines of \$9,500.

Consumers & Business



CAPTIVE INSURANCE: DELAWARE'S FASTEST GROWING INDUSTRY

Economic opportunity, triple digit tax revenue growth, and the recognition of Delaware as an insurance industry leader are the ways to describe Insurance Commissioner Karen Weldin Stewart's captive insurance program. When she formed the Captive Insurance Bureau there were 38 captive insurers. Today, there are 350 captive risk bearing entities generating nearly \$1 billion of premiums making Delaware one of the top five U.S. domiciles for captive insurers.

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. The growth of the captive insurance industry means that Delaware has a new fast growing industry.

For more information on the captive insurance program, please visit our website at captive.delawareinsurance.gov.

Workplace & Safety FRAUD



DISCOUNT MEDICAL PLANS

Despite an aggressive approach by the State Insurance Regulators to eradicate unscrupulous and fraudulent solicitations and sales of unlicensed health products commonly referred to as medical discount plans, consumers should be aware that they still exist. The Delaware Department of Insurance sought and obtained legislation in 2011 which now requires strict oversight in terms of marketing and sales of medical discount plans through a state licensing requirement.

Often, economic factors force consumers to search for affordable healthcare coverage and the internet provides quick service at your fingertips. There are many forms of coverage available via the internet, however, consumers should be aware that medical discount plans provide discounted services only and is not insurance. Consumers are urged to take their time and be diligent in research before purchasing something that may later turn out to be regrettable.

The Delaware Department of Insurance website provides a list of approved medical discount companies authorized to do business in the State of Delaware. When considering the purchase of one of these plans, consumers can protect themselves and their interests by visiting the Department's official website at delawareinsurance.gov for a list of approved companies.

Workplace & Safety FRAUD



WORKPLACE SAFETY PROGRAM

The Delaware Insurance Department is teaming up with the Delaware Rural Water Association (DRWA) to promote the benefits of the [DOI's Workplace Safety Program](#) at the DRWA's annual Crab Feast/Operator Training Day this August.

Department of Insurance personnel will be featured speakers during the morning training session on August 31, 2012. Many of the DRWA's members already participate in the Workplace Safety Program; however, DOI personnel will be on tap to encourage others to participate so they too can enjoy the financial savings on their workers' compensation insurance premiums as well as receive annual safety tips to benefit their employees and clients.

The DRWA is dedicated to providing on site technical assistance and specialized training for rural water and wastewater systems. To find out more about the DRWA, please visit their website: drwa.org.

Ask? the Commissioner



Ask the Commissioner

What advice do you have for Delawareans during summer months regarding backyard fun?

Many Delaware families are enjoying the summer months at home. Pools, trampolines and other outdoor activities, while fun for the family, are also dangerous and will increase your insurance risk. I suggest that you check with your insurance agent or company to make sure that you are properly insured for this risk. Purchasing an umbrella policy to provide liability coverage above what your homeowner's policy offers is also something that policyholders should consider. Some homeowner's policies require that certain safety measures be installed, such as a certain height fence or locked gate.

Policy exclusions may also be present for any liability related to trampoline injuries or might not insure your property at all if you have a trampoline. Be sure to understand exactly what damages and injuries your homeowner's policy covers before you allow anyone to engage in activities on a trampoline on your property.

An insurance company can deny coverage or cancel your policy if you do not follow the policy safety guidelines or do not inform the company when you install a pool or purchase a trampoline. Check with your insurance agent or company for rates and safety guidelines before making your purchase.



NEW!

Go Mobile

Scan or click the QR Code to see the Delaware Insurance Department's Website on your mobile device.