



Division of Insurance
Marcy Morrison
Commissioner of Insurance

Bill Ritter, Jr.
Governor

D. Rico Munn
Executive
Director

NEWS RELEASE – CONSUMER ALERT

Contact: Cameron Lewis, DORA's Division of Insurance, 303.894.2261
Karen Gerwitz, DORA Director of Communications, 303.894.2338

December 23, 2008

RESOLVE TO GET SMART ABOUT INSURANCE IN 2009

Moving into 2009, a weak economy, rising unemployment and falling home values will have important ramifications for insurance consumers nationwide. Yet, while these situations pose challenges, they also provide opportunities to save on insurance costs.

“Tighter budgets in many households mean consumers must be especially thoughtful about purchases, including insurance,” said Colorado Insurance Commissioner Marcy Morrison. “Now is the time for consumers to get smart about their insurance and take advantage of the opportunities to maximize their coverage, minimize their costs and protect themselves financially.”

The following changes to insurance laws and reminders about wise insurance decisions will help you get smart about your financial decisions.

1. New Medical Payments (Med-Pay) Law Begins Jan. 1, Review Coverage Options Carefully

A new Colorado law goes into effect Jan. 1, requiring insurance companies to include a minimum amount of medical payment coverage on all automobile insurance policies issued in the state.

Often called “med-pay” for short, Medical Payment Coverage is a type of insurance which provides at least \$5,000 coverage for the insured driver and passengers to pay for injuries sustained in a car accident, regardless of who is at fault. Although the coverage is mandatory, there is a provision for consumers who do not want med-pay coverage to opt-out in writing.

While consumers can refuse the additional coverage to save on premiums, it's a good idea to look at your car insurance coverage before opting out. Med-pay coverage is designed to provide a resource to help cover the immediate medical costs, up to the limit purchased by the consumer, including first responder and emergency room costs, to an insured driver and passengers, regardless of responsibility for the accident. Without med-pay benefits, auto insurance policies may not cover medical costs for insured parties when injured in an automobile accident.

Consumers who refuse med-pay coverage should have a plan to tap financial resources that will be needed if they are responsible for immediate medical costs due to a car accident. If you do not know how you would pay for immediate medical expenses, consider keeping the med-pay coverage.

2. Falling Home Prices Signal Time to Review Your Insurance Costs

Homeowners looking for ways to save money in 2009 should start with their insurance. With equity dwindling, it makes sense to review your homeowners insurance and see if there are any ways to save, such as:

- **Insure your home, not the land:** Homeowners policies do not provide protection for your land, so make sure the value of the land is not included as part of your coverage amount.
- **Make sure you are receiving all the discounts to which you are entitled:** Discounts are typically given to people who have more than one policy with the same insurer; have security or safety systems, such as smoke detectors, deadbolts and fire alarms; are 55 or older and retired; or live in homes located in eligible homeowners associations. Some insurers even offer discounts if all residents of the home are nonsmokers.
- **Consider increasing your deductible:** If your deductible is \$250, raising it to \$500 should decrease your premiums. Raise it to \$1,000 and you could save even more.
Be sure you can pay the higher deductible if disaster strikes. Check with your lender, as some home loans have a clause that specifies a maximum property insurance deductible.
- **Make home improvements:** Upgrading your electrical, plumbing and heating systems could improve the safety of your home and, therefore, reduce your premiums.

3. Newly Unemployed Face Maze of Health Insurance Options

Many people who have lost their jobs are already struggling to maintain health insurance coverage — and those numbers are expected to increase in 2009. A variety of choices exist, but it is important to examine options early, as some expire within weeks of losing your job.

- **Spouse's plan:** If your spouse is employed, adding yourself to a spouse's plan is typically the most affordable option, but you have to act quickly. You should request special enrollment within 30 days of losing coverage from your previous employer's plan.
- **COBRA:** There is a federal law that allows you to continue your health coverage (at your own cost) for a specific time after you leave your job. Rights and entitlements under the federal Consolidated Omnibus Budget Reconciliation Act (COBRA) guarantee access for continued coverage for 18 months if you purchase insurance through a large employer. You have 60 days to elect coverage. COBRA coverage can be expensive because you are required to pay the full premium yourself, but it is also retroactive once you

elect it, so consider using those two months to evaluate other health insurance options.

By continuing coverage through COBRA, you can eliminate any “gap” in your coverage that could cause problems later.

- **Colorado Continuation/Conversion plans:** Colorado continuation and conversion were created by the Colorado Legislature to “fill the gaps” left by COBRA. Colorado Continuation applies to employees of any employer group policy where COBRA doesn’t apply.
- **Government plans:** Check to see if you are eligible for insurance through a government program, such as Medicaid or Medicare.
- **Private plans:** You can purchase coverage through private insurance carriers if you meet certain criteria. A high-deductible major medical policy will cover serious or catastrophic health costs, if you cannot afford a comprehensive plan.
- **Watch out for “discount health plans” or “discount medical cards.”** These plans are often advertised as providing health and medical coverage at a low cost, but may turn out to provide very little in benefits. Many grocery chains, drug stores and discount stores now offer lower prescription benefits for free, which are similar to the discounts you receive after paying to join a discount health plan.
- **CoverColorado:** CoverColorado is a non-profit entity created by the Colorado Legislature to provide medical insurance for eligible Colorado residents who, because of a pre-existing medical condition, are unable to get coverage from private insurers.
CoverColorado also serves as the state’s plan for individuals who are eligible under the Health Insurance Portability and Accountability Act, otherwise known as HIPAA HCTC for Trade Act or Pension Benefit Guarantee Corp.

4. Changes in your family or living situation should prompt a review of insurance coverage.

With adult children moving back home, college students coming and going from the nest, and even grandparents fostering grandchildren, it is important to review your insurance policies to guarantee family members living with you are protected. In most cases, close relatives and their belongings will be covered under homeowners insurance, but if you have a separate apartment or the relative owns significant valuables, it’s always wise to check with your insurance agent to be sure coverage is adequate.

- **Auto insurance:** If you are unmarried and have other drivers living in the household, consider listing those drivers on your auto insurance policy. (Spouses and children who drive should already be listed.) Your insurance may not cover an accident if another driver living in the household is not listed on your policy. If all cars owned by your family are insured by one company, you may save on premiums if your company offers a multi-vehicle discount.
- **Homeowners insurance:** Check your policy to ensure that belongings are covered for anyone living in your home. Whether you are husband and wife,

or have a domestic partnership, make sure both of your names are listed on the deed, mortgage and homeowners policy. If you are renting space in your home to another person, be sure that person has their own renters insurance to cover any losses.

- **Health insurance:** Many companies now offer health insurance to domestic partners, including same-sex couples, but you should confirm directly with your benefits administrator or the health insurance company before enrolling. You might want to create a healthcare proxy or power of attorney document indicating that you have designated your partner to make medical decisions if you are unable to and to allow for hospital visitation.
- **Life insurance:** If you are unmarried, you can name your domestic partner as the recipient of your life insurance policy and as a beneficiary in your will, as they might not be recognized as a legal heir in states that do not recognize domestic partnerships. Review all policies to be sure they are up to date and that beneficiaries listed, and their contact information, are still correct.

5. Make the Most of Your Health Insurance

Americans seeking ways to economize should first make sure they are fully using their existing health insurance benefits.

- **Exhaust flexible spending dollars set aside in 2008:** Many plans allow you to use pre-tax 2008 flexible spending dollars until March 2009. First aid and preventive care items are often covered, but check with your program administrator on specific products.
If you have reached your deductible limits for the year, review any recommended tests or screenings with your doctor and schedule them within the period that includes to this year's deductible limit.
- **Book an annual check-up:** Annual physicals can catch health problems before they become serious issues. Many insurance plans cover 100 percent of wellness care for routine exams, immunizations and diagnostic tests.
- **Confirm participating providers:** Verify your doctor is included in your plan at preferred rates before booking appointments.

If you have a dispute with an insurer that you cannot resolve, contact the Consumer Affairs Section of the Colorado Division of Insurance, located in the Department of Regulatory Agencies, at 303.894.7490 Denver Metro, or at 800.930.3745 toll-free (outside of Denver), or email: insurance@dora.state.co.us for assistance.

###

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.