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CONSUMER ADVISORY: IMPORTANT TIPS FOR REVIEWING YOUR INSURANCE COVERAGE IN THESE TOUGH ECONOMIC TIMES

During these tough economic times, many consumers are looking for ways to save money on their expenses. One area where many people are trying to save money is on their insurance. It is a good idea to review your policies to make certain that you are not paying too much for your coverage or paying for a policy that you do not need. However, it is also important that you maintain appropriate coverage. Here are some tips to help you as you review your policies.

Automobile Insurance

- Maryland law requires that all owners of automobiles purchase and maintain at least the minimum coverage for bodily injury liability, personal injury protection, property damage and uninsured motorist protection (See *A Consumer Guide to Automobile Insurance* at www.mdinsurance.state.md.us or contact us at (410) 468-2000 to obtain a copy for the specific details of what is required.) Failure to maintain the minimum coverage will result in substantial fines from the Motor Vehicle Administration.
- Your insurance company may cancel you for non-payment of premium even if your payment is only one day late. The insurer must provide you with 10 days advance notice that the policy is going to cancel for non-payment of premium.
- You can take a number of steps to reduce your automobile insurance premium:
 - Make sure that you are receiving all discounts the insurer offers (for example, multi-car discount; good grade discounts for students; accident free discounts.)
 - Review your deductible – raising the deductible on your policy will decrease your premium.
 - Consider whether you want to maintain comprehensive and/or collision coverage. If your vehicle is older and has been paid off, you may want to consider dropping these coverages since it will reduce your premium.

However, if you drop these coverages and your vehicle is damaged in an accident that you cause or if it is stolen, vandalized or hit by an animal, you must pay for the repair.

- Comparison shop – compare the premium you are paying to what another company might charge you. Refer to our *Automobile Insurance: A Comparison Guide for Rates* at www.mdinsurance.state.md.us or contact us at (410) 468-2000 to obtain a copy. Just make certain that you are comparing policies that have the same coverages.

Health Insurance

- Make certain that you understand all of the “costs” (for example, deductibles, co-pays and coinsurance) and “rules” (for example, do you need a referral before you can see a specialist) of your policy. (See *A Consumer Guide to Health Insurance*, which provides information regarding coverage and tips on how to shop for health insurance. Visit our web site, www.mdinsurance.state.md.us or contact us at (410) 468-2000 to obtain a copy.)
- Your insurance company will cancel you for nonpayment of premium; however, under Maryland law you have a grace period to make that payment. Contact your insurance company before your payment is due to find out the details of the grace period.
- If you are considering purchasing a medical discount plan, make certain that you understand that this is not insurance, but instead gives you a discount for certain services at participating facilities. For more information on these plans, refer to *What Consumers Need to Know About Discount Medical and Discount Drug Plans* at www.mdinsurance.state.md.us or contact us at (410) 468-2000 to obtain a copy.
- Both the federal and state government have several programs that may be available to you if you are having problems finding or affording insurance:
 - Medicare (A federal health insurance program for people age 65 or older, people under 65 with certain disabilities and people of any age who have end-stage renal disease.)
www.medicare.gov
(800) 633-4227
 - Medicaid/Maryland’s Medical Assistance Program (A government-funded health insurance program for people with limited income and people with disabilities who meet income-sensitive eligibility guidelines and other criteria.)
www.dhmf.state.md.us
(410) 767-5800

- Maryland Children's Health Insurance Program (A government program for pregnant women and children up to age 19.)
www.dhmf.state.md.us
(410) 767-5800
- Maryland Health Insurance Plan (A high-risk pool for Maryland residents who are uninsurable for medical reasons. A subsidy is available for low-income individuals.)
1-888-444-9016
www.marylandhealthinsuranceplan.state.md.us
- If you lose your health insurance because you lose your job, you have a number of options available, including continuation of those health benefits under COBRA or Maryland's Continuation of Benefits. (See *What You Can Do If You Lose Your Health Insurance Coverage* at www.mdinsurance.state.md.us or contact us at (410) 468-2000 to obtain a copy.) In certain circumstances you may be eligible for a premium reduction and only need to pay 35% of the health premium. Go to www.dol.gov/COBRA, www.cms.hhs.gov/COBRAContinuationofCov or www.irs.gov for more details.

Homeowners Insurance

- Make sure you are taking advantage of all discounts that are available (for example, multi-policy discounts, having a security system.)
- Consider increasing your deductible. Remember, the higher the deductible, the lower the premium. Before you change your deductible, check with your lender to make certain that the conditions of your loan do not require a specific deductible. Also, make certain that the deductible is an amount you can afford.
- Your insurer may cancel your policy for non-payment of premium even if the payment is only one day late.
- Even if your insurance premiums are a part of your mortgage, you have the right to choose your insurance company, so you may shop around to find a better rate.
- Your homeowners policy only insures the buildings on your property and the contents. It does not cover the land. Check your policy to make sure the value of the land is not included. Also, remember that your coverage amount is not related to the market value or the potential sales price of your home. The key is making certain that you have the appropriate amount of coverage to rebuild your home and replace the contents of your home.
- In today's economic environment, if you sold your home now you might find that it is worth less than it was last year or two years ago; however, the cost to rebuild your home following a loss has continued to increase as materials, labor and

debris removal costs have all increased. Thus, it is important that you continue to insure your home for the cost to rebuild and replace it in the event of a loss.

- For more information on your homeowners policy, refer to *A Consumer Guide to Homeowners Insurance* and *Homeowners Insurance: A Comparison Guide for Rates* at www.mdinsurance.state.md.us or contact us at (410) 468-2000 to obtain a copy.

Life Insurance

- Before you decide to surrender or sell an existing life insurance policy, make certain that you carefully consider the tax consequences of the transaction and discuss this with a trusted financial advisor.
- Your insurance company may cancel you for nonpayment of premium; however, under Maryland law you have a grace period to make that payment. Check your policy or contact your insurance company before your payment is due to find out the details of that grace period.

The Maryland Insurance Administration has a number of guides that will give you tips on how to comparison shop for insurance. Rate comparison guides are available for automobile and homeowners insurance. The most important thing to remember when you are shopping is to make certain that the policies you are comparing are the same (for example, are the deductibles and co-pays different, do the policies cover the same items or illnesses, are the policy limits the same.) In addition, when you are reviewing your existing policy, make certain that you are receiving all discounts the company offers. Also, make certain that you are dealing with companies and agents that are licensed to do business in Maryland. If you have a question, please contact us at (410) 468-2000.