

Connecticut Insurance Department Newsletter:

Insurance Matters

Volume 2, Issue 2
Spring 2016
151 Years of Consumer Protection

Arrival of Spring Is Not without Its Risks A Message from Commissioner Katharine L. Wade

Winter we hardly knew you.

Although we dodged a classic harsh New England winter, that doesn't mean you can let your guard down when it comes to seasonal perils.

In this Spring issue we look at the risks of flooding and the big damage that a little bit of water can do.

Flood insurance is a federal program but the Department can answer many of your questions and offers free resources to help you file a flood insurance claim.

Understanding the consumer protections that Connecticut has in place is at the heart of our article on coverage for prescription drugs. Many insurance companies will use a process called "step therapy" in which members are required to first use lower-cost generic drugs before moving to more expensive drugs.

It's intended to keep health costs down but, with your doctor's help, you can opt out of step therapy for the drug your doctor thinks is best for you.

Do you know what a "holdback" is? In our "CID Mailbag" we explain the concept and how that may mean more money back for you after a homeowner's claim.

There is always something to learn about insurance and we hope you find this latest issue of "Insurance Matters" informative.

Know The 'Steps' You Can Take To Manage Prescription Coverage

From the time we get up in the morning life is a series of choices. Flats or heels, regular or high-test, wheat or rye.

There are also choices built into your health plan to help you manage out-of-pocket costs when it comes to prescription drugs.

Most health plans list the drugs they will cover in tiers that range from low to higher cost drugs and use a system called “step therapy.” This means members are required to try lower-cost generic or other “first-choice” medications before moving up to more expensive drugs.

Health insurers do this to keep health costs down.

Low-cost, generic drugs must meet strict standards set by the federal Food and Drug Administration before they can be added to the marketplace.

However, there are ways that you can opt out of step therapy and obtain a drug that your physician believes is medically appropriate for you. Connecticut state law provides several options for overriding step therapy.

Your doctor can prescribe another medication if he or she notifies your insurance company that the lower-cost drug is not clinically effective for you after 60 days of using it.

In addition, your doctor may notify the insurance company that it is not his or her recommendation that you go through the 60-day regimen.

In these cases under state law, your insurer must waive the step therapy requirement if your doctor determines that the “first-choice” drug:

- Has been ineffective for treating your medical condition
- Is expected to be ineffective based on your personal history and drug characteristics
- Will likely cause an adverse reaction
- Is not in your best interest based on medical necessity

It is important to note that opting for other drugs may have higher co-pays and could result in you paying more for them out-of-pocket.

So the choices you have within your health plan ultimately are those that you and your doctor can make in determining what is best for you.

Lost and Found: Locating an Old Policy

Settling the estate of a loved one after a death can add frustration to heartbreak. Or perhaps you are helping an elderly relative sort out his or her affairs and need to locate life insurance policies that may have been purchased decades ago.

It can be overwhelming at times to try and locate a missing policy. The Department offers several tips to help you:

- Search safe deposit boxes, filing cabinets and other storage for insurance-related documents
- Try to determine in which state the policy was issued and what company may have issued it
- Contact agents and other financial advisors to see if they have additional information
- Try to determine if your loved one bought the policy through work, union or an association
- Review bank statements and canceled checks for payments made to insurance companies
- Review income tax returns for any interest income paid by life insurance companies

If an insurance company cannot find beneficiaries they are generally required to turn funds over to a state's unclaimed property program.

In Connecticut, the state Treasurer administers [the unclaimed property program](#).

There are also steps you can take now to help your beneficiaries with information they will need in the future.

- Provide your company and agent with the most updated beneficiary information
- Give your beneficiaries the name of your agent and company
- Keep a current copy of your policy in a safe place and let family members know the location

Hit Send: License Renewal Notices Now By Email

What's in a number? How about nearly 200,000 brokers, agents, adjusters, bail bondsmen and other industry professionals who are licensed through the Department. The process to do so is getting easier.

To enhance efficiency, control costs and improve customer service, the Department will be emailing renewal notices rather than sending via U.S. mail. The new system will start with those licenses that expire in **May 2016**.

Renewing and applying for a license is already an online process and the Department has recently implemented a new phone system for quicker response. We continue to look for ways to enhance customer services so that licensed professionals can quickly take care of their business and most importantly, their customers.

For more information, email the Licensing Unit at cid.licensing@ct.gov

The Library is Open!

Spring Brings Risk of Flooding

If it rains, it can flood.

The mild winter we just came out of in Connecticut may have many thinking the risk is low, but it is always a good idea to prepare for the worst.

A little bit of water can do a lot of damage. For example:

- An inch of water can cause costly property damage
- A car can be carried away by 2 feet of floodwater
- Flash floods can bring walls of water 10 to 20 feet high

Traditional homeowner's, renter's and business insurance does not cover flood damage.

Flood insurance is a federal insurance policy offered through the National Flood Insurance Program (NFIP) and takes effect 30 days after purchase.

Be prepared before you have to make a claim. A comprehensive [Flood Insurance Claims Handbook](#) is one of the many free brochures in our [Consumer Resources Library](#).

You Asked: The CID's Spring Mailbag

What is a deductible?

A deductible is the amount you owe for covered services before your policy begins to pay. In health insurance, the Affordable Care Act (ACA) requires that plans cover certain preventive services without first satisfying your deductible. Check your plan's [Summary of Benefits](#) to see what services are subject to your plan deductible. If you buy a qualified High Deductible Health Plan, you can establish a Health Savings Account to set aside pre-tax contributions for paying expenses while you are satisfying your deductible.

What is meant by the term "holdback" in a homeowner's policy?

If you are settling a claim and have replacement cost coverage under your policy you are entitled to the difference between the actual cash value that was paid and the amount it would cost to repair or replace the damaged property. This difference is referred to as "holdback." It is generally contingent on the repairs being completed or the damaged item being replaced. Insurers will need verification through receipts and other documentation.

How does the value of a Variable Annuity change?

Money in a variable annuity earns a return based on the performance of the investment portfolios, known as “subaccounts,” where you choose to put your money. Your investment choices likely will include subaccounts with different types and levels of risk. The value of your annuity can change every day as the subaccounts’ values change. If the subaccounts’ values increase, your annuity earns money. *There is no guarantee that the values of the subaccounts will increase. If the subaccounts’ values go down, you may end up with less money in your annuity than you paid into it.*

Questions or Concerns?

Contact CID’s Consumer Affairs at:

cid.ca@ct.gov

(860) 297-3900

(800) 203-3447

Follow the CID at:

Facebook, Twitter and YouTube

“Insurance Matters” is for informational purposes and is not intended to constitute legal advice.