

PA INSURANCE INSIGHTS

The Pennsylvania Insurance Department Newsletter

Volume 2, Issue 5 September 2016

In this Issue

Commissioner's Greeting	1-2
National Preparedness Month	2
Annuities Outreach	3
Long-Term Care Partnership	4
PRO-ACT Award	4
Recent Press Releases	5
Upcoming Consumer Events	5

Connect with Us!



facebook.com/PAInsuranceDept



@PAInsuranceDept

You may contact the department at ra-in-Insights@pa.gov or through the contact form located on the homepage of our website.



pennsylvania
INSURANCE DEPARTMENT

A message from the Insurance Commissioner...

Governor Tom Wolf's commitment to a government that works and my department's commitment to consumers remain at the forefront of my agenda as Insurance Commissioner. This month, these efforts were put into practice by my department in several ways.

Consumer outreach has been a priority of mine since arriving in Pennsylvania. I formally launched our guide to help consumers understand annuities while speaking to a group at the Foxdale Village Retirement Community in State College. Many of those attending the announcement had purchased annuities, and they said they found the guide helpful. A representative of AARP, which helped develop the guide, also warned people about slick sales pitches that can follow free lunches or dinners. Our goal is to help consumers understand that annuities can be an important part of a long term financial plan, often helping provide retirement income, but we also want to make sure consumers are careful and ask questions so they understand the product they are purchasing.



One area where insurers and regulators in Pennsylvania and around the country are searching for ways to provide consumers more affordable options is long term care insurance. I was able to offer new guidance this month, lowering the required inflation protection on long term care partnership policies. It is my hope that this decision will help provide additional and more affordable long term care product options for consumers.

(continued on page 2)

A message from the Insurance Commissioner...

(continued from page 1)

Finally, I was honored this month to receive an Ambassador for Recovery Award from the Pennsylvania Recovery Organization-Achieving Community Together (PRO-ACT) for the department's efforts to ensure that

all Pennsylvanians receive mental health and substance use disorder benefits they are entitled to under federal and state parity laws. Enforcing these laws has been a top priority for the department, and I was honored to have been recognized for our efforts.

Thank you,

Teresa Miller
Insurance Commissioner

Insurance Department Urges Preparation Alongside Other State Agencies

The Federal Emergency Management Agency (FEMA) recognizes September as National Preparedness Month. In conjunction with federal outreach tied to the month, the Insurance Department joined other state agencies to stress the importance of preparedness so consumers may plan ahead and be ready to act in the event of an emergency.

Commissioner Miller specifically urged Pennsylvanians to review their homeowners' policies and understand what would or would not be covered and what steps they need to take to file a claim if their property is damaged in the event of any emergency. Miller noted that the National Association of Insurance Commissioners recommends that homeowners insure their property at replacement value rather than actual cash value in order to help cover costs should extensive repairs or a full replacement be needed.

Homeowners should also keep an inventory and up-to-date photos of personal belongings for reference should they be damaged by a storm. Inventories should be as detailed as possible and note the brand, make and model number, year the item was purchased, price paid, and any distinguishing features, whenever possible. The

department encourages consumers to use NAIC's Home Inventory app, available for free for iPhone or Android.

In addition, Miller encouraged consumers who rent their home or apartment to get a renters' insurance policy, as a landlord's policy that covers the rental unit may not cover tenants' personal belongings. Renters who purchase this coverage should also keep a detailed inventory of their belongings stored at the property. She also reminded both renters and homeowners that standard policies

do not cover damage from flooding, and separate flood coverage is needed for this.

The Insurance Department joined other state agencies to provide information and resources to consumers at a kickoff event held in the state Capitol Building and sponsored by the Pennsylvania Emergency Management Agency.

Information on preparing for emergencies is available at www.ReadyPA.org. More information on homeowners, renters, and flood insurance can be found at www.insurance.pa.gov.



Consumer Liaison David Buono participates in the Pennsylvania Emergency Management Agency's kickoff event for National Preparedness Month.

Commissioner Miller Launches Consumer Outreach on Annuities

As our population continues to age, more and more people are planning for retirement. Many people choose to purchase annuities as part of their retirement portfolios. These products, depending on how they are structured, might be right for many people as part of a long term income plan. However, annuities can be hard to understand.

Given the confusing nature of this product, some unscrupulous individuals, both licensed and unlicensed, have scammed consumers. These scams can occur through bogus deals or by selling annuities that are not suited to the person buying them.

To help consumers better understand annuities and ask the questions they need to ask before making a purchase, Commissioner Miller announced the Insurance Department's new guide on annuities, *The Dos and Don'ts of Annuities*, at Foxdale Village Retirement Community in State College.

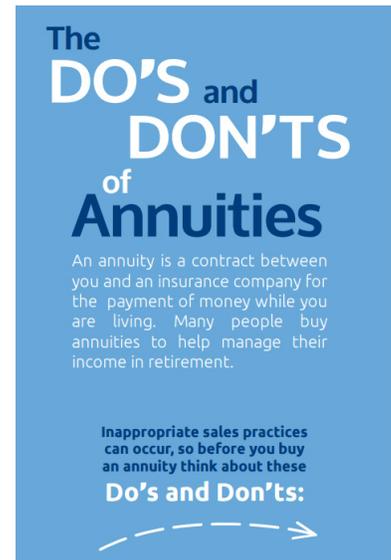
Commissioner Miller explained that the guide, which was developed in conjunction with AARP, alerts consumers to questions they should ask and have answered about what they are being offered and the person trying to sell the annuity prior to agreeing to any type of purchase. This can help ensure that consumers have a thorough understanding of what they are purchasing and can help them avoid being taken advantage of and scammed. Commissioner Miller also reminded consumers that they have a free look period during which they can cancel their purchase with no financial penalty.

The guide also outlines the different types of annuities available and informs consumers that most

annuities have a period of time, often five to ten years, during which their money is locked up. During that period, much of the money cannot be withdrawn without paying a penalty, called a surrender charge.

Commissioner Miller also discussed annuities and the department's education efforts on "Focus on Aging Adults", a monthly program sponsored by AARP airing on the Pennsylvania Cable Network (PCN). She was joined by David Buono, the Pennsylvania Insurance Department's Consumer Liaison, and Mary Bach, a volunteer with AARP. The three panelists encouraged consumers to take care when purchasing annuities and encouraged potential buyers to not feel pressured to make a purchase on the spot or feel obligated because they're being courted with gifts.

For more information on annuities or other insurance products for seniors and to download *The Dos and Don'ts of Annuities*, visit www.insurance.pa.gov or click the image below.



Commissioner Teresa Miller, Consumer Liaison David Buono, and Mary Bach, a volunteer with AARP discuss what consumers need to know when purchasing annuities with Francine Schertzer (center), host of PCN's Focus on Aging Adults.

Long Term Care Partnership Policies Changed to Allow Greater Flexibility

Commissioner Miller recently announced a change in guidance that will allow insurers greater flexibility in what federally-required inflation protection they can offer for long term care partnership policies (LTCP). This change aims to offer consumers more product choices and more options for holding down or eliminating premium increases.

Federal law requires long term care partnership policies to have an inflation protection component. However, this requirement has been identified as one factor that can drive up premiums. Commissioner Miller announced new guidance that reduces the required inflation protection, revising it from a rate equal to the Consumer Price Index (CPI) or a flat rate of 3 percent in

LTCP policies in Pennsylvania to the CPI or a flat rate of 1 percent.

This change will give insurers and consumers more options for policies that provide needed protection for the policyholders but help keep premiums lower. Pennsylvania law still requires insurers to offer LTCP policies with 5 percent compound annual inflation protection.

Commissioner Miller continues to work toward solutions for the rapidly-rising premiums for long term care insurance many policyholders are seeing. The commissioner held a public hearing on this issue in the spring, convening insurers, consumers, and national experts to examine the causes of these large premium increases. Following the

hearing, some insurers offered consumers with standard long term care policies the option of lowering their inflation protection in return for lowering or eliminating planned premium increases.

LTCP policies allow policyholders to preserve personal assets equal to the amount of insurance benefits paid from the policy, should the policyholder use all other assets, and become eligible for Pennsylvania's Medical Assistance Long Term Care Program.

The new guidance took effect when published in the Pennsylvania Bulletin September 16th. To read the bulletin notice, [click here](#).

Commissioner Miller Named Ambassador for Recovery Award Recipient

In 2008, the Mental Health Parity and Addiction Equity Act was enacted to help fill health insurance coverage gaps consumers seeking mental health or substance abuse disorder treatment were facing. Commissioner Miller has made enforcement of this and state laws surrounding parity a priority for her department in order to ensure that Pennsylvanians are receiving the benefits to which they are entitled.

Commissioner Miller and the Pennsylvania Insurance Department's focus on parity was recognized on September 17 when the commissioner was honored at the annual Recovery Walk in Philadelphia.

Organized and presented by the Pennsylvania Recovery Organization-Achieving Community Together (PRO-ACT) and The Council of Southeast Pennsylvania, the Recovery Walk attracted 25,000 people each year to celebrate the

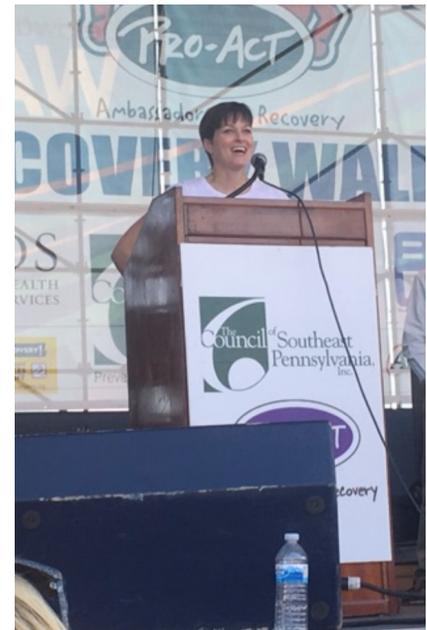
journeys of individuals in recovery and pay tribute to individuals who have lost their battle.

Commissioner Miller was honored alongside elected officials and advocates with PRO-ACT's Ambassador for Recovery Award for her work supporting parity enforcement around the state. She said that she was honored to receive the award and is committed to continuing her department's prioritizing of parity as an important aspect of consumer protection.

"Parity is important because all people should be treated with respect and support from medical providers and insurance companies regardless of what type of illness they face," said Commissioner Miller. "Instead of navigating the hurdles of accessing and affording care, individuals should be able to focus on their health and wellness."

For more information on parity enforcement in Pennsylvania, visit

www.insurance.pa.gov and click the Health link under Consumer Corner.



Commissioner Teresa Miller accepts the Ambassador for Recovery Award at the 2016 PRO-ACT Recovery Walk in Philadelphia.

Insurance Department on the Road

For Consumer Groups, Students, and the Public

- **10/3/2016, 2 p.m. - 5 p.m. - Community Support Program Advocacy Day, 1210 Stanbridge Street, Suite 600, Norristown, PA.**
- **10/4/2016, Introduction of “Insurance 101 for Teens” with Commissioner Miller and Secretary of Education Pedro Rivera, Central Dauphin High School, Harrisburg, PA.**
- **10/7/2016, 9 a.m. - 1 p.m. - Representative Martin T. Clouser’s Senior Citizens Expo, 12 River Street, Roulette, PA.**
- **10/11/2016, 9 a.m. - 3 p.m. - PA Floodplain Managers Association, CEER Building, Villanova University, Villanova, PA.**
- **10/19/2016, 6 p.m. - 7:30 p.m. - Senator Vincent Hughes’ “Show Me The \$\$\$” Financial Literacy Program, Free Library of Philadelphia -- Wynnefield Branch, 5325 Overbrook Avenue, Philadelphia, PA.**

Facebook Live

- **9/30/2016, 11 a.m. - Live with the Prostate Cancer Coalition**

Watch from home at www.facebook.com/PAInsuranceDept

Recent Press Releases

- September 21, 2016 - Insurance Commissioner Provides Important Consumer Information on Annuities with AARP on PCN
- September 15, 2016 - Insurance Commissioner Announces Greater Flexibility in LTC Partnership Policy Inflation Requirements
- September 9, 2016 - Wolf Administration, State Treasurer Act to Ensure Prompt Payment of Mine Subsidence Insurance Claims
- September 8, 2016 - Insurance Commissioner Urges Greater Understanding of Annuities to Protect Retirement Income
- September 6, 2016 - State Agencies Urge Pennsylvanians to Prepare for Emergencies During National Preparedness Month
- August 29, 2016 - GO-TIME: Insurance Department Changes in Investment Managers Will Save \$2.7M Over Five Years
- August 17, 2016 - “Don’t Wait. Vaccinate.” Campaign Reminds Parents to Update Children’s Vaccines before School Starts
- August 15, 2016 - Insurance Commissioner Urges Consumers to Make Informed Decisions When Selecting Medicare Coverage
- July 27, 2016 - Insurance Commissioner Holds Public Informational Hearing on Health Insurance Rate Requests
- July 7, 2016 - Insurance Commissioner Advises Consumers to Be Wary of Limited Benefit Plans, Exercise Caution When Shopping