

Happy New Year! I'm penning this issue in early January, it's 11 below zero and today's high temperature is three below. We are in the deep freeze again in Minnesota with no sign of heat anytime soon! Maybe there is truth to the rumor that people move here, their brain freezes, and they are unable to get out!

I'm starting my 30th year of writing these newsletters for my clients. I started back in January, 1985. I committed to writing three of these annually and have not missed a year since. As usual with the January issue, I'm enclosing an index of all articles which are still pertinent today.

**GUIDELINES FOR
KEEPING OLD POLICIES**

If you are one of those conscientious policyholders who have a stack of old policies 2 feet high taking up precious real estate, here are some tips to help you shrink that pile.

- **PROPERTY AND LIABILITY POLICIES** For property and liability policies, like automobile, home, umbrella, etc., keep only the current coverage summary page (Declarations). And keep the policy booklet. Every time you get a new Declarations page, toss everything prior. Keep the policy booklet, however, until you receive a new policy booklet. The policy itself is generic and contains no personal information so it's okay to recycle. The Declaration pages do contain personal information and should be shredded.
- **INDIVIDUAL LIFE AND HEALTH POLICIES** For individual life, health, disability and long-term care policies, keep the policy and amendments until the coverage ends or is canceled. Since these policies contain the original application containing a lot of personal information, it's safest to shred the policy when disposing of it.
- **GROUP POLICIES** For group life, health, and disability insurance policies, keep the policies until an insurer issues you a replacement, or you are no longer part of the group or the group no longer exists. When that happens, shred any personal pages and recycle the rest.
- **ONE EXCEPTION** Keep any policy for which there is a pending or ongoing claim being filed or adjusted. You or your attorney may need it for reference.
(Thanks, Linda, for the great question!)

**REMINDER OF OPEN
ENROLLMENT OPTIONS
FOR OBAMACARE**

The initial open enrollment period for 2014 coverage ends March 31. If you apply before the 15th of the month, your coverage will start the first of the following month. If you apply after the 15th of the month, your coverage will start the first of the second following month.

After March 31, the next annual open enrollment period will be October 15, 2014 through December 7, 2014 for calendar year coverage starting 2015. The plan currently is to have fall open enrollment periods, for the following calendar year coverage, so people can change plans once a year if they want. (If they don't like their current plan or if they find something better.)

SPECIAL ENROLLMENT PERIODS AND TRIGGERS

What happens when you need coverage mid-year because of changing circumstances in your life? Examples include marriage, divorce, birth or adoption of a child, death, or any loss of group coverage for whatever reason. You will immediately become eligible for an open enrollment for a personally owned policy. When one of these trigger events happen in your life, call Carol Bechay, Mary Jo Hoff, or me and we can walk you through your options.

HOW IS COBRA AFFECTED?

So far, if you leave a job or your 25-year-old son or daughter turns 26 or any other COBRA event happens, your COBRA choices won't be eliminated simply because you qualify for Obamacare. It may be easier, for example, to simply choose COBRA and continue on your employer's group plan, at your expense, because you have another job that starts in three months and you receive health insurance there. Again, when one of these triggering events happens, talk to us.

CHANGES ARE COMING IN HOMEOWNERS POLICY ROOF COVERAGE

Replacement cost coverage has been a hallmark of homeowners policies for 20-30 years. Even for older homes. The fire that destroyed your 20-year-old kitchen led to your getting a new kitchen. The storm that blew off your roof led to your getting a new roof. But the plethora of hailstorms in the last few years, in Minnesota and other states, is forcing insurance companies to make changes.

THE NATURE OF HAILSTORMS

Hail falls irregularly. When it hits a roof, it rarely damages the entire roof. It often damages only 20 or 30% of the roof. In fact, it's entirely possible to have damage to your roof with little or no damage to the next door neighbor's roof.

THE MATCHING PROBLEM

Bob has a 15-year-old roof that is 20% damaged. The color and style of shingles is no longer being made. His homeowners policy will pay the replacement cost of the damage only. He has an estimate to replace the roof for \$10,000. His insurer is offering 20% or \$2000. Bob is very unhappy.

THE COURTS

Courts have ruled that, for storm-damaged shingles and siding that cannot be matched, insurance companies must pay for the entire replacement.

FOR EVERY ACTION THERE IS A REACTION

Many new homeowners policies in the next couple of years will start including mandatory high wind and hail deductibles of \$2500 or more. They will start raising rates for claims experience. And most significantly, they will no longer pay replacement cost for older roofs. (Age 15 years and older.)

Wishing you a happy, healthy and prosperous New Year!

Jack Hungelmann



Insurance for Dummies second edition, authored by Jack Hungelmann. Buy it online at www.dummies.com or www.amazon.com.

