

Greetings! I hope you've enjoyed this beautiful spring weather as much as I have. As I write this, I'm sitting in my home office looking out the window at the newly-leaving trees. Bright sunshine. Light breeze. Perfect temperature – mid-60s. Hearing the golf course sirens calling.

Obviously, the big insurance-related news of 2010 is the passage of the Patient Protection and Affordable Care Act (PPACA) signed into law by President Obama on March 23, 2010. The Act has multiple layers scheduled to take effect over the next few years – always a good thing when you have a massive change like this. My focus in this newsletter is on the changes scheduled in the next year or two. Anything beyond those dates can easily be changed by an action of Congress as it changes its makeup through the election process.

Here are some provisions of the Act that affect each of you receiving this newsletter.

***ALL CHILDREN UNDER  
AGE 19 ARE COVERED  
FOR PRE-EXISTING  
CONDITIONS!***

Starting September 2010, children under age 19, regardless of health, can no longer have their claim denied for pre-existing medical conditions! This law applies to both individual and group policies. Starting in 2014, children and adults will have open access to group and individual health insurance, with no pre-existing condition exclusions and guaranteed acceptance by insurance companies. 2014 is the year that all Americans are required to have health insurance somewhere or pay annually increasing penalties.

***NEW HEALTH  
INSURANCE POOLS  
OFFER GUARANTEED  
HEALTH INSURANCE IN  
JUNE 2010***

Unfortunately, these pools will only insure those who have been without insurance for at least six months! However, those individuals who do meet that requirement, will have guaranteed access to affordable health insurance in these soon-to-be-created health insurance pools. Not a big deal for states like Minnesota where we've had the Minnesota Comprehensive Health Insurance Association (MCHA) pool which has offered affordable health insurance to those otherwise uninsurable Minnesotans for 30 years. These federal health insurance pools will self-destruct in 2014 when all Americans regardless of health are guaranteed the right to buy any individual or group policy with no limitations on pre-existing conditions.

***DEPENDENT CHILDREN  
NOW COVERED TO  
AGE 26***

Minnesota law currently requires they be covered to age 25 and doesn't apply to married dependent children. Effective September 2010, your dependent children – whether single or married – can now stay on your policy one additional year.

***NO MORE CAPS ON  
LIFETIME BENEFITS***

Most policies today have a maximum amount payable for lifetime. If your policy has such a cap, good news – in September 2010, it no longer will! Good change – especially for individual policies.

***GOOD NEWS FOR SMALL  
EMPLOYERS WITH FEWER  
THAN 25 EMPLOYEES . . .***

. . . and average incomes less than \$50,000. If you as an employer contribute towards group health insurance costs for employees in 2010, you can get a tax credit of up to 35% of the premiums paid! Check with your accountant or CPA for details.

**"DONUT HOLE" RELIEF FOR SENIORS**

Starting in 2010, if you hit the unpopular "donut hole" (a.k.a. coverage gap) in your Medicare Part D prescription drug coverage, you automatically will be sent a \$250 refund check. The law further provides for a gradual elimination of this coverage gap by the year 2020.

**GUARANTEED LIMITED LONG-TERM CARE INSURANCE**

Good news for those with pre-existing conditions that have been turned down for long-term care insurance. It is still in the developmental stage and won't take effect until January 2011. Coverage won't take effect until you have paid premiums for at least five years.

**THE GOOD NEWS**

Anyone applying for the plan will be accepted, regardless of any pre-existing health condition. So I, for example, with Parkinson's, could be covered for that illness, after paying into the plan five years.

**THE BAD NEWS**

Anyone applying for the plan will be accepted, regardless of any pre-existing health condition. Because participation in the plan is voluntary, every person with pre-existing conditions will enroll. Many healthy persons will not. Then over time, as rates increase, the healthy ones will start dropping out, leading to even more rate increases. The only way this plan has a chance of success is if they make participation mandatory.

**HOW GOOD IS THE COVERAGE?**

Too early to tell. But it's estimated that it could be as little as \$50 a day or about one fourth the average cost of nursing home care today. It's not designed to replace long-term care insurance but rather to supplement it. Not sure that inflation protection is built into the program. I will keep you posted as I learn more.

**CITING MY SOURCES**

I personally read the entire 2000-page Act and made copious notes on every page to make sure that my information was reliable. (Would you also believe that monkeys fly?) Actually, I pulled information from all over – insurance company bulletins, agent association newsletters, Googled websites, and more. I promise, however, that none of the information came from Twitter, Facebook, or MySpace.

**THE BEST WEBSITE I FOUND FOR EXCELLENT SUMMARY INFORMATION ON THE ACT**

From the Kaiser Family Foundation, there is a five-page "Health Reform Implementation Timeline" PDF document. You can access their site at [www.KFF.org](http://www.KFF.org). Choose "Health Reform" from the left-hand menu, and you will see the link to the document, as well as lots of other information relating to the Act. (One tip before you go there – have your reading glasses handy!)

**"CAN I KEEP MY EXISTING INDIVIDUAL OR GROUP HEALTH INSURANCE?"**

Yes you can keep what you now have. Existing plans are "grandfathered." In fact, since grandfathered is not defined, I recommend that you don't make changes to your existing plan until you're certain that you will not lose your "grandfathering" privilege. The Act just gives you some rights and benefits that you did not have before.

**STAY TUNED. THERE'S A LOT MORE TO COME.**

According to the Consumer Reports June 2010 issue, 2014 will be the year of the most changes. It's the first year that health insurance will be mandatory for all Americans or face penalties that increase every year. As the effective dates of various parts of this law began to take effect, I will continue to keep you updated on my perspective and recommendations.

**GOOD NEWS FOR THOSE RECENTLY LAID OFF**

President Obama's 65% subsidy of COBRA premiums for up to 15 months has been extended through May 31. If you are involuntarily laid off before June 1, 2010, you should qualify. Check with your employer's human resource person.

**RATE INCREASES  
COMING ON  
HOMEOWNERS  
INSURANCE**

For the 10 years ending 2008, Minnesota ranked third in the nation for insurance company losses on homeowners policies. Only Mississippi and Louisiana were worse. Minnesota, however, did lead the nation as the most consistently bad insurance market in eight of those 10 years. Just a heads up.

**WHAT ABOUT  
EARTHQUAKE  
INSURANCE?**

Have you noticed that in the last couple of years there seems to be a significant increase in the frequency and severity of earthquakes around the world? The Haiti quake is a good reminder to secure earthquake coverage if you live anywhere near a known fault. Homeowners policies specifically excluded earthquake damage but often do make it available.

**DISCOVER THE  
EARTHQUAKE RISK FOR  
YOUR STATE**

Go to [www.FEMA.gov](http://www.FEMA.gov) and enter "earthquake risk" in the search engine. See if your state is rated "moderate, high, or very high" risk for earthquake. Note: you might live in a low-risk state but could have a vacation or retirement home in a high-risk state (i.e., Arizona). If you live in a high-risk or a very high-risk state, I think you need to purchase earthquake insurance. If you own a home in a low- or moderate-risk state, you still might choose to buy earthquake coverage because the premium is considerably less in those states. In Minnesota, for example, \$300,000 of earthquake coverage might cost \$60 a year. Call me if you'd like to discuss your particular situation. Remember that one of the cardinal rules of risk management is "don't risk more than you can afford to lose."

**LOCK-IN YOUR AUTO  
RATES FOR ONE YEAR**

Safeco, Auto-Owners and Harleysville Insurance now offer annual auto policies. If you currently are paying every six months, I recommend you contact Carol Bechay in my office to help you make this change. You can either phone her at 952-896-9536 or e-mail her at [cbechay@corporate4.net](mailto:cbechay@corporate4.net). You will not only lock in your price for one year but also can save 5% to 10% up front by prepaying for the whole year.

**JUST HOW GOOD IS  
VISA'S RENTAL CAR  
COLLISION COVERAGE?**

Is it good enough to waive the collision damage coverage from the rental agency? Recently a client asked me to look at the rental car coverage from Visa, which I did. Here's what I found out:

- It covers only collision damage and theft. There is no coverage for any other kind of loss for which you are contractually liable with rental agencies. Claims like vandalism, hail damage, or fire. That's a serious shortcoming.
- Activating the coverage requires two things. First, you must charge the full amount to your Visa card; and second, you must decline the collision damage waiver from the rental agency.
- Visa's coverage only pays whatever amount your own car insurance coverage won't pay. So, for example, if the collision coverage on your auto policy covers damage to rental cars, subject only to your \$500 collision deductible, Visa would only be responsible for your deductible.
- The Visa coverage has a number of exclusions that you might not expect. For example, it does not apply to rentals exceeding 15 days in the United States. It doesn't cover rentals in Israel, Jamaica, Ireland and Northern Ireland. On the other hand, oddly, it doesn't exclude rentals in Iraq, Afghanistan, Iran and other exciting adventure vacation spots for American tourists.

**MY VISA CAR RENTAL  
RECOMMENDATION**

A few states, including Minnesota, have a law that does require any personal auto policy to extend coverage for damage to cars you rent in the United States and Canada, for which you are responsible. No deductible applies. No need for extra coverage.

If your state doesn't have such a law but you have collision coverage on at least one car, your coverage will extend to car rentals. You won't need to buy the collision damage waiver coverage from the rental agency. Do charge the rental to Visa anyway so it picks up your collision coverage deductible for you.

If you don't have collision coverage on at least one car, your personal auto policy will not cover your responsibility for the damage to a rental car. Be safe and buy the collision damage waiver from the rental agency. Still charge your rental to your Visa card so you can have the coverage available as a backup if you need it.

**ONE EXCEPTION TO THE  
RULE**

Whenever renting cars for sightseeing expeditions in Iraq or Afghanistan, be sure to charge every rental to your Visa card! Be careful where you drive though—terrorist bombings are not covered by Visa!

**ARE YOU INSURED  
WHEN THE ROBOTS  
COME?**

Carol Bechay and Kristin Kemper were having a discussion about how broad the Homeowners policy coverage is. Carol told her that her policy covers almost any kind of loss (which it does). Kristin, being a bit of a smart aleck, asked Carol if Kristin was insured when the robots come. Carol told her that she wasn't covered for robots! [Actually not true unless the robots have officially declared war on us!]



Since then, it has become a bit of a practical joke between the two of them. So, recently, Kristin saw this delightful looking robot somewhere in her travels and had it delivered to us. Carol and I had a good laugh when we opened the box and saw this little fella! And for the icing on the cake, Kristin referred us to a website showing a humorous Saturday Night Live skit featuring a special policy from Old Glory Insurance that covers robots. See for yourself by Googling "robots, old glory" and selecting the Saturday Night Live video. It's a hoot!

**AND THE NEXT TIME  
YOU TALK TO CAROL . . .**

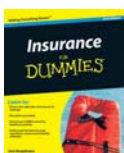
Be sure and ask her if you're covered if the robots come to your house!

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*I started working on this newsletter on a bright sunny warm day and I'm finishing it on a cold drizzly high-in-the-40s day. To paraphrase Forrest Gump, "Minnesota weather is like a box of chocolates. You never know what you're going to get!"*

*Have a great summer!*

*Jack Hungelmann*



Insurance for Dummies second edition, authored by Jack Hungelmann. Buy it online at [www.dummies.com](http://www.dummies.com) or [www.amazon.com](http://www.amazon.com).