

Greetings! What a fabulous autumn we've had! Warm weather! Great colors! Lots of convertibles with the tops down!

Here's the information I want you to be aware of to continue to manage the personal risks in your life.

**ATTENTION SENIORS
WITH BLUE CROSS
MEDICARE DRUG
COVERAGE**

Again this year, you have an open enrollment period from November 15 to December 31, 2010, during which you can change your drug plan at will. Your current plan, called the "Blue Cross Enhanced Plan," will automatically renew in what they now call the "Blue Cross Standard Plan." The deductible for 2011 is changing from \$160 to \$310. Plus the premium is up about 10% to \$39.40/mo.

**FOR THOSE WHO WANT
TO SPEND MORE**

Blue Cross offers an alternate prescription drug plan – the "Premier Plan" – that has no deductible, saving you \$310 a year. Plus it offers better generic drug coverage in the famous "donut hole" coverage gap. The plan costs \$109.50/mo.— a whopping \$840 a year more than the standard plan

**IF YOU'RE NOT SURE,
TEST THE WATERS
YOURSELF**

Blue Cross offers a great website to help you compare plans www.yourmedicareolutions.com. Just input your drug information and it will help you determine which plan is best for you.

**MY ADVICE ON
PRESCRIPTION DRUG
COVERAGE FOR 2011**

If you're comfortable with your current plan, you don't have to lift a finger. Just keep paying the premium. The "standard plan" is, for most of you, by far your best value for 2011. I plugged in this my prescription drugs—about eight different types—and I saved over \$600 a year with the standard plan instead of the premier plan.

\$4,550

That's your 2011 drug coverage out-of-pocket maximum before your plan's major drug coverage kicks in and pays about 95% of your remaining drug costs for the balance of the year.

**ANNOUNCING SOME
DONUT HOLE RELIEF
FROM UNCLE SAM**

If you hit the donut hole in 2010, the Federal government is supposed to mail you a \$250 rebate check. In addition, drug companies are required to discount their name brand drugs 50% for drugs you have to buy in the donut hole. Plus, the dollar amount of the 50% discount is applied to your out-of-pocket maximum on your policy, even though you did not actually pay that yourself!

**ARE YOU UNEMPLOYED
AND CAN'T AFFORD
HEALTH INSURANCE?**

Maybe you've heard of Minnesota Care, Medicaid, or other medical assistance programs that you've always figured you wouldn't qualify for because, although your income is reduced during unemployment right now, you still own a home and have other assets. Today I'm introducing Portico Healthnet. If you live in Hennepin, Ramsey, Dakota or Washington counties in Minnesota, you can call Portico, and they can help determine whether you qualify for any kind of public assistance. All sources in just one phone call! Here's the good news. Even if you don't qualify, you still can get non-hospital care through Portico for a small monthly cost of \$25-\$50 a month for an entire family! Call 651/603-5100 for more information. If you try them, please let me know how that goes for you.

WHY IS THE MORTGAGE COMPANY LISTED AS A CO-PAYEE ON A CLAIMS CHECK FOR STORM DAMAGE TO THE HOUSE? When a storm damages your home, many people are surprised—and often upset—that the mortgage company is listed on the check as the co-payee. Paying your contractor is now much more difficult because the mortgage company won't just sign off on the check unless you can prove that the work was actually done. Yet you can't afford to pay your contractor to do the work if the bank won't sign the check! A classic Catch 22!

HERE'S WHY THIS HAS TO BE THIS WAY The mortgage company on your policy is protected by something called "the Mortgagee Clause." This clause requires all money paid for building damage must include their name on the check. That is a condition of the loan you negotiated and agreed to.

THE PENALTY Suppose the insurance company pays only you. Then suppose you spend the \$20,000 check allocated for a new roof on a BMW C4 roadster instead. Then further suppose you default on your mortgage, and your home goes into foreclosure with the roof still unrepaired. Guess what? The mortgage company can demand that the insurance company pay the \$20,000 to repair the roof damage all over again! Needless to say, insurers don't like that!

HERE IS HOW TO RESOLVE THIS SO EVERYONE IS HAPPY Ask your mortgage company to deposit the check in an escrow account from which you can write checks to pay the contractor as each portion of the work is completed. The contractor is getting paid. He's happy. The mortgage company is assured the work is getting done. They're happy. You're getting a new roof without having to pay for it yourself. You're happy. And your insurance company did not have to pay twice for the same roof. They're happy. Everybody is happy!

PROGRESSIVE: \$500 PET INJURY COVERAGE FOR WATERCRAFT Finally, some insurance company has stepped forward to solve one of the critical insurance needs out there—injuries to pets riding on boats, water skiing, etc. Here's the best news of all. If you buy a Progressive boat policy, you get this coverage free of charge! And they say that insurance companies don't have a heart today!

TIPS FOR PARENTS WITH THOSE OFF TO COLLEGE The following are some of the added risks associated with children going off to college and my recommendations for each risk: My advice is based on the assumption that they still consider your home their permanent residence (i.e., their driver's license still has your address.)

Medical Risks

- **KEEP THEM ON YOUR POLICY** Under our new federal health act, your child can be continued on your policy to age 26. Keep them there. Don't make the mistake of relying solely on their student health coverage available through school. (I've looked at several student plans. They generally provide pretty decent coverage for routine care, like office visits and short-term hospitalization stays. But they are usually not a major medical policy and often limit most care to the student health center.)
- **ALSO BUY THE STUDENT HEALTH PLAN FROM THE SCHOOL** Do keep them insured on your policy and also buy the student health coverage if it's affordable. Why? Because it's probable that your child will want to get care as easily as possible. The student health clinic may not be covered under your major medical policy. Since we want our children to get medical care early on, buy the student health plan too.
- **IF THEY ARE STUDYING ABROAD FOR A SEMESTER OR MORE** Buy a good medical evacuation policy so if something serious happens you can have them flown back home on an emergency room equipped airplane. I recommend Medjet because the choice of when to go and where to go is completely in your hands. Visit www.medjetassist.com for more information.

Automobile Risks

- **IF THEY ATTEND SCHOOL MORE THAN 100 MILES AWAY FROM HOME** And if they don't take a car with them, call our office and ask customer service to add a "distant student discount." You get about 50% or more off the youthful charge to insure them. Plus, they are insured when they come home for visits and they are fully insured during the summer with no extra charge.
- **REMEMBER THE "B" HONOR ROLE CREDIT** This discount still applies. It's usually worth about 15% (i.e., \$200 a year) if they stay on the "B" honor role (a 3.0 GPA or better).
- **IF THEY HAVE ACCESS TO A FRIEND'S OR ROOMMATE'S CAR** Even if they don't borrow it often, your auto policy has a coverage exclusion that denies coverage for cars that they have available for regular use. You need to eliminate that exclusion by adding an inexpensive endorsement to your policy called "extended non-owned automobile coverage." It typically costs about \$40 a year or less. Call Corporate 4 customer service to add this important liability coverage.
- **IF THEY DO TAKE A CAR WITH THEM** You will need to keep the car insured with them rated as a principal driver. No discounts other than a good student discount would apply.

Personal Property Risks

- **THE RISKS OF FIRE AND THEFT** First the good news. Your student's belongings are covered by your Homeowners policy up to 10% of the contents amount under your policy (i.e., \$300,000 under your policy will provide \$30,000 of coverage for your student away from home.) Coverage is, however, subject to your Homeowners deductible, which today is usually \$500 or \$1,000 per claim. One catch—coverage ends if the property is located in a dorm or a residence which is unoccupied for 45 days or more (i.e. in the summer). Have them either bring their belongings home or store them in a locked mini-storage. If the latter, your full contents limit applies—no 10% limitation.
- **WHAT ABOUT LAPTOP COMPUTERS?** Laptops are exposed to a lot of risks besides fire and theft. They can be damaged by soda spilled on the hard drive, breakage, etc. My advice on laptops is to schedule them on the policy like you schedule jewelry. Almost any kind of loss is covered. There's usually little or no deductible and the cost is usually quite reasonable!
- **OTHER EXAMPLES OF STUDENT PROPERTY YOU CAN SCHEDULE** Bicycles, cameras, musical instruments and jewelry all can be scheduled. The cost is reasonable. Broadest possible coverage applies, including breakage and theft. Little or no deductible.

Liability Risks

- **DAMAGE TO PROPERTY OF OTHERS AT SCHOOL** For damage to the dorm or an apartment, Homeowners policies usually provide minimal coverage except for fires. But many Umbrella policies do cover damage to property rented to you. If your student accidentally burns the building down, both your Homeowners and Umbrella policies will generally cover their obligation up to your liability limits for each policy.
- **INJURIES TO OTHERS** Again, both your Homeowners and Umbrella policies will provide coverage for unintentional injuries caused by your student. You don't need to do anything special for that coverage.
- **WARNING TO PARENTS ABOUT SIGNING LEASES** Do not co-sign an apartment lease for your student. As a co-signer, you will be taking on all the liability risks arising from the apartment, including such risky exposures as college parties. A far better strategy to get the landlord what he needs and avoid liability exposures to yourself is to give the landlord a signed rent guarantee agreeing to pay any rent payments that aren't made by your student if they're delinquent. By doing this, you guarantee the rent payments without taking on all the added liability risks of a student apartment lease.

AN UPDATE ON OBAMA CARE CHANGES

Otherwise known as the Patient Protection and Affordable Care Act (PPACA). Includes a few changes that might affect your individual or group policies after September 23, 2010. They may not actually apply to individual and group plans, however, until the renewal date of the plan.

KEEP YOUR ADULT CHILDREN ON YOUR GROUP POLICY NOW UNTIL AGE 26

They no longer have to be a dependent. Nor do they have to live with you. Nor do they have to be in college. They can even be married.

THE END OF LIFETIME POLICY LIMITS ON "ESSENTIAL SERVICES"

Your major medical policy has a lifetime limit of usually somewhere from \$2 Million to \$6 Million. As a result of "Obama care", your coverage now no longer has a limit. This is huge for any kind of major illnesses or ongoing medical bills. Especially for individual policies which you might conceivably have in force for many years.

NEW SERVICES MUST BE ADDED TO "PREVENTIVE CARE"

Like obesity screens and interventions. Or screening for major depression in teenagers. Or providing oral fluoride treatments for children if your city water tests low for fluoride.

MORE TO COME LATER

I share with you those changes under the new Health Reform Law that are taking effect now—those changes that affect my individual and small business clients especially. As I learn more, I will share more in future issues.

HOW LONG HAS IT BEEN SINCE YOU'VE UPDATED YOUR BENEFICIARIES?

On your individual life policies? On your group life insurance at work? Do you have both a primary beneficiary and a contingent beneficiary named on each policy? Are these people named on the policies still the people you want the funds to go to?

WHAT ABOUT YOUR IRA'S AND PENSION PLANS?

If you use insurance annuities to fund these programs, have you named a primary and contingent beneficiary there as well? If not, add beneficiary names. If so, make sure the beneficiaries are current.

VIRGINIA'S STORY

I recently had a client of 30 years die. Virginia had never gotten around to updating the beneficiaries on her two IRAs. It cost her survivors a lot of added work. (For example, her mother with Alzheimer's still was one of her primary beneficiaries!) If you're guilty of not updating your beneficiaries, don't delay. Because if you do, you won't be hurting yourself but you will hurt your loved ones!

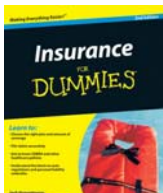
AND DON'T FORGET ABOUT UPDATING YOUR WILL

If you don't have a will now, consult an attorney regarding both a will and a health care directive. Call Carol Bechay in my office at 952/896-9536 if you need the name of a good attorney who can do this for you at a reasonable set price.

That wraps up this issue! Carol Bechay and I appreciate your making it possible financially for us to continue to operate our personal risk management and insurance business. Your support allows us to identify and manage the ever-changing personal risks in your life. For more information on this risk management business, go to my website www.jackhungelmann.com.

Best wishes!

Jack Hungelmann



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

