

Greetings! I feel particularly passionate about this newsletter. It represents the completion of 20 years of fulfilling a commitment I made to myself in January of 1985 to write three newsletters a year. This issue is the 60<sup>th</sup> newsletter I've written for clients during these past 20 years – about 700 hours total. I'm very proud of this accomplishment but even prouder of the quality of the content. I hope you have benefited too as a recipient.

There is no doubt in my mind that the time I spent researching each new coverage, restriction, or new law to learn enough about each to communicate them to you succinctly, along with my advice on how you should respond to each, has made me more knowledgeable and a much better agent than I ever would have been otherwise.

**WESTERN NATIONAL  
COMPLETELY  
EXCLUDES MOLD  
FROM HOMEOWNERS  
COVERAGE!**

Almost all insurance companies are limiting mold coverage. (See the article on mold coverage limits in my January 2004 newsletter.) But Western National has taken a harsher approach and has decided to completely exclude all mold claims, both for property damage and for liability. What I especially don't like about that decision is that, first, they even exclude mold cleanup from covered water damage claims, such as a dishwasher overflowing. Second, they exclude liability claims even if the existence of the mold was unknown to the homeowner. So if you have hidden mold and have a guest to your home who has an allergic reaction or asthma attack from the mold and sues you, you have no coverage at all.

**WHAT YOU CAN DO  
TO PREVENT MOLD  
FOLLOWING A WATER  
DAMAGE CLAIM**

- (1) Clean up all water ASAP. According to technical advisor Martin L. King, *"If you can dry something reasonably rapidly, you won't have mold problems."*
- (2) When you do have water damage, don't do the cleanup yourself. Hire a skilled repair service that has the technical equipment to measure the existence of mold and knows how to eliminate it before it becomes a problem.
- (3) Remember that, although insurance these days excludes or limits mold claims, there is no exclusion on any added costs you incur to completely dry up all water, including that hidden under carpeting, inside walls, etc.

Do not settle a claim with an insurance company that is paying for cleanup of surface water only. Get rid of the moisture with a skilled firm, and you should have no mold problems.

**WHY THE PANIC?**

U.S. insurance companies paid out a record \$3 billion in mold-related claims in 2002, up from \$1.3 billion in 2001—A 250% increase in claims in just one year. (Source: the Insurance Information Institute)

**WARNING TO  
BLUE CROSS  
GROUPS—30 DAYS  
NOTICE REQUIRED**

Blue Cross requires that you give them 30 days' written notice to cancel group insurance or you will be liable for extra premium. Not paying the group insurance bill won't cancel the program. The reason? Federal HIPAA law requires insurance companies to offer all employees covered under the canceling group plan the right to purchase an individual plan with no exclusion or limitation for pre-existing health problems.

To cancel properly, just fax the request, at least 30 days in advance, to Blue Cross at 651-662-7259 and a copy to us at 952-893-9402. Be sure to keep the original in your file.

**WWW.LIFELINE.ORG  
ESTIMATING YOUR  
LIFE INSURANCE  
NEEDS**

This is the website for the non-profit Life and Health Insurance Foundation (LIFE) based in Washington, D.C. Here you will find tools to help estimate the amount of life or disability insurance you need plus all kinds of useful information about life, health, disability and long-term care insurance. There are even downloadable consumer booklets in PDF format for each type of insurance. (Source: Reuters)

**WHAT TO DO  
WHEN YOUR TERM  
LIFE INSURANCE  
PREMIUMS  
SKYROCKET**

You've been paying \$60 a month for your \$500,000 term life coverage for the past several years. You wisely had purchased a super cheap level term premium policy with locked in rates for 10, 15 or even 20 years. Suddenly your premium triples to \$195 a month! What's happening? The guarantee has ended. Your rates will now start climbing rapidly, increasing every year as you get older and becoming cost prohibitive.

**WHAT TO DO?**

- If your need for life insurance is still not a permanent need and if your health is still good enough to qualify you, contact Carol Bechay, the agent that works with me here, to apply for a new super cheap term policy for your existing age for another fixed period of time for 10 years or more for the amount of life insurance you need today.
- If your need for life insurance is permanent or if your build or medical history won't qualify you for any new life insurance, take advantage of a conversion benefit in your current policy and convert to a permanent policy that will lock in your rates for the rest of your life for a cost far less than keeping your current term policy. There are no medical questions, no physicals, and coverage is guarantee for you at preferred rates. You'll even get a refund of some of your premiums (i.e., cash values) if you have to drop the policy at a future date before you die.
- If your need is permanent and you want more coverage than you currently have, call Carol Bechay at 952-896-9536 who will help you shop and apply for the best valued permanent policy she can find.

**BLUE CROSS OFFERS  
NEW COVERAGE  
OPTIONS FOR  
MEDICARE  
SUPPLEMENT  
POLICIES**

Some years ago, you purchased a Blue Cross Senior Gold Medicare Supplement policy but declined optional coverage for prescription drugs, knowing that you could not add the coverage at a future date. Good news. The rules have changed.

Blue Cross now offers three Senior Gold preventative drug options that you can add to your current policy.

Option	Benefit	Annual Maximum	Monthly Cost
Option A	50% of generic drugs only (no coverage for name brands).	No limit	\$25/mo.
Option B	50% of the first \$2,400 of all drug costs	\$1,200	\$53/mo. non-smoker \$68/mo. smoker
Option C	50% of all drug costs	No limit	\$125/mo. non-smoker \$153/mo. smoker

Option B is guaranteed just by applying. Options A & C require an application and underwriting approval.

**MY ADVICE**

If you're in poor health and currently take long-term meds, add Option B. At least you will get \$1,200 a year of help for \$636 in premium if you're a non-smoker.

If you're healthy and want the broadest coverage, apply for Option C.

If you're healthy, can't afford Option C, but want some coverage if your health does deteriorate, add Option A. It covers 50% of all your generic drug cost with no limit for only \$25/mo. Then work with your doctor to provide generic prescriptions only whenever possible.

**ADD PREVENTIVE  
CARE TOO**

If your Senior Gold policy does not include preventative care now (i.e., physicals, eye exams, etc.), call or email Carol Bechay at 952-896-9536 or [cbechay@corporate4.net](mailto:cbechay@corporate4.net) to add the coverage. The cost is only \$5/mo.

**WHAT ABOUT THE  
NEW MEDICARE DRUG  
COVERAGE PASSED  
BY CONGRESS?**

Don't rely on it yet. It does not apply until 2006, so it can still be voted out or changed. There are some significant co-payment requirements that are very confusing totaling over \$3,000 a year! The law as it now stands has a ridiculous provision barring you from having any drug coverage in your Medicare supplement policy that will pay any of that \$3,000 plus co-payment. Let's hope that this provision gets overturned before 2006.

**ADVICE FOR  
SIMPLIFYING  
WORKING WITH YOUR  
NEW HEALTH  
SAVINGS ACCOUNT**

You are “with it,” health insurance-wise. You or your employer have set up a Blue Cross High Deductible Health Plan (HDHP). You have also established a separate Health Savings Account (HSA) in which you can deposit up to 100% of your health insurance annual deductible on a before-tax basis. Then use those never-before-taxed dollars to pay your deductible or pay for other medical or dental expenses—even those not covered by your health plan. Whatever HSA funds you don’t spend this year will carry forward for future medical expenses or, if not used, for supplemental retirement dollars (like an IRA). On paper, what you’re doing is a great idea. In practice, several clients have experienced some frustration with it. Here’s some advice from me that should make your experience go a lot more smoothly.

**HSA: TIPS FOR  
SMOOTHER SAILING**

- (1) **Easy does it** – Expect complications and frustrations at first. This is a whole new concept in health care. Give yourself three to six months to learn how to use the program.
- (2) **Pay your health insurance premiums electronically monthly** – Avoid the danger of accidentally being without health insurance because you missed a premium payment. Set up payments on monthly electronic fund transfers so that your bank automatically pays the premium for you.
- (3) **Fully fund your Health Savings Account every January 1** – Don’t be unfunded or under funded in your savings account. It will result in a claims mess and possibly your paying medical bills with after-tax dollars instead of before-tax dollars—big mistake. If possible, fully fund your HSA by depositing 100% of your deductible (plus an additional \$500 if age 55 or older) on or shortly after January 1 of every year. If that isn’t feasible, then set up monthly HSA contributions for 1/12 of the annual allowed amount, deposited electronically by your bank. You will be billed regularly for your health insurance, but it will be up to you to make the deposits to the savings account. In my opinion, that’s not likely to happen consistently for most of us unless we do it on an electronic automatic basis.
- (4) **Sign up for the “Crossover” option** – When seeing network providers, avoid the headaches of having to file your own claims manually. This authorizes the administrator of your savings account to transfer money from your HSA to pharmacies directly electronically. It also authorizes them to issue claim checks to you to cover doctor and hospital bills that they receive electronically so that you have the money to pay those bills, without having to send in bills for reimbursement.
- (5) **Don’t pay medical bills until reimbursed by your HSA** – Don’t pay doctor or hospital bills that are within your deductible until you receive payment first from your HSA. This provides a built-in crosscheck to keep you from paying medical bills for which you have not been reimbursed by your HSA.
- (6) **Monitor your medical bills for accuracy** – Be proactive in controlling health costs by monitoring bills to make sure they’re accurate and you’re not being charged for services not received. Go online to [www.bluecrossmn.com](http://www.bluecrossmn.com) to discover who the best doctors or hospitals for the type of treatment you need. Find an accounting of your claims and HSA account disbursements. Ask doctors for their costs up front. Don’t incur frivolous test costs that aren’t really necessary. Until you hit the high deductible, it’s your money. Protect it.
- (7) **Order the Blue Cross guide to HSA’s booklet** – Pick up a copy of Blue Cross’ excellent reference guide that explains and answers almost all questions you might have regarding Health Savings Accounts. Email Carol Bechay at [cbechay@corporate4.net](mailto:cbechay@corporate4.net) who will be happy to send you the booklet electronically in PDF form.
- (8) **Who to Call** – For questions or problems with your high deductible health plan, call Blue Cross’s Customer Service at 651-662-5001. For questions or problems with your Health Savings Account, call MII Life at 651-662-5065. If neither can help you, call Carol Bechay at 952-896-9536.

**WARNING ABOUT  
MAIL FRAUD!  
STORYTIME**

Are you a small business with an old-fashioned mailbox on a post next to the street? Here is what happened to a customer of ours. We received a call from a local police department, stating that they had a policy folder and a rather large check of ours, made payable to one of our customers! This customer had an unsecured mailbox at their location, and no one was there on Saturdays to pick up the mail. Apparently there are people stealing mail on weekends in the hopes of finding checks they can duplicate and forge! In this case, the thieves found the \$12,000 check of ours, but the police caught them before they could create any forgeries!

Our customer had to go to the police dept. to retrieve his mail and the check; then he called us back to be sure it was a good check, not a forgery. He is going to the post office to see if they can stop Saturday delivery, when no one is around to get the mail. A better solution would be to rent a mailbox at the local post office, or go get your mail each day. With mail fraud and identity fraud so rampant these days, please be sure your personal and business mail is secure.

*(This tip provided courtesy of Shaun Kuffel and Kris Hess , Corporate 4 business insurance service agents.)*

**MY 16 COMMITMENTS  
TO CLIENTS AND  
MYSELF**

Check out this web site link: [www.irmi.com/Expert/Articles/2004/Hungelmann03.aspx](http://www.irmi.com/Expert/Articles/2004/Hungelmann03.aspx). I'm writing quarterly columns on personal risk management for the web site of the International Risk Management Institute (IRMI) with the objective of teaching interested agents how to provide risk management services for their clients. In the linked article, I explain the 16 commitments I make to my clients as part of my annual risk management fee. This article, better than anything else I've written, explains the value you receive from me for the fee you pay.

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*A magazine interviewer recently asked me to name the three things I'm most proud of in the 30+ years I've been agent. These are my three:*

- (1) I'm proud of writing the book, Insurance for Dummies. Writing it to the best of my ability. Having it receive accolades from both consumers and agents country-wide. Knowing thousands of readers were using the book to discover gaps in their insurance program and using the advice to plug those gaps.*
- (2) I'm proud of personally writing this newsletter three times a year for twenty years—through good times and bad. I'm proud of the quality of the content. Always full of information I felt was most important for you to know.*
- (3) I'm proud of the quality of every one of the insurance programs I designed over the years for hundreds of people in which countless coverage gaps were closed.*

*To sum it all up, I guess I'm proud and grateful that I got a chance to use the talents I was given to the best of my ability to make a difference in the lives of the people I encounter. It doesn't get much better than that.*

*Wishing you a beautiful Fall season,*

*Jack Hungelmann*



**Insurance For Dummies** authored by Jack Hungelmann. Buy it online at [www.dummies.com](http://www.dummies.com) or [www.amazon.com](http://www.amazon.com).