"PROVIDING INDIVIDUALS AND SMALL-BUSINESS OWNERS WITH RISK MANAGEMENT IN ADDITION TO INSURANCE"

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Greetings friends, Minnesotans, countrymen, lend me your ear! (What a great traditional start to an insurance newsletter!) I hope all is well with you.

After more than 40 years as an insurance agent, it takes a lot to surprise me. But I am stunned at Blue Cross' recent decision to withdraw from the individual and family health insurance market, discontinuing all policies as of 12:01 AM January 1, 2017. We're talking Blue Cross of Minnesota! The land of the free and the home of the brave. Mom and apple pie and quality health insurance!

THE GOOD NEWS . . .

This decision applies only to individual and family policies. It does not apply to any Medicare related products or group insurance products. (Collective sigh of relief.)

WHY DID BLUE CROSS WITHDRAW?

They're losing millions of dollars on these individual health insurance products. In fact, they project to lose one half of a billion dollars by the end of 2016, with no end in sight. Here is an excellent article by Star Tribune columnist Lee Schafer. It explains how the losses from insuring those otherwise uninsurable people, pre-Obamacare, were shared by both individual and group policies. Now they are being supported by just the individual policy holders, creating a "death spiral" as Lee writes.

http://www.startribune.com/lee-schafer-mnsure-isn-t-the-cause-of-rising-insurance-rates/392913591/

IF YOU HAVE AN INDIVIDUAL HEALTH INSURANCE POLICY WITH BLUE CROSS MINNESOTA ENDING DECEMBER 31

If you, or a spouse, have group insurance available to you at work, I suggest you start looking into being added to that policy.

If group insurance is not available to you, you'll have an open enrollment into any of the individual policies available through other insurance companies (i.e., Medica, Health Partners, Ucare, Preferred One, etc.).The open enrollment starts November 1 and ends December 31, 2016.

SOMETIME AFTER NOVEMBER 1 AND BEFORE THE 15TH . . .

Here's what I recommend that you do to get your individual coverage replaced. Contact our resident health insurance expert Mary Jo Hoff at 952-896-9524 or email her at mjhoff@corporatefour.com. She will take the pain out of the shopping process for you. She's a whiz at spreadsheets.

CHECK OUT MY INSURANCE BLOGS

Online at www.IRMI.com/biographies/Jack-Hungelmann. Scroll down past my biography to the articles. You will find 35 articles, ranging from how to manage the insurance issues relating to hiring a nanny, to choosing the right umbrella policy, to avoiding vandalism exclusions on vacant homes you have for sale. (FYI, IRMI is the International Risk Management Institute, located in Dallas Texas. First-class organization!)

SAD STORY

I started as an insurance agent for Bob and Betty over 30 years ago. I helped them set up auto, home, umbrella and life insurance. As the years went by, we became friends. We would meet for breakfast once a year and review their program. A couple of years ago, Bob was diagnosed with cancer. At the time, he had in place a $250,000 term life insurance policy. He wanted Betty to have something to pay off the mortgage or to help with the expenses when he died. Two years later, Bob's cancer was in remission. We received a lapse notice on his life insurance. By law, he had 30 days to make payments to reinstate his policy. Because of the cancer, I knew that he couldn't let this policy go because he would never qualify for a new one. We followed up with Bob several times, through e-mails, mail and voice mails, regarding the lapse notices. We never got a response from him and his policy lapsed. A few months later, he died of non-cancerous reasons.

I saw Betty at Bob's funeral. She knew that Bob's life insurance policy had lapsed. I know that $250,000 check would have made her life a lot easier. Instead, she had to sell the family home for living expenses. She ended up moving to a very small apartment. Another of the "if only's" of this world. Several months later, I still feel sad for Betty. I probably will for a long time.

THE MORAL OF THE STORY

Never let your life insurance lapse – especially if you're uninsurable medically.

DIVORCE: THE INSURANCE PITFALLS AND HOW TO AVOID THEM

Here is what is typical. Spouses separate. Each party keeps the car they use regularly. One spouse moves out and rents an apartment in just their name. They take some personal property with them. The home will normally be put up for sale.

MY GENERAL RECOMMENDATIONS

Don't split up any of the insurance. The car, home and umbrella policies should already be in both names. Don't drop any policies. Don't change any life insurance beneficiaries until the divorce is final. Solely owning your own vehicle would be the one exception where I recommend splitting up the car insurance on separate policies. Make sure that you use your own mailing addresses for billing purposes.

Be sure to extend liability coverage, from your homeowners policy, to the spouse's apartment. Your homeowners policy does not extend liability to the second location automatically. Note that your homeowners policy extends only 10% of the household contents coverage to the property in the apartment. If you are definitely going ahead with the divorce, and this is not a temporary location, a better alternative would be to set up a renter's policy that includes both property and liability coverage.

EVERY SITUATION IS DIFFERENT! That's why it's important to talk to me or Carol whenever your life changes. Because when you change, so do your risks and coverage needs.

All the best!

Jack Hungelmann CPCU