



# Insurance **Insights** newsletter

Summer 2014



**ODI**  
Ohio Department  
of Insurance



Lt. Governor / Director  
**Mary Taylor**

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## ***Lt. Governor/Department of Insurance Director's Message: Keeping Ohio Moving***

Serving as both the Lieutenant Governor and Department of Insurance Director has given me a unique opportunity to frequently interact with people from all walks of life. As I travel the state, I want Ohioans to know the Department is one of the largest consumer protection agencies in Ohio and can assist them with their insurance needs.

Ohio continues to be one of the top insurance marketplaces in the world, providing consumers with choice and lower costs. We review rates to ensure they are actuarially sound, not excessive or unfairly discriminatory, and we monitor the financial solvency of companies to ensure that they can pay consumer claims. We also diligently keep watch of the business conduct of companies and agents, and fight insurance fraud and scams with our partners across the state. The Department also saves millions annually for insurance consumers by reviewing their coverage complaints and by helping them understand their coverage options.

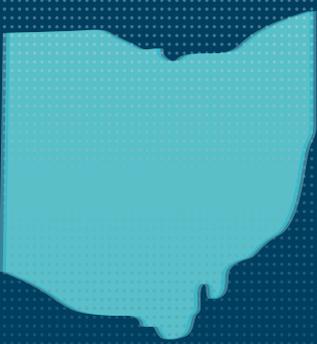
The Ohio insurance marketplace's premium volume ranks ninth in the country and 19th worldwide. The state has more than 95,000 people (not including thousands of agents) working in the industry, ranking seventh nationally that adds \$17.4 billion to the state's gross domestic product.

With one eye toward the future to ensure Ohio maintains its competitive edge, measures are already in motion to benefit Ohioans. The insurance industry is one of the state's largest employers offering career tracks in many different skilled professions, and is also helping to create indirect jobs that support the growing industry. In addition, the Insuring Ohio Futures Initiative, a public-private partnership between industry and the state is helping establish insurance curriculum and college majors. Awareness efforts to attract 26,000 students, career-changers and military veterans into insurance careers by the year 2020 are netting results.

In addition, I am proud to say Governor John Kasich recently signed legislation modernizing Ohio's insurance laws to maintain the strength and competitiveness of the state's insurance marketplace while also providing for new consumer protections now and into the future. The Department also implemented a 25 percent fee reduction for agents that will save Ohioans \$11.3 million. The Department's common sense approach to state government has removed unnecessary regulatory red tape so Ohio can continue as a lead insurance state.

I am pleased about the work we've accomplished, carrying on the tradition of the strong yet fair regulation of insurance in Ohio. We will continue that focus and help keep Ohio moving forward.





## *Sweeping Insurance Reforms to Benefit Ohio Insurance Consumers*

Lieutenant Governor and Department of Insurance Director Mary Taylor announced passage of significant insurance reforms that were signed into law by Governor John Kasich in June. Specifically, Senate Bill 140 makes changes to Ohio's insurance laws to maintain the strength and competitiveness of the state's insurance marketplace while also providing new consumer protections.

"These changes are among the most sweeping and impactful insurance reforms to pass the Ohio Legislature in years," Taylor said. "Ohio has one of the most competitive insurance markets in the country providing consumers with choice and accessibility. Senate Bill 140 will build on that strong foundation and further improve the environment for the industry to succeed and grow while ensuring strong consumer protections are still the cornerstone of our regulatory mission. I want to thank Senate President Faber, House Speaker Batchelder, Chairmen Hughes and Hackett, Leaders Schiavoni and Heard and the bill's sponsors Senator Bacon and Representative Kunze for ensuring these changes were considered and developed in a thoughtful and bipartisan way."

Among the changes included in SB 140 is the inclusion of a one-page summary document a consumer can refer to when they wish to get an overview of what is included in their insurance policy. Policy summaries came about as a result of Superstorm Sandy when it was discovered that many homeowners did not completely understand what was included in their policy. This provision will make it easier for Ohioans to understand what is in their policy in a more efficient and effective way.

Also included is an electronic delivery provision that will provide consumers secure access to information about their policy through newer means of technology. This would include using a desktop computer, mobile device or tablet to access their policy or receive updates regarding any changes to their coverage.

The legislation includes provisions that ensure Ohio's national accreditation by modernizing provisions related to an insurer's own risk self-assessment, credit for reinsurance, model holding companies and regulation of the investments insurers are permitted to make. These changes will help the industry operate more efficiently by updating portions of Ohio law that were outdated in some cases, while ensuring the Department of Insurance has strong oversight and additional regulatory tools needed to protect consumers.





## ***Agent Fee Reduction to Generate \$11.3 Million in Annual Savings***

A reduction in the fee insurance companies pay to “appoint” insurance agents is expected to result in \$11.3 million in reduced annual costs.

“Lowering the cost of doing business in Ohio benefits consumers and further strengthens Ohio’s vibrant insurance market,” Lieutenant Governor and Department of Insurance Director Mary Taylor said. “The Ohio Department of Insurance is committed to a common sense regulatory environment that makes it easier to do business, create jobs and protect consumers.”

An amended rule took effect in Ohio on June 30 that reduces the agent appointment fee 25 percent from \$20 to \$15. Insurers must “appoint” agents before those agents can act on their behalf to sell, solicit or negotiate insurance products. The Department has increased operational efficiencies by updating its technology systems, thereby reducing the resources needed to effectively monitor company and agent appointments.

The reduction is the latest common sense agent fee measure taken by the Department. A \$5 appointment termination fee was eliminated in 2013, while those who renew licenses late now pay \$50 instead of \$100. The license reinstatement fee was also dropped from \$300 to \$100.

Insurers will see direct costs savings because they mostly pay the agent appointment fee. However, agents and agencies will also benefit because the fee can be passed onto them by the insurance companies. Consumers may also benefit from the fee reduction as administrative costs such as appointment fees are built into the premiums consumers pay.

Agents with questions can contact the Department’s Licensing Division at [licensing@insurance.ohio.gov](mailto:licensing@insurance.ohio.gov).

## ***Ohio’s Auto and Home Insurance Rates Again Among Lowest in Country***

Lieutenant Governor and Department of Insurance Director Mary Taylor announced in July Ohio’s average auto and homeowner’s rate changes for 2013. The average rate changes for the top 10 private passenger auto and homeowner’s insurance groups were smaller than 2012 changes – increasing 2.6 percent and 7.4 percent, respectively.

“Ohio’s insurance market continues to provide consumers with choice and competitive rates,” Taylor said. “With nearly 700 companies selling auto and homeowner’s policies in Ohio, rates remain well below the national average saving consumers more of their hard earned dollars.”





## ***Ohio's Auto and Home Insurance Rates Again Among Lowest in Country...Cont'd.***

Insurance rates compute to the sixth lowest homeowner's (\$652, national average \$968) and ninth lowest auto insurance (\$620, national average \$797) average premiums in the country for Ohioans according to 2011 data, the most recent data available from the National Association of Insurance Commissioners (NAIC). Ohioans' average homeowner's and auto premiums have historically ranked in the top 10 nationwide.

A recent Insure.com study found the 2014 average annual premium for an auto policy for a new vehicle in Ohio is the lowest in the country.

Changes in auto insurance rates can be associated with medical costs, weather-related claims, the number of cars on Ohio roads and repairs costs. Changes in homeowner's rates can be attributed to weather-related claims, and building and material costs.

The historical rate change information is an average. Individual insurance consumers may have experienced rate changes that differ from the average. The Department reviews rates to ensure they comply with Ohio insurance law and that they are actuarially sound. The top 10 insurance groups represent approximately 70 percent of the market.

## ***Governor Kasich Signs Bill Allowing Captive Insurance Companies in Ohio***

Governor John Kasich signed into law in June legislation allowing Ohio businesses to form captive insurance companies in the state to provide for their own commercial insurance needs. House Bill 117 provides the Ohio Department of Insurance with regulatory authority over captives. Ohio now joins more than 30 states that allow the formation of captives.

"Thanks to the work and leadership of Chairman Hackett and Rep. Stinziano in conjunction with many different stakeholder partners, this legislation will further strengthen Ohio's insurance market," Lieutenant Governor and Department of Insurance Director Mary Taylor said. "These new tools will offer Ohio businesses new opportunities while also ensuring the Department has the proper and appropriate oversight in place."

The legislation allows the formation of captives to meet the commercial insurance needs of businesses such as for commercial auto liability, workers' compensation and medical malpractice. The legislation does not permit captives to be used to insure personal lines of insurance.





## ***Governor Kasich Signs Bill Allowing Captive Insurance Companies in Ohio...Cont'd.***

HB 117 also sets forth certain capital and financial reserve, organizational, general application and fee requirements and gives the Department authority to monitor the relationship/transaction between a parent business and its Ohio formed captive(s) instead of relying exclusively on another state's regulator. These measures will provide the Department with the regulatory tools necessary to monitor and regulate captives operating in Ohio.

A captive is different from a commercial insurance company because it only serves its parent business. Therefore, captives are regulated differently than traditional insurance companies that serve the public. Like traditional insurance companies, captives are regulated by the state in which its headquarters are located.

Captives have become a popular risk-management tool for businesses seeking greater control over managing their commercial insurance needs.

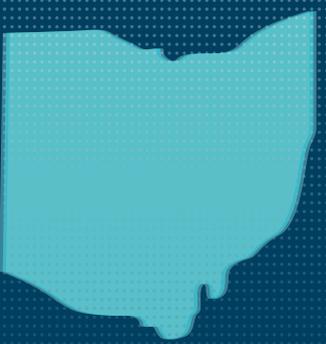
## ***Severe Weather Insurance Preparation and Recovery Toolkit***

The Ohio Department of Insurance has created a Severe Weather Preparation and Recovery Toolkit at [www.insurance.ohio.gov](http://www.insurance.ohio.gov) to assist Ohioans prepare for severe weather and recover from any damage it may have left behind.

The toolkit includes important tips, a home inventory checklist, flood insurance information, windstorm FAQs, claim filing tips to assist you after a disaster, and more.

You can call the Department's consumer hotline at 800-686-1526 with any insurance-related questions and stay informed by following the Department on Facebook and Twitter.





## ***Job Seekers Should Review Potential Insurance Benefits as Part of Total Compensation***

People joining the workforce such as recent graduates or those switching jobs to improve their overall financial situation should consider the potential total compensation, which includes insurance benefits. Insurance benefits can average nearly 10 percent of total compensation, according to the Bureau of Labor Statistics.

“As Ohio’s economy continues to grow and create new opportunities, Ohioans should take into account their insurance coverage options when considering a new job,” Lieutenant Governor and Department of Insurance Director Mary Taylor said. “Looking at total compensation and benefits can provide a more accurate picture than salary alone.”

According to a recent survey commissioned by the National Association of Insurance Commissioners (NAIC), in which the Department is a member, 73 percent of job switchers spent time thinking about salary and only 41 spent as much time considering insurance benefits. Less than 30 percent thought as much about out-of-pocket costs or insurance coverage effective dates before making the switch.

Taylor advises Ohioans to consider the following:

- Beyond salary, what are some other financial implications of making this job change?
- What options do I have to cover medical expenses while I’m between jobs?
- If something catastrophic happens to me between jobs, is my family protected?
- See if your current group life insurance plan has a conversion privilege. If so, you may have up to 31 days after leaving your job to apply for coverage.
- If your job change includes a move, check your homeowners’ policy to make sure personal possessions are covered in-transit. If not, consider a floater policy.
- Before accepting a new job, compare your current health plan with the new plan offered to assure the available mix of deductibles, co-pays and coinsurance will cost-effectively meet your needs.

Ohioans with insurance questions can call the Department’s consumer hotline at 1-800-686-1526. Insurance information is available at [www.insurance.ohio.gov](http://www.insurance.ohio.gov) and you can follow the Department on Facebook and Twitter.





## Tips to Keep You on Course After a Vehicle Accident

According to the National Highway Traffic Safety Administration more than 5 million motor vehicle accidents occur every year. If you were in an accident, would you know what information you need for an insurance claim? The Ohio Department of Insurance offers these easy to follow tips to get the necessary information following a crash.

“To help avoid an accident, drive at a safe speed, be sure to give yourself enough space between the cars around you, and always wear your seatbelt,” Lieutenant Governor and Department of Insurance Director Mary Taylor said. “Drivers should review their auto policy to better understand their coverage and work with their agent to make sure they have the appropriate level of protection should an accident occur.”

### Be Prepared:

Before you hit the road, it’s important to understand your auto insurance policy. Always keep a copy of your current insurance card in the car with registration. Keep a copy of your insurance card in your wallet.

Ask your insurance agent to explain the important elements of your policy to you, including your deductible and liability limits. You may even want to consider adding uninsured or underinsured motorist coverage to your policy if your insurance provider offers it. This coverage will protect you if you are in an accident with an uninsured or underinsured driver, and the accident was their fault.

If you are a parent with a teen driver, sit down with them and talk about the risks of unsafe driving before you hand over the keys. Research shows that teens whose parents establish rules associated with driving privileges are less likely to get in a crash.

### After an Accident:

Getting into an accident can be stressful and chaotic. It’s difficult to remember what to do immediately following a wreck. Many people are unsure about what information they need to share with and collect from the other driver. You only need to typically provide your name and insurance information, including the insurance company, their agent and policy number. Divulging more than that, such as your address or driver’s license number, could put you at risk for identity fraud.

To help take the worry out of collecting information and filing an insurance claim, the National Association of Insurance Commissioners (NAIC), in which the Ohio Department of Insurance is a member, developed WRECKCHECK, a free mobile app for iPhones and Android devices.

This award-winning app walks you through a step-by-step process to create an accident report. WRECKCHECK allows you to take photos of the scene and document only what is necessary to file an insurance claim. You can even send the completed accident report to yourself and your insurance agent. If you don’t have a smartphone, you can download a printable checklist here to keep in your glove compartment.





## *Tips to Keep You on Course After a Vehicle Accident..Cont'd.*

WRECKCHECK also provides tips on what to do immediately following an accident:

- Remain calm and assess the scene. Do not get out of your car if it is not safe to do so.
- Call the police and inform them of any injuries. If the police are not dispatched, file an incident report. This may assist you with your claim.
- Be courteous, but do not admit fault.
- Get names and contact information of any witnesses.

### **Filing the Claim:**

It's best to start the claims process as soon as possible while the details of the accident are still fresh in your mind. When you call your insurance company or agent, have available the police or incident report, your insurance information, and a copy of the accident report that you created at the scene. Take notes, including the name and contact information of the person you spoke with, during any conversations you have with insurance companies, claims adjusters or auto repair shops.

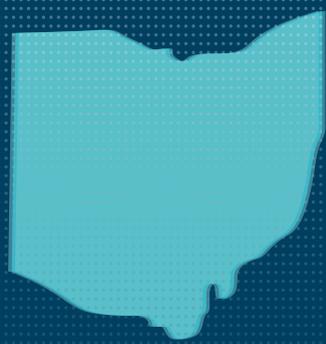
Your insurance company should be able to file the claim and work with the other insurance companies on your behalf. Keep in mind that you may be asked to do an interview with the other driver's insurance company so that they can investigate the circumstances of the accident as well. A claims adjuster or auto repair shop will likely examine the damage to the car and talk with you about the accident. Your insurance company will use the adjuster's findings as the basis of their settlement.

Talk to your insurance company about whose coverage will pay for damages to the vehicles, rental car expenses, or medical costs as a result of the accident. Some of these expenses will depend on who is at fault, what coverages are on your policy, and what state you live in.

### **More Information:**

Ohioans with insurance questions or concerns can call the Department's consumer hotline at 1-800-686-1526 and visit [www.insurance.ohio.gov](http://www.insurance.ohio.gov) for free information. You can follow the Ohio Department of Insurance on Facebook and Twitter. For more information and tips on how to save money on your premiums, visit [www.InsureUonline.org](http://www.InsureUonline.org).





To request consumer publications  
or ask questions about insurance, please call the  
Ohio Department of Insurance consumer lines:

OSHIP Hotline .....800-686-1578

Consumer Hotline.....800-686-1526

Fraud Hotline .....800-686-1527

TDD/TTY phone users, please call Ohio Relay Service 711

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