

OLDER AMERICANS MONTH



AGING UNBOUND: MAY 2023

This presentation does not provide legal advice.
You should discuss specific questions with your
trusted financial advisor or insurance producer.



Homeowners Insurance

It's still important even if you
have *paid off* your mortgage!

Consumer Education and Advocacy Unit

Moderator: Patricia Dorn

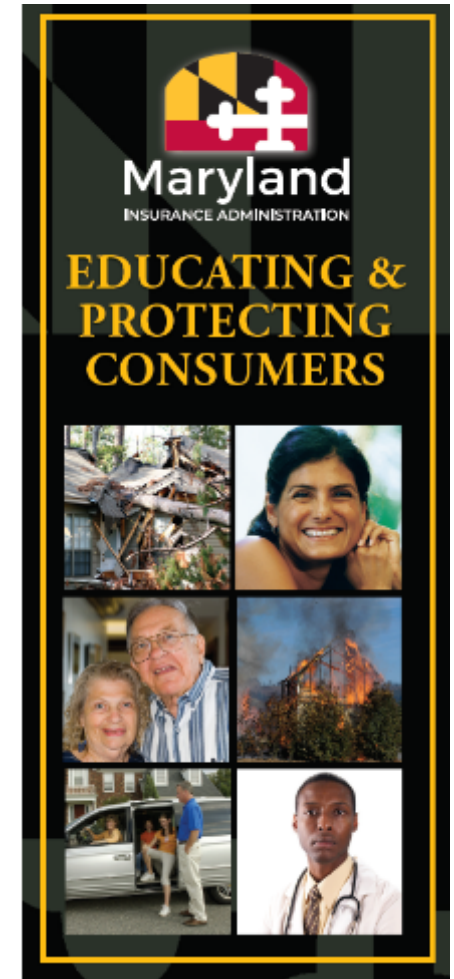
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What is the Maryland Insurance Administration

The Maryland Insurance Administration (MIA) is the state agency that regulates insurance in Maryland. The MIA:

- Licenses insurers and insurance producers (agents or brokers).
- Examines the business practices of licensees to ensure compliance.
- Monitors solvency of insurers.
- Reviews/approves insurance policy forms.
- Reviews insurance rates to ensure rates are not inadequate, excessive or unfairly discriminatory.
- Investigates consumer and provider complaints and allegations of fraud.



[MIA YouTube playlist](#)



You've Paid Off Your Mortgage!

- Paying off your mortgage is an exciting event, but it comes with new responsibilities.
- When you first purchased your home your lender likely required you to pay extra money each month to an escrow account – to pay for expenses such as your homeowners insurance.
- As the sole owner of your property now - you are now on your own to cover the cost of homeowners insurance.



Why did my lender require Homeowners Insurance?

Your lender had the right to take possession of your property if you failed to make your mortgage payments – Homeowners insurance protected the lender's financial interest in your property.



Why Do I Need Homeowners Insurance Now That I've Paid Off My Mortgage?

While maintaining Homeowners insurance after you've paid off your home is not state or federally mandated, it is something you need to think carefully about before you cancel your insurance.

- Your home is likely your largest asset.
- Homeowners insurance is there to pay for damages covered under the policy.
- Most people do not think about Homeowners insurance until they have a reason to use it.
- Although we know that fires, theft, and other accidents occur, we tend to think, “Odds are, that will never happen to me.”
- Unfortunately, if you experience a loss and you don't have insurance, your finances may be ruined.

Why Do I Need Homeowners Insurance Now That I've Paid Off My Mortgage?

We often think of insurance as paying to rebuild after a fire. Think about a smaller loss such as a burst pipe or roof damage caused by wind and how much these expenses would cost you without a homeowners policy in effect.



Why Do I Need Homeowners Insurance Now That I've Paid Off My Mortgage?

Would you have the money to repair your home if those losses are in the tens of thousands of dollars?

What would you do and where would you go if tomorrow your home was uninhabitable due to a loss?



Shopping for Homeowners Insurance: Where do I start?

If you are still maintaining your Homeowners Insurance coverage, contact your Homeowners Insurer or your insurance producer.

It's important that you provide the documentation they need to remove your lender from your insurance policy. Your lender is a named policyholder on your contract while you have a mortgage— and thus would be entitled to payment if you filed a Homeowners insurance claim.

If your mortgage is paid off, this money would eventually find it's way to you - but having the lender's name removed from your policy in advance can save you frustration and delays in an already stressful time.

Maryland Insurance Administration's Homeowners Insurance Rate Guide

If you have let your insurance lapse, or you are interested in shopping for a new policy, comparison shopping is the key to getting the most out of your insurance dollar.

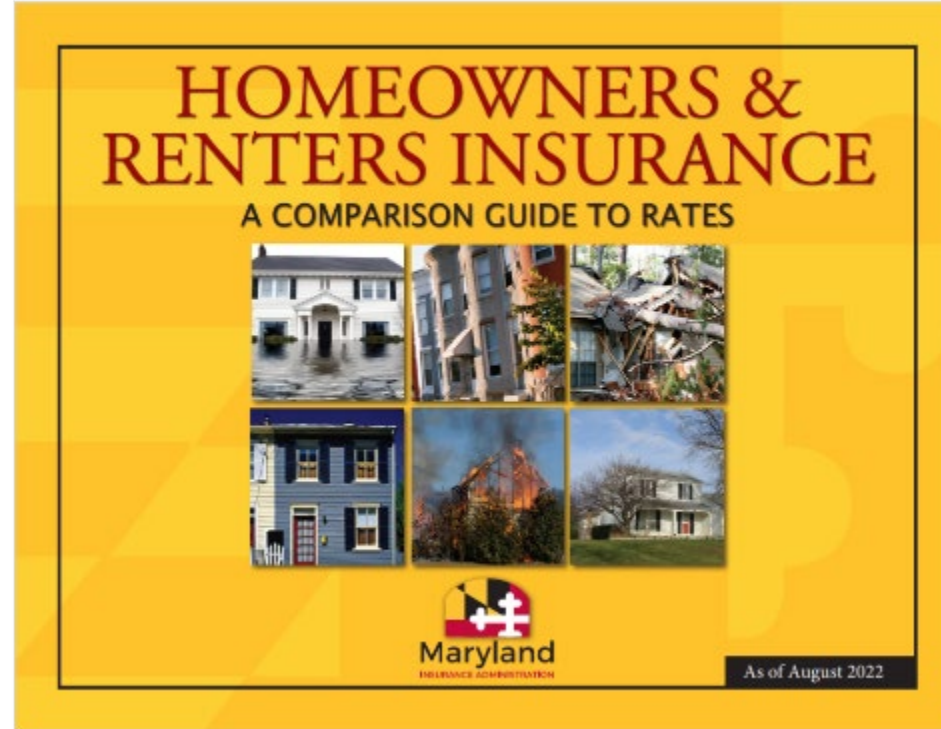
Shop around! You may be surprised at how much less you can pay with another company for the exact same coverage. Don't forget – you want an apples to apples comparison, make sure the quotes you get are for the same coverage.



Maryland Insurance Administration's Homeowners Insurance Rate Guide

This brochure is available at
[Homeowners Insurance: A Comparison Guide to Rates](#)
or by calling us at 800-492-6116 to request a copy.
Insurance company phone numbers and websites are
available in the back of the book.

Maryland Insurance Administration's Homeowners Insurance Rate Guide



[Click Here for visual instructions on how to most effectively use the rate guide](#)

Shopping for Homeowners Insurance: What else do I need to know?

Know the difference between ACV and RCV

Actual Cash Value (ACV) is the cost to replace the damaged property with “like kind or quality” minus depreciation for age and use.

Replacement Cost Value (RCV) is the cost to replace the damaged property **with “like kind or quality”**, at full cost without depreciation, **less the amount of your deductible.**

Shopping for Homeowners Insurance: What else do I need to know?

Deductibles

- You may have many options when choosing a deductible. If you choose a policy with a \$500 deductible – there must be \$500 of covered damage to your home or personal property for each claim before you are entitled to collect any money from your insurer. Your insurer will deduct \$500 from the total amount of covered damage.
- Higher deductibles reduce your premium. Choose a deductible that you will be able to afford to pay out of pocket if you have a claim.
- You can ask your insurer or insurance producer how much your premium will be reduced by increasing the amount of your deductible.

Shopping for Homeowners Insurance: What else do I need to know?

Deductibles

- Some homeowners policies contain special percentage deductibles for losses caused by specific perils such as wind, hurricanes or other storms. The insurer may automatically include these deductibles or make these deductibles available at the option of the policyholder. Always ask your insurer or insurance producer if your policy has a flat deductible or a percentage deductible. Percentage deductibles are based on your dwelling coverage limit, not the amount of your loss.

Example: If your dwelling is insured for \$100,000, and your policy has a 2% deductible for certain perils, your deductible would be \$2,000.

If you have problems obtaining a homeowners insurance policy

If you have been turned down by one insurer for homeowners insurance, try obtaining coverage through another insurer or other insurers. Do not assume that you will be turned down by all insurers. Just as insurers have different premiums, they also have different underwriting requirements. Call around and keep trying to obtain an insurance policy.



If you have problems obtaining a homeowners insurance policy

If you are unable to obtain insurance for your home from a private insurer, limited insurance protection may be available through the Maryland Property Insurance Availability Program, known as the **Joint Insurance Association (JIA)**

3290 North Ridge Rd Suite 210
Ellicott City MD 21043
410-539-6808
800-492-5670
www.mdjia.org

JOINT INSURANCE ASSOCIATION



In Conclusion...

No one likes paying for insurance – but the consequences of not having it can be devastating, and quickly erase the good decisions you've made in the past, and the hard work you put in while paying off your home.



Medicare Supplement in Maryland

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Review of Medicare: Part A

- Referred to as Hospital Insurance or Inpatient Insurance.
- Funded by payroll tax (FICA). Most people with a personal or spousal work history and paid into Social Security do not pay for Part A.
- Covers care in a hospital, some costs of skilled nursing facilities and home health services, as well as hospice care for the terminally ill.



Review of Medicare: Part B

- Referred to as Outpatient Insurance.
- Part A and Part B together are referred to as “Traditional Medicare” or “Original Medicare.”
- Funded by Part B premiums and general revenues from the federal government.
- Part B covers doctor services, lab tests, medical equipment, ambulance services, prevention and wellness screenings, orthotics/prosthetics, and mental health services.
- Permanent penalty for late enrollment, 10% of the base premium for each year you delayed enrollment.



Review of Medicare: Part C

- Part C is Medicare Advantage – plans offered by private companies under a contract with Medicare to provide Parts A and B coverage. May offer Part D coverage (drugs).
- May offer additional benefits not covered by Original Medicare, such as vision and dental services.
- Patient still pays the Part B Premium.
- May have additional premiums, deductibles and co-pays - varies by the company and by plan.



Review of Medicare: Part D

- Part D is medication coverage.
- Provided through private companies, either as stand-alone plans or as a part of the Part C Medicare Advantage plans.
- No pre-existing condition clause – must accept anyone who is eligible.
- May incur a permanent penalty for late enrollment in a Part D plan.
- Different plans have different costs and formularies (drug list).
- Annual Open Enrollment for Part D is October 15 - December 7.



Review of Medicare: Medicare Supplement

- Medicare Supplement is a product to supplement Original Medicare.
- Pays for cost sharing for parts A and B, but not part D.
- Purchased from private insurance companies.
- 12 standard plans in Maryland.
- No annual open enrollment period.
- Six month Medicare Supplement open enrollment period, you may purchase any Medicare Supplement plan sold in your state without underwriting.



FAQ's

Q. Is a Medicare Supplement plan the same as a Medigap plan?

A. Medicare Supplement and Medigap are different names for the same health insurance product. Some organizations prefer one name over the other, and some may use both.

Q. Do the Medicare Supplement plans cover prescription drugs?

A. Some plans sold before 2006 include prescription drug coverage, but policies sold since January 1, 2006, are not allowed to include prescription drug coverage. Prescription drug coverage, Medicare Part D, is offered through private insurance carriers approved by Medicare.



What we regulate: Medicare Supplements

The Maryland Insurance Administration (MIA) regulates insurance policies issued in Maryland, including Medicare supplement (also known as Medigap) policies. The MIA DOES NOT regulate Medicare Advantage or Part D plans, except for solvency and producer conduct.

For Medicare supplement, the MIA reviews:

- Policy forms;
- Premiums rates; and
- Complaints from consumers.



FAQ's

Q. Can the MIA help if I have questions about parts of Medicare besides the Medicare Supplement?

A. The Maryland Insurance Administration **cannot** answer questions regarding Medicare Parts A and B, and recommends that you contact your local State Health Insurance Assistance Program (SHIP) or the Centers of Medicare and Medicaid Services (CMS) for assistance.

CMS is a federal agency within the U.S. Department of Health and Human Services. CMS administers the Medicare program and can answer your questions regarding the Medicare Program. The CMS website at www.cms.gov contains valuable information regarding Medicare, including a handbook on Medicare entitled, “Medicare & You” that provides detailed information on Medicare program benefits, rights and obligations. You may also contact CMS directly by calling toll free, 1-800-MEDICARE, or visiting the Medicare website at www.medicare.gov.

SHIP is a program that helps those on Medicare with personalized Medicare counseling, education, and access to financial assistance resources. Each of the Maryland counties and Baltimore City have access to a SHIP and you can find your local office here: <https://insurance.maryland.gov/Consumer/Documents/publicnew/ship-phone-numbers.pdf>



Medicare Supplements Overview

- Medicare supplement plans are standardized.
- Standardized plans are identified by a letter.
- Plans A, B, C, D, F, G, K, L, M, and N are currently sold. Remember Plans A,B,C,D are not the same as Medicare A,B,C,D.
- All plans offer the same basic benefits.
- Companies don't have to sell all plans.
- Plans E, H, I, and J exist but are no longer sold, but those enrolled in the plans before June 1, 2013 may keep the plan.
- C and F are available for purchase only to those eligible for Medicare before January 1, 2020.
- Only the policy cost will vary between companies.



IMPORTANT: Medicare uses A,B,C, and D to names the “parts” of Medicare. The Medicare Supplement has plans A, B, C and D but it’s important to know Part A and Plan A are different.

Medicare Supplements Overview

Standardized Medicare Supplement Plans

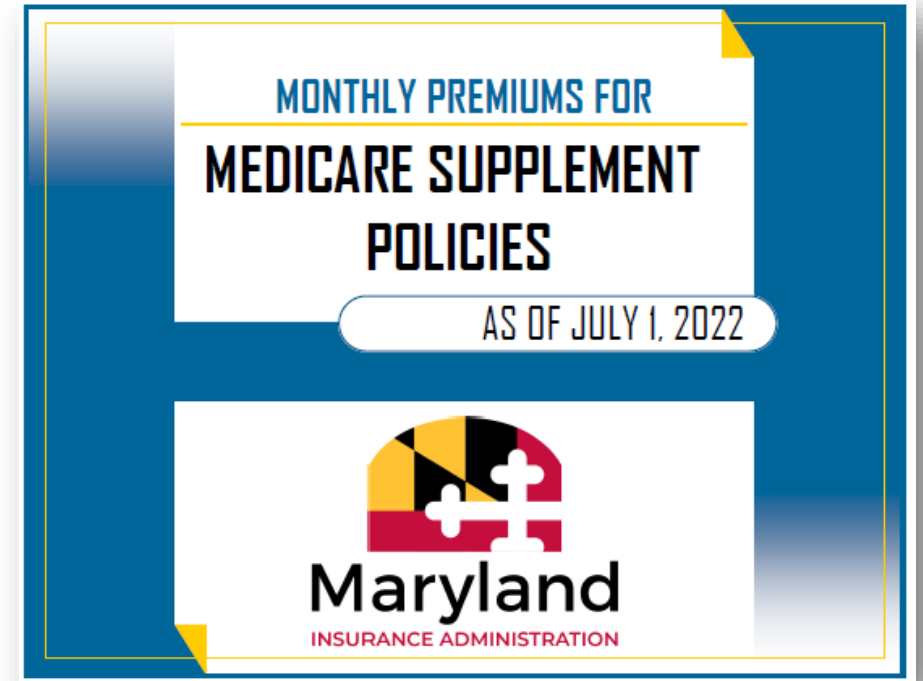
Benefits	A	B	C	D	F*	G*	K	L	M	N
Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Medicare Part B coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%**
Blood (first 3 pints)	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice care coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility care coinsurance			100%	100%	100%	100%	50%	75%	100%	100%
Part A deductible		100%	100%	100%	100%	100%	50%	75%	50%	100%
Part B deductible			100%		100%					
Part B excess charges					100%	100%				
Foreign travel emergency (up to plan limits)			80%	80%	80%	80%			80%	80%
Out-of-pocket Limit in 2020, K and L							\$5,880	\$2,940		

***Plans F and G include a high deductible option. The deductible for 2023 is \$2,700.**

**** Plan N requires a \$20 co-payment for office visits and a \$50 co-payment for emergency room visits.**

Medicare Supplements Overview: Rates

- The Maryland Insurance Administration publishes a rate guide which is available on our website.
- The rate guide is updated in January and July.
- Individuals should contact the insurance company to learn the rates in effect when they are applying.
- There may be discounts for a period of time, or for multiple policies in the same household from the same company.
- If you move out of Maryland, you may be able to keep your plan and your rate. However, some insurers will rate you based on your new address, and in MA, MN and WI you will generally need to get a new plan, as these three states have non-standardized Medicare Supplement plans.



This publication is updated twice a year for rates effective January 1st and July 1st

Insurance Fraud

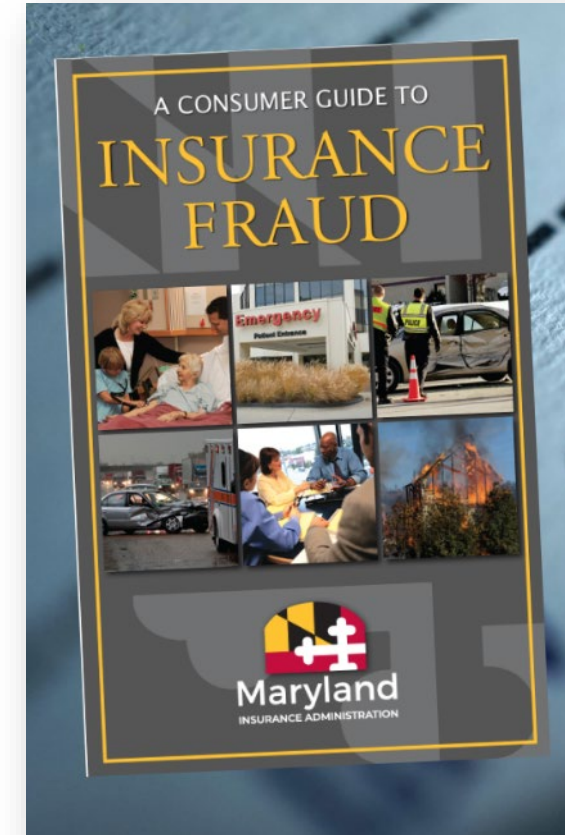


Insurance Fraud

What is Insurance Fraud?

Insurance fraud is when an insurance producer, adjuster, or consumer commits a deliberate deception for financial gain. Insurance fraud is one of the most costly crimes in our country - costing about \$40 billion per year nationally.

According to the Coalition on Insurance Fraud, it is estimated that each household pays approximately \$1,000 extra in insurance premiums each year to offset the cost of insurance fraud. Committing insurance fraud can result in civil or criminal prosecution, jail time, penalties as high as \$10,000, or jail time and penalties.



Insurance Fraud – Life and Health Insurance

Older Adults are often targets of insurance fraud, particularly in regard to life and health insurance..

Be wary of a salesperson or telephone caller who:

- Contacts you unsolicited. The salesperson probably has obtained your information through a mailing list.
- Uses high-pressure tactics. Common tactics include offering a “last-chance deal,” or “limited offer” or attempting to pressure you to sign forms without reviewing them.



Insurance Fraud – Life and Health Insurance

Be wary of a salesperson or telephone caller who:

- Urges you to cash in an existing annuity or life insurance policy to buy a new annuity, life insurance policy, or other investment. Generally, annuities and life insurance are worth more the longer you keep them. Changing to a new annuity or policy may cause you to lose money over the first three to five years. You also may be charged a penalty if you withdraw money from your annuity early. Discuss the tax consequences of early withdrawal with your tax advisor.
- Claims to be from Medicare, Social Security, or another government agency. An insurance producer or broker who claims to be associated with the government is breaking the law.
- Wants to sell you a package policy that includes several different benefits, some of which duplicate a policy you already have or include coverage you do not need.

Insurance Fraud – Life and Health Insurance

Be wary of a salesperson or telephone caller who:

- Wants you to pay cash or make your check/money order payable to him or her. Never pay with cash and always request a receipt.
- Wants you to sign forms that contain false or incomplete information or are blank.
- Wants to fill out the forms for you. Make sure you read over and understand all of the forms you sign.
- If you are unsure whether an insurance product makes sense to you, reach out to your friends or family, or from a trusted accountant, attorney, or financial adviser before making an insurance purchase.

Insurance Fraud

You are encouraged to report insurance fraud activities to the Maryland Insurance Administration's Insurance Fraud Division.

You need not give your name. Simply call 1-800-846-4069. Consumers may also email fraud referrals by sending completed forms to fraud_referrals.mia@maryland.gov.



Contact Us

We're here to assist with all of your insurance questions or issues.

Contact us to verify the insurer or insurance producer you select is authorized to sell insurance in Maryland to protect yourself from fraud.

Maryland Insurance Administration

 410-468-2000

 800-492-6116

 www.insurance.maryland.gov