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A Consumer Guide to Choosing an Insurance Company

by the State of Alaska Division of Insurance

Please read this before you buy insurance -it is important news from the State of Alaska Division of Insurance.

You are a buyer of different types of insurance. You may have insurance on your home, your car, and your life. When you buy insurance, you need to learn about the financial condition of the insurance company. This brochure has been provided by your Division of Insurance and the National Association of Insurance Commissioners (NAIC) to help you make informed choices when shopping for insurance. Since the mid-1800s, state governments have been responsible for regulating insurance. A primary job of state insurance regulators is to make sure that the insurance company that you do business with will be around when the time comes for it to pay your claim. Here are some questions that may be on your mind, and some answers to those questions.

What is the likelihood that my insurance company will fail?

Insurance company failures have been rare. Recently, insurance regulators have taken over a few companies facing economic trouble in order to protect insurance consumers. However, these companies represent a tiny fraction of the industry.

When I am buying or renewing my insurance, how can I protect myself from companies in bad financial shape?

See:

SHOPPING FOR INSURANCE

MAKE SURE THE COMPANY MAY LEGALLY DO BUSINESS IN ALASKA

CHECK WITH THE RATING AGENCIES

IF IT SEEMS TOO GOOD TO BE TRUE, IT PROBABLY IS.

LIFE/HEALTH FUND

PROPERTY/CASUALTY FUND

SHOPPING FOR INSURANCE

The first step in selecting a financially strong insurer is to shop around. Talk to several representatives or insurance producers from a number of different companies. Tell them what your insurance needs are and ask them what their company will charge to cover you. When you talk to company representatives or insurance producers, remember that they are sales people who make their living selling insurance for insurance companies. They are a source of information on insurance coverage and the price for coverage, but many represent the company, not you. They will not make money unless they sell you insurance from a company they represent. You are responsible for deciding whether you want to purchase an insurance product and, if you do, from which company to buy it. Once you have narrowed down the companies you are considering, there are a number of steps you can take to learn more about their financial condition.

MAKE SURE THE COMPANY MAY LEGALLY DO BUSINESS IN ALASKA

Call the Alaska Division of Insurance to find out if the insurance company is permitted to do business in Alaska. If not, don't buy insurance from that company. Tell the Division of Insurance that the company is trying to do business in Alaska. If you purchase insurance coverage from a company not licensed in Alaska, you will not be protected by the guaranty fund should the company fail. (Guaranty funds are explained later in this brochure - read on.) Also note that insurance purchased from an approved but nonadmitted (not licensed) insurer is not protected by the guaranty fund.

CHECK WITH THE RATING AGENCIES

Several private companies or rating agencies conduct financial analyses of insurance companies and grade or rate them. These grades or private ratings are only opinions. Therefore, they carry no guarantee of accuracy, but they can provide you with some information about how private analysts view the health of a particular insurance company.

Look at how several of the agencies rate a company. It's also a good idea to see if an insurer's grades or ratings have changed over the last couple of years. Ratings are available at most public libraries; or, you may call the agencies directly at the telephone numbers listed below. If you call, ask what you will be charged for rating information about a company. Also note that if you dial a "900" number, your telephone bill will reflect a charge that is a fee paid to the rating agency in addition to the cost of the call.

Duff & Phelps, Inc. 312-368-3157

Demotech, Inc. 614-761-8602

Fitch Investors Service, Inc. 212-908-0500

Moody's Investors Service 212-553-0377

Standard & Poors 212-208-1527

Weiss Research, Inc. 800-289-9222

A.M. Best Company 900-555-2378/800-424-2378

IF IT SEEMS TOO GOOD TO BE TRUE, IT PROBABLY IS.

If you find that one company is able to quote you a much lower price or a much higher yield on an insurance product than the rest of the companies you are considering, be careful. It may be that the company is taking greater risks itself, perhaps by having too many high-risk investments.

What happens when a company becomes insolvent and is liquidated?

Every state has a safety net to protect insurance consumers from financial loss in the rare instance that a company becomes insolvent. This safety net is called a "guaranty fund." A guaranty fund is established by state law. Licensed companies doing business in the state make up the membership of the guaranty fund association. The association provides a mechanism to pay the claims of policyholders and other claimants of an insolvent company. The money used to pay the claims against the insolvent insurance company comes from assessments made against all of the insurance companies that are members of the guaranty fund association. The following types of companies are not covered by a guaranty fund:

Hospital Medical Service Organizations For Example: Blue Cross Plans

Insurance Exchange

Fraternal Benefit Society

Health Maintenance Organizations

While most of the laws and rules dealing with regulating the financial condition of insurance companies are consistent across the nation, some important rules are different. On this page, you will find some of the rules that are specific to Alaska.

Am I covered by my guaranty fund?

In this state, residents are covered by a guaranty fund for most kinds of insurance written by an admitted (licensed) insurance company.

Is the insurance product I bought covered by the guaranty fund?

The life/disability guaranty fund covers such products as life insurance, disability insurance, annuities, and supplemental contracts. The property/casualty fund covers property and casualty insurance, but not surety, title, credit, or mortgage guaranty.

Would my claim be paid in full?

State law places a limit on how much a guaranty fund must pay to a person presenting a claim to an insolvent insurer. These limits vary, depending on the type of insurance product. The following are the limits of guaranty fund coverage in this state:

LIFE/HEALTH FUND

Death benefits up to \$300,000

Net cash surrender/withdrawal value for a life policy up to \$100,000

Disability benefits up to \$100,000

Annuities up to \$100,000 in present value

PROPERTY/CASUALTY FUND

All Property and Casualty Claims Except Workers' Compensation up to \$500,000*

Workers' Compensation Unlimited

*(\$100 Deductible)

How do I file a claim if the insurance company has failed?

Even if you have filed a claim with the company, you will need to file a claim with the Division of Insurance or with a courtappointed deputy of the division. You will receive a notice from the Division of Insurance advising you on how to file a claim and how long you have to file it. Pay close attention to any filing deadlines mentioned in the letter from the division— you must comply with those deadlines in order to preserve your rights.

Can I find out if consumers are complaining about the company?

Yes. Ask the Division of Insurance if there have been an unusually large number of consumer complaints against the company. Sometimes, if a company is having financial difficulty, the company may start to pay its claims more slowly or not at all. While a large number of consumer complaints lodged against a company is not a certain way to tell if a company is healthy, it's a good clue.

This brochure was prepared through the cooperative effort of the Alaska Division of Insurance and the NAIC.

The Alaska Division of Insurance is the agency charged with regulating the business of insurance in the state of Alaska. The NAIC, founded in 1871, is an association of the chief insurance regulators from the 50 states, the District of Columbia, and four U.S. territories.

State of Alaska Division of Insurance
P.O. Box 110805
Juneau, AK 99811-0805 (907) 465-2515
State of Alaska Division of Insurance
3601 C Street, Suite 1324
Anchorage, AK 99503-5948 (800) 467-8725 (800)

INSURAK

National Association of Insurance Commissioners
120 W. Twelfth Street, Suite 1100
Kansas City, MO 64105-1925 (816) 842-3600
Consumer Information
Division of Insurance

Alaska - Crime Victims Services

Although many of these programs listed are funded with Federal dollars, OVC does not provide any guarantees regarding the quality of services or qualifications and expertise of direct service staff. As with any other service you seek, it is incumbent upon the users of this Internet Service to conduct the appropriate screening before pursuing assistance. OVC neither endorses, has any responsibility for, nor exercises control over the organization's views or the accuracy of the information provided by any of these organizations. You should also know that some of the programs listed may charge a fee for services provided. Generally, the fee is based on a sliding scale. We suggest calling the program directly for information.

These programs are located within different agencies, depending on the State. For additional information, please contact the Office for Victims of Crime, State Compensation and Assistance Division, 633 Indiana Avenue NW, Washington, D.C. 20531, phone (202) 307-5983, fax (202) 514-6383.

ALASKA OVC Victim Assistance

Number of Organizations providing services: 9

Last updated on January 29, 1997

STANDING TOGETHER AGAINST RAPE
1057 W. FIREWEED, SUITE 230
ANCHORAGE, AK 99503
(907) 276-7279

Provides Services for

Adult Sexual Assault

FollowUp Contact
Group Treatment
Crisis Hotline Counseling
Information & Referral (In-person)
Criminal Justice Support/Advocacy
Emergency Legal Advocacy
Assistance in Filing Compensation Claims
Telephone Contacts (Info. & Referrals)
Other

VICTIMS FOR JUSTICE
619 EAST FIFTH
ANCHORAGE, AK 99501
(907) 278-0977

Types of Services Provided

Crisis Counseling

Provides Services for

DUI/DWI Crashes

Survivors of Homicide Victims

Robbery

Assault

Other Violent Crime

Criminal Justice Support/Advocacy
Emergency Legal Advocacy
Assistance in Filing Compensation Claims
Personal Advocacy
Telephone Contacts (Info. & Referrals)
Other

Types of Services Provided

Crisis Counseling

FollowUp Contact

Group Treatment

Crisis Hotline Counseling

Information & Referral (In-person)

AWAIC
ANCHORAGE, AK 99501
(907) 279-9581

Provides Services for

Domestic Violence

FollowUp Contact
Group Treatment
Crisis Hotline Counseling
Shelter/Safe House
Information & Referral (In-person)
Criminal Justice Support/Advocacy
Emergency Legal Advocacy
Assistance in Filing Compensation Claims
Personal Advocacy
Telephone Contacts (Info. & Referrals)

Other

AWRC

ANCHORAGE, AK 99501
(907) 279-6316

Provides Services for

Domestic Violence

FollowUp Contact
Group Treatment
Crisis Hotline Counseling
Shelter/Safe House
Information & Referral (In-person)
Criminal Justice Support/Advocacy
Emergency Legal Advocacy
Assistance in Filing Compensation Claims
Personal Advocacy
Telephone Contacts (Info. & Referrals)

Other

SAFE

P.O. BOX 94
DILLINGHAM, AK 99576
(907) 842-2320

Provides Services for

Domestic Violence

FollowUp Contact
Group Treatment
Crisis Hotline Counseling
Shelter/Safe House
Information & Referral (In-person)
Criminal Justice Support/Advocacy
Emergency Legal Advocacy
Assistance in Filing Compensation Claims
Personal Advocacy
Telephone Contacts (Info. & Referrals)

Other

WIC-CA

FAIRBANKS, AK 99701

Types of Services Provided

Crisis Counseling

Types of Services Provided

Crisis Counseling

Types of Services Provided

Crisis Counseling

(907) 452-2293

Provides Services for

Child Physical Abuse

Child Sexual Abuse

Group Treatment

Shelter/Safe House

Information & Referral (In-person)

Criminal Justice Support/Advocacy

Emergency Legal Advocacy

Assistance in Filing Compensation Claims

Personal Advocacy

Telephone Contacts (Info. & Referrals)

Other

AWARE

P.O. BOX 020809

JUNEAU, AK 99802

(907) 586-6623

Types of Services Provided

Crisis Counseling

FollowUp Contact

Provides Services for

Domestic Violence

FollowUp Contact

Group Treatment

Crisis Hotline Counseling

Shelter/Safe House

Information & Referral (In-person)

Criminal Justice Support/Advocacy

Emergency Legal Advocacy

Assistance in Filing Compensation Claims

Personal Advocacy

Telephone Contacts (Info. & Referrals)

Other

K/SWRCC KENAI, AK 99611

(907) 283-9479

Types of Services Provided

Crisis Counseling

Provides Services for

Domestic Violence

FollowUp Contact

Group Treatment

Crisis Hotline Counseling

Shelter/Safe House

Information & Referral (In-person)

Criminal Justice Support/Advocacy

Emergency Legal Advocacy

Assistance in Filing Compensation Claims

Personal Advocacy

Telephone Contacts (Info. & Referrals)

Other

WISH

BOX 6552

KETCHIKAN, AK 99901

(907) 225-0202

Types of Services Provided

Crisis Counseling

Provides Services for

Types of Services Provided

Child Physical Abuse

Adults Molested as Children

Other Violent Crime

Crisis Hotline Counseling

Shelter/Safe House

Information & Referral (In-person)

Criminal Justice Support/Advocacy

Emergency Legal Advocacy

Assistance in Filing Compensation Claims

Personal Advocacy

Telephone Contacts (Info. & Referrals)

Other

Crisis Counseling

FollowUp Contact

Group Treatment

Consumer's Guide to Homeowner's Insurance

State of Arizona Department of Insurance 2910 N. 44th Street, Suite 210 Phoenix, Arizona 85018 (602) 912-8444

Fife Symington, Governor

NOTE:

The Department cautions consumers that this Consumer's Guide is merely to provide basic information.

Details on the exact type and kind of insurance coverage needed should be obtained from the consumer's agent and insurance company.

The purpose of this guide is to encourage consumers to comparison shop for their homeowner's insurance.

See:

THIS BROCHURE'S PURPOSE

WHY YOU NEED HOMEOWNER'S INSURANCE

BASIC COVERAGES INCLUDED IN THE HOP

ADDITIONAL COVERAGES

TYPES OF POLICIES

OTHER TYPES OF POLICIES

BUYING THE CORRECT AMOUNT OF COVERAGE

HOW YOU CAN REDUCE THE COST OF YOUR HOMEOWNER'S COVERAGE

WHAT YOU SHOULD DO IF YOU HAVE A LOSS

SOME TIPS ON LOSS PREVENTION

MAY A COMPANY CANCEL OR REFUSE TO RENEW YOUR POLICY?

WHAT IF I HAVE TROUBLE FINDING INSURANCE?

COMPLAINTS

THIS BROCHURE'S PURPOSE

The purpose of this brochure is merely to provide basic information regarding homeowner's insurance. It is not intended to provide information to cover every situation or type of homeowner's insurance policy ("HOP"). Contact your agent or your insurance company for detailed information regarding the many different types of policies available.

WHY YOU NEED HOMEOWNER'S INSURANCE

The largest single investment most consumers make is their home. A HOP can provide protection for your home, possessions and liability.

Similar coverage to that found in a HOP is also available to those who rent homes or apartments. These policies are referred to as renters' policies. If you are a renter, you do not need protection against damage to the building itself, but do need protection against damage to or theft of your personal property and liability in the event someone falls or is hurt on the part of the premises you rent.

A condominium owner may purchase a condominium homeowner's policy to insure his or her personal property and to protect against liability in the event someone falls or is hurt in their condominium. Some policies also cover any additions or alterations not insured by the condominium association. Check with your condominium association and your agent before buying a policy to make sure you are adequately covered.

BASIC COVERAGES INCLUDED IN THE HOP

The HOP combines more than one type of coverage into one policy. Usually, four types of coverages are contained in the HOP: dwelling and personal property; liability; medical payments, and, additional living expenses.

Dwelling and Personal Property Coverage

Dwelling coverage helps pay for any structural damage to your home. Other structures such as a detached garage, a storage shed or any other building on your property are usually covered for 10% of the coverage on your house.

Personal property coverage pays for your contents including household furniture, clothing and other personal belongings. The amount of insurance is usually 50% of the policy limit on your dwelling. Your HOP also provides more limited coverage for personal property, commonly 10%, if it is stolen or damaged while you are away from home, such as when you are on vacation.

Some personal property covered under a HOP but only on a limited basis, (because they are especially susceptible to loss) are: cash, securities, jewelry, furs, and stamp and coin collections. Most insurers will modify a HOP at an additional cost, to fully protect you against loss. Discuss this additional coverage with your insurance company or agent.

Personal Liability Coverage

HOPs provide personal liability coverage that applies to non-automobile accidents on and off your property if the injury or damage is caused by you, a family member, or your pet. The liability coverage in your policy pays both for the cost of defending you and paying for any damages a court rules you must pay. Unlike other coverages in the HOP, the liability coverage does not have a deductible which must be met before the insurer pays. The basic limit is usually \$100,000 for each occurrence, but you may request higher limits which are normally available for an additional cost.

Medical Payments Coverage

Medical payments coverage pays if someone outside your family is injured at your home regardless of fault and pays for reasonable medical expenses incurred within one year from the date of loss for the injured person. The coverage does not apply to you and members of your household. In some limited circumstances, Medical Payments will also pay if you are involved in the injury of another person away from your home. Coverage limits are generally \$1,000 for each person. Higher limits are generally available at additional cost.

Additional Living Expenses

If you must temporarily move into a motel or apartment due to a loss covered by your policy, the insurance company will pay reasonable and necessary additional living expenses. The typical HOP pays up to 20% of the policy limit on your dwelling for these expenses.

ADDITIONAL COVERAGES

The HOP generally provides the following additional coverages:

Debris Removal. The policy covers the expense of having the debris which is left as result of the loss removed from the premises.

Trees, Plants and Shrubs. Trees, plants and shrubs around the house are usually covered for 5% of the insurance on the house, up to \$500 per item against theft, fire, lightning, explosion, vandalism, riot, and even falling aircraft. Windstorm damage is normally not covered.

Credit Card Coverage. Most policies pay up to \$500 to cover unauthorized credit card use.

Common exclusions (That which is not covered)

Most HOPs exclude coverage for loss to animals, birds, fish, or automobiles. Damage caused by flood, surface water, overflow of the body of water, or spray from any of these is usually excluded. Water damage due to backed-up sewers or drains is also excluded. War, nuclear hazard, neglect, earth movement, or power failure damage is not covered.

If you own a boat, ask your agent whether it is covered under your HOP. Some policies cover small boats, but not larger ones.

TYPES OF POLICIES

Several types of HOPs are available from insurers in Arizona which vary according to coverage and type of dwelling being insured.

The basic HOP covers fire or lightning, windstorm or hail, theft, explosion, smoke, damage from vehicles, and aircraft, glass breakage, removal of property endangered by peril, vandalism and malicious mischief, and riot or civil commotion.

The broad HOP covers all the perils covered by the basic plus: building collapse; freezing or accidental discharge of water, or steam from within plumbing, heating, or air conditioning systems and domestic appliances; falling objects; weight of ice, snow, or sleet; and rupture or bursting of steam or hot water heating systems.

The special HOP covers dwellings for "all risks" except certain specified perils, such as earthquake and flood, and coverage for damage to personal property caused by any of the perils covered by the basic or broad HOP. For an additional premium, a special endorsement usually can be added to extend the special HOP to provide "all risk" coverage on unscheduled personal property.

The comprehensive HOP, not often sold today, has an even shorter list of exclusions. Not all companies offer this form, but may offer a policy similar to it.

NOTE: There are many other types of policy forms such as for tenants, condominium owners and owners of older homes. Check with your agent or insurance company regarding the types of policies available.

OTHER TYPES OF POLICIES

Flood Insurance

The HOP normally excludes flood, and most insurers do not even offer it. You may, however, be able to purchase flood insurance through the National Flood Insurance Program (NFIP). To qualify for the NFIP, you must live in a designated NFIP community and comply with federal guidelines for flood prevention. Your agent can tell you if you are eligible.

For general information on the NFIP, call:

National Flood Insurance Program P.O. Box 459 Lanham, MO 20706-0459 1-800-638-6620

Mobile Homeowner's Policy

The mobile homeowner's package policy is written specifically for mobile homes and includes coverage on the mobile home as well as theft and liability protection. Not all are alike and different insurance companies charge different premiums for the coverage provided. Check with your agent to see exactly what your insurance company's requirements are.

BUYING THE CORRECT AMOUNT OF COVERAGE

Typical Coverages

In HOPs, the amount of personal property and other coverage automatically provided is a fixed percentage of the dwelling coverage amount. For example, under a Broad HOP form, this is how it would normally work:

Type of Property Insured For % of Dwelling

Dwelling \$45,000

Detached Garages, Storage sheds, etc. \$4,500 10%

Unscheduled Personal Property on Premises (Possessions) \$22,500 50%

Unscheduled Personal Property off Premises \$4,500 10%

Additional Living Expenses \$9,000 20%

Personal Liability \$100,000 (per occ.)

Medical Payments \$1,000

Choosing Your Policy Limits

To decide how much coverage you need, consider:

The kind of coverage you want and how much you want to pay. The value of your home and contents. Whether you want full coverage or are willing to share the cost of a loss with your insurance company.

A list of your possessions to include values and serial numbers will help you decide how much coverage you need and you can use it if you have to make a claim.

If you have unusual or high-valued articles (e.g., antiques, art objects, etc.) ask that they be listed in the policy. You may be able to increase your unscheduled personal property coverage by paying an additional premium. To determine if you already have coverage, check the theft provisions of your policy.

Buying Enough Coverage

Before buying homeowner's insurance, consider the difference between "actual cash value" and "replacement cost coverage".

"Actual cash value" is the value of the property when it is damaged or destroyed. This is usually determined by taking the replacement cost and subtracting depreciation. For example, a chair which initially cost \$500 may have a reasonable "life" of 20 years. If it is destroyed after 10 years, its ACV will probably be about \$250.

Replacement cost "RC" is what it would cost to completely replace your house or any part of it. This is different from market value and ACV. A home which was built five years ago for \$50,000 may have a current market value of \$75,000 but have a RC which is higher or lower than the market value. Most HOPs contain RC on the home and ACV coverage on personal property. In order to qualify for full RC, the dwelling is normally required to be insured 80% to 90% of the RC. Some companies do sell RC for personal property, but it costs more than ACV coverage.

For example, if the RC of your house is \$50,000, you should have it insured for at least \$40,000 (80%) of its value. Then if part of the home is damaged, you can get that part fully replaced. If you purchase an amount less than 30% of the RC of your home, your insurance company will not be obligated to pay the total cost of loss to your home even if it is a small loss.

Most HOPs include an inflation guard which automatically increases the amount of dwelling insurance to prevent the possibility of the home's being underinsured.

Be sure to increase your insurance if you add to your home.

See:

Deductibles

Deductibles

A HOP normally includes a deductible, that is, a specified dollar amount of the loss for which you are responsible yourself. Usually a higher deductible, means you pay a lower premium. For example, HOPs providing for \$100,000 to \$250,000 coverage, normally have a \$250 deductible. However, if you chose a \$500 deductible, the premium may decrease 5% to 10%, depending upon the company. Since you are actually "self-insuring" or paying for that portion of the loss yourself, you should ask if the 5% to 10% savings is worth the \$500 you have to pay.

As there are many kinds of deductibles, check with your agent or company for specifics.

HOW YOU CAN REDUCE THE COST OF YOUR HOMEOWNER'S COVERAGE

Insurance companies have various "special" discounts including some of the following:

Multiple-policy discounts. Some insurers may reduce your premium 5% to 15% if you keep two or more policies with them. If you already have an automobile policy with an insurer which also writes a HOP, find out if the insurer will give you a discount on your homeowner's coverage. Some companies offer to reduce your premium by 15% to 20% if you install a fire sprinkler system and a burglar alarm that rings into a central station. These systems can be expensive and not every system may qualify for the discount. If the sole reason you are installing the system is to save on your premium, compare the cost of installation to the premium savings before taking any action.

Nonsmoker discounts. Some insurers reduce premiums for those who do not smoke. (You will not qualify if any family member who lives with you is a smoker.)

Long-time policyholders. If you have had coverage with the same insurer for years, some insurers will reduce your premiums.

Loss-free policies. If you have had coverage with an insurer for some time and have not incurred losses, many insurers will reduce your premium when you renew.

WHAT YOU SHOULD DO IF YOU HAVE A LOSS

When you are the victim of a theft, fire or accident at home, contact your agent or insurance company immediately. Claims should be filed promptly after the loss. The company or agent will arrange for an adjuster to examine the damage and give you an estimate on the cost to repair or replace.

After a loss, protect your property from further loss or damage. For example, broken windows could be boarded to protect against vandalism or weather damage. Save any receipts or bills as expenses for making necessary temporary repairs are covered under your policy.

SOME TIPS ON LOSS PREVENTION

Taking steps to prevent losses is just as important as buying insurance to cover them.

Install smoke and heat detectors near sleeping areas. Clear accumulated trash, oily rags and combustible materials. Check lamps, lamp cords and light switches for faulty wiring. Practice home fire drills, keep matches away from children and make sure smokers do not smoke in bed. Install good locks, secure windows, consider a security system and take other precautions to deter burglars.

MAY A COMPANY CANCEL OR REFUSE TO RENEW YOUR POLICY?

After a HOP has been in effect for 60 days, insurance companies in Arizona may not cancel your HOP in the middle of the term unless you stop paying premiums, have been convicted of a crime increasing the hazard insured, have breached the contract, have acted fraudulently or have committed material misrepresentation in getting the policy or have failed to take reasonable steps to eliminate conditions which will increase losses. The insurer may cancel midterm if there has been a substantial change in the risk it assumed except if the insurer should reasonably have foreseen the change or contemplated the risk or if the insurer discovers you have acted in such a manner as to substantially increase the insured hazards. The policy may also be canceled if the Director of the ADOI determines that the continuation of the policy would place the insurer in violation of Arizona insurance laws. Insurers may refuse to renew your policy at renewal time, unless the renewal is based on a condition of the premises, but you must be given 30 days prior notice to remedy the identified condition and another 30 days, upon payment of premium, to cure the defective condition. If an insurer refuses to continue covering you, it must mail to you, at least 30 days in advance, a written notice of cancellation or nonrenewal and state the reason the policy is being canceled or nonrenewed

WHAT IF I HAVE TROUBLE FINDING INSURANCE?

There are many insurance agents and insurance companies. Your friends may have some recommendations. If not, try the yellow pages of the telephone book. You may also wish to call the Arizona Department of Insurance Market Assistance Hotline at 1-800-544-9208.

Comparison shopping for HOP is worth it. The cost of a HOP depends on the building type, the location and the amount of insurance desired.

Many factors affect insurance cost. Some insurers charge less to insure a new home than an older one because they have found newer homes are less likely to sustain damage in storms and fires. Crime and vandalism in an area will affect the cost of insurance.

The building's location affects the price of insurance because some communities have better fire protection than others. Insurance companies divide the state into rating territories. Each city and locality in Arizona is given a numerical fire protection rating classification depending on the amount of fire protection in the area. These rating classes depend on such factors as water pressure, access to fire departments, and the training and skills of firefighters. Most larger cities in Arizona are in the lowest rated classes. Small towns and rural areas have higher fire protection classes and generally higher prices. Areas without any fire protection receive the highest rating, a 10.

An agent who sells HOPs can tell you the community's fire protection class.

COMPLAINTS

Arizona law requires insurance companies to pay claims promptly and fairly. If, after having first attempted to resolve your concerns with your agent or insurance company, you have been treated unfairly, have received poor service or have some other complaint against your insurer or its agent, you should write, stating the facts, to the ADOI's Consumer Affairs & Investigations Division at:

Arizona Department of Insurance 2910 North 44th St., Suite #210 Phoenix, Arizona 85018

Your complaint should include the following information: your name, address, and telephone number; the name of the company or agent about which you are complaining; the policy number and type of insurance and a description of the problem.

The ADOI investigates complaints and attempts to bring the matter to a fair and reasonable conclusion. If any laws or rules have been violated, the ADOI will proceed with disciplinary action against the insurer and/or the agent. Possible penalties for statutory violations include suspension or revocation of licenses or fines.

Homeowner's Insurance Frequently Asked Questions

[Section A. General Information](#)

[Section B. How You Can Reduce The Cost of Your Homeowner's Coverage](#)

[Section C. Basic Coverages Included in Homeowner's Policies](#)

[Section D. Commonly Used Insurance Terms](#)

[Section E. How Can The Insurance Department Help?](#)

Section A. General Information

A.1. Why Buy Home Insurance?

Owners: To protect both your house and personal property.

Tenants: To protect your furniture and personal property.

Everyone: Protection against liability for accidents that injure other people or damage their property.

A.2. How Much Home Insurance Do I Need?

Asset Protection: More coverage generally means you will have less to pay out of your own pocket if disaster strikes. You must determine the amount you can financially afford to lose. Depending upon your determination, more insurance may be the answer. You should insure your property to the value you believe your home is worth to obtain maximum protection. You need enough liability coverage to protect yourself from lawsuits resulting from your possible negligence. Lender Requirements: Your lender may require you to cover the house for at least the amount of the mortgage. This may be too little or too much for your individual circumstances. You are not required to purchase insurance from the insurer recommended by your lender.

Policy Requirements: Insurers may impose some conditions for replacement cost protection, to include your insuring the property to value.

A.3. Where Can I Obtain Information About Insurance?

Information is available to consumers from a number of sources. These sources include any public library, the Arizona State Insurance Department, consumer groups, consumer publications, your insurance agent, or your insurance company.

Section B. How You Can Reduce The Cost of Your Homeowner's Coverage

B.1. What Affects Home Insurance Prices?

Type of Construction: Frame houses usually cost more to insure than brick. Age of House: New homes may qualify for discounts. Some insurance companies offer limited coverage or may not insure older homes. Local Fire Protection: The number of fire hydrants and fire departments and the availability of water are just some factors which determine your area's fire protection class. If you reside in an area without fire protection, you will pay more for fire insurance.

B.2. What Deductible Should I Choose?

The deductible applies only to coverages on your house and personal property. It is the amount you have to pay out of your pocket on each claim. Insurance only attaches once the deductible amount is exceeded. A policy with a \$100 deductible will cost more than one with a \$250 deductible. Higher deductibles may be available at a reduced price, but purchasing, for example, a \$250 deductible in lieu of a \$100 deductible will mean you will normally pay \$150 more out of your pocket at the time of a loss.

Section C. Basic Coverages Included in Homeowner's Policies

C.1. What Basic Coverages Are Available?

The most common basic coverages are: Property damage, Additional Living Expenses, Personal Liability, and Medical Payments.

C.2. What Does Property Damage Cover?

Property damage coverage helps pay for damage to your home and personal property caused by such perils as fire, lightning, windstorm or hail. The perils of flood and earthquake are not covered. If you believe you need insurance and your insurance company will not provide it, you may obtain coverage through the Federal government's National Flood Program ("NFP"). To learn more about the NFP you can contact an insurance agent or contact the NFP at (800) 638-6620. You should carefully read your policy before you have a loss to determine exactly what types of losses will be covered.

C.3. What Does Contents Insurance Coverage Include?

In general, the contents of your home and other personal belongings owned by you or family members who live with you will be covered under the policy in an amount equal to 50% of the limit of liability carried on your dwelling. However, high valued personal property such as jewelry and cameras should be scheduled on the policy so that you are adequately protected to avoid the possibility of these items not being fully covered at the time of loss.

C.4. What Does Additional Living Expense or Loss of Use Cover?

Most home insurance policies provide for the necessary increase in expenses you incur if your home is damaged by an insured event and you cannot live there while repairs are being made or if you are denied access to your home by government order. The coverage is generally subject to duration limits and commonly covers any expense incurred by you so that your household can maintain its normal standard of living. In some instances, this coverage may include the costs of a motel, eating in a restaurant, or storing some of your property.

C.5. What Is Personal Liability Insurance Coverage?

Personal Liability Coverage protects you and all family members who live with you against a claim or lawsuit resulting from (non-auto and non-business) bodily injury or property damage to others and for which you become legally obligated to pay. Defense costs are included, but the insurance company has no duty to defend you after the limit of liability on the policy has been exhausted.

C.6. What Does Medical Payments Insurance Cover?

Regardless of who is at fault, this coverage pays the reasonable expenses for others accidentally injured on your premises or the areas immediately adjoining your property such as sidewalks or alleys. Medical Payments Coverage does not apply to your own injuries or those of family members living with you or injuries arising out of activities involving a business that you operate out of your home, your intentional acts, or arising out of the rental of your premises.

Section D. Commonly Used Insurance Terms

D.1. What Is Replacement Cost?

Replacement Cost is the amount necessary to replace or rebuild your home or repair damages with materials of similar kind and quality without deducting for depreciation.

D.2. What Is Depreciation?

Depreciation is the decrease in the home's value since the time it was built because of age or wear and tear.

D.3. What Is Actual Cash Value?

Actual Cash Value usually means the sum of money required at the time of the loss to repair or replace the property destroyed, less an amount for depreciation. Actual Cash Value equals the replacement cost less depreciation. Most standard home insurance policies cover the contents of your home (i.e., personal belongings) on an actual cash value basis, but it is possible to purchase replacement cost.

D.4. What Is A Peril?

A peril is a condition which can cause a loss. Three examples are fire, windstorm, and theft.

Section E. How Can The Insurance Department Help?

E.1. What Information Can The Arizona State Insurance Department Provide?

Available publications include a Consumer's Guide to Homeowners Insurance, Homeowner Premium Comparison Survey and Insurer Complaint Ratios. The Insurer Complaint Ratio publication, which lists insurers against which complaints have been filed with the Arizona Department of Insurance, can give the consumer an indication of how insurers perform. This publication, when used together with the Homeowner Premium Comparison, will assist the consumer.

E.2. What Do I Do If I Have A Complaint?

Arizona law requires insurance companies to pay claims promptly and fairly. You should first attempt to resolve your concerns with your agent or insurance company. However, if you believe you have been treated unfairly, have received poor service, or have some other complaints against your insurer or its agent, you should state the facts, in writing, to the Consumer Services Division, Arizona Department of Insurance, 2910 N. 44th St., Phoenix, Arizona 85018-7256 or by calling the Department in Phoenix at (602) 912-4444, Tucson at (520) 628-6370 or statewide at 1-800-325-2548. Your written complaint should include the following information: your name, address and telephone number; the name of the company or agent about which you are complaining; the policy number and the type of insurance and a description of the problem.

Personal Automobile Insurance Frequently Asked Questions

State of Arizona

General Notes

Note: While different companies use different terms in naming some of the coverages they offer, we have used the terms that are most often used. These questions and answers only address issues in general and are not intended to be specific. Customers for insurance should carefully read their policies and consult with an insurance agent or insurance company to determine the exact coverages required.

See:

[Section A. Reasons to Buy Auto Insurance](#)

[Section B. Ways to Reduce Premium](#)

[Section C. Liability Coverage](#)

[Section D. Physical Damage Coverages](#)

[Section E. Medical Payments Coverage](#)

[Section F. Uninsured and Underinsured Motorist Coverages](#)

[Section G. Miscellaneous Coverages](#)

[Section H. Borrowed or Rented Vehicle](#)

[Section I. Accidents, Thefts or Other Losses](#)

[Section J. Cancellation or Nonrenewal](#)

Section A. Reasons to Buy Auto Insurance

A.1. Why should I buy auto insurance?

Before you can register a vehicle in Arizona, you must show proof of financial responsibility. This can be in the form of certificate of insurance, a bond, or certificate of deposit or cash in the amount of \$40,000.

.2. If I decide to satisfy the financial responsibility requirements of Arizona by buying auto insurance, what coverages are required in Arizona and what are the minimum limits I can purchase?

The required coverages in Arizona are Bodily Injury and Property Damage. The minimum required limits are \$15,000 per person and \$30,000 per accident for Bodily Injury and \$10,000 per accident for Property Damage.

Section B. Ways to Reduce Premium

B.1. I have not had any accidents or violations, so why do my auto insurance premiums continue to increase?

An insurance company's premium increases are a direct reflection of the countrywide or statewide pool of losses that the insurance company experiences. The losses of the few within the insurance company's pool of policyholders are paid for by all policyholders within the pool. This is the basic premise upon which the concept of insurance is based and without which no insurance would be available. This does not mean that your own favorable loss experience cannot be recognized. Various insurance companies give numerous discounts to policyholders which recognize their excellent driving records. (See next question for type of discounts.) Other reasons for the increase in the cost of auto insurance are attributable to the costs to settle losses such as the costs to repair vehicles and the medical costs for injured persons which continue to rise. The increase in lawsuits is also a major factor in insurance company rate increases.

B.2. Is there any way that I can reduce my premiums?

Take advantage of the discounts offered by your insurance company. Most insurance companies provide discounts for at least some of the following: accident free drivers discount; a package discount for insuring your home and auto with the same company; multiple auto discount; good student discount; nonsmokers discount; and passive restraint discount (for vehicles with air bags or automatic seat belts). You may also consider higher deductibles for your comprehensive and collision coverages.

Section C. Liability Coverage

C.1. What is covered under Bodily Injury coverage?

This coverage pays for bodily injury to others for which you become legally responsible due to an auto accident in which you were involved. It does not pay for bodily injury you may sustain. You would need to have Medical Payments coverage in order to have the injuries you sustain in an auto accident covered under an auto policy.

C.2. Does Property Damage coverage provide coverage to fix my vehicle if the other driver is at fault and has no insurance?

No. Property Damage coverage protects you for damage you may cause to the vehicles or property of others. You would need to have Collision coverage on your auto policy in order to have coverage to fix or replace your vehicle in this situation.

C.3. Will my policy provide coverage if my teenage son, who does not have a license yet, or a relative from out of town, drives my car and has an accident?

As long as you give your permission, anyone who drives your vehicle (as long as that person is not specifically excluded) will be covered under your policy, but you will need to review your policy to see what situations are excluded.

C.4. What coverage is provided if I pull a trailer with my vehicle?

In most cases, if the vehicle pulling the trailer is covered under the policy, the liability coverage will be extended to the trailer if you own the trailer. However, Physical Damage (comprehensive or collision) must be purchased separately. You will need to review your policy for exceptions.

C.5. What coverage is provided by my policy if I buy a vehicle to replace an existing vehicle on the policy during the policy term?

If you replace your previously covered vehicle with a private passenger auto, pickup or van, it will normally have the same coverage as the vehicle it replaced. In most cases, you will need to notify the insurance company or its agent within 30 days of purchasing the different vehicle.

C.6. Is there any coverage provided if I buy an additional vehicle during the policy term?

Most policies extend the coverage for an auto you already have on your policy to an additional vehicle.

C.7. Will my minimum limit Arizona policy protect me if I drive to another state that requires higher minimum liability limits?

Your Arizona policy limits will be interpreted to provide at least the minimum limits required by the laws of the state in which you are operating your vehicle.

C.8. Will my personal auto policy provide coverage if I use my vehicle for business purposes?

Some insurance companies may provide coverage for business use vehicles depending upon the type of vehicle and its particular use in business, but you may need to purchase a commercial auto policy to receive the coverage you need. You should consult with an insurance company or agent to determine the proper policy needed.

C.9. Will my personal auto policy provide coverage if I use my vehicle as a car pool vehicle?

If you are in a share-the-expense car pool, your policy will provide the same protection as if you did not use your vehicle in a car pool.

C.10. If I go on vacation and rent a vehicle, will my Arizona auto policy provide coverage while I am driving the rental vehicle or must I purchase coverage from the rental company?

If you vacation within the United States (and in most cases Canada), for liability coverage, the policy carried by the rental company will be primary (pay first), and your policy will be excess (pay second) if the rental company's limits are not enough to pay for the injuries or property damages you cause. For

physical damage to the rental vehicle, some companies insurance allow the broadest coverages you have under your comprehensive and collisions coverages to apply to the rental vehicle, subject to the deductible stated in your policy. Before renting the vehicle, you should check with your insurance company or agent to determine if your coverage applies to the rental vehicle.

C.11. Will my Arizona personal auto policy provide coverage if I drive my vehicle into Canada?

Most Arizona personal auto policies will provide coverage for driving in Canada, but you should review your policy or contact your insurance company or agent before driving into Canada to determine if your coverage applies in Canada.

C.12. Will my Arizona personal auto policy provide coverage if I drive my vehicle into Mexico?

Mexican law requires that you purchase separate liability coverage from a Mexican insurer before operating your vehicle in Mexico. Your Arizona personal auto policy may provide some limited coverage on a limited basis (within 25-50 miles of the Mexican border), but this coverage does not meet the insurance requirements of the Republic of Mexico. Failure to purchase proper Mexican liability insurance may result in many hours in a Mexican jail or a heavy fine if you are involved in an accident while operating your vehicle in Mexico.

Section D. Physical Damage Coverages

D.1. What is covered under Comprehensive coverage?

Some of the coverages provided under Comprehensive include theft of all or part of the vehicle, glass breakage, and damage due to fire, windstorm, hail, water, falling objects, vandalism, explosion, or hitting a bird or animal.

D.2. What is covered under Collision coverage?

Collision coverage pays if your auto collides with an object, including another car, or if it overturns. Your insurer will pay to repair these damage even if the collision is your fault.

D.3. I have an older vehicle which I do not care to insure for comprehensive and collisions coverages. Is there any reason why I should carry higher than minimum liability limits?

If you have assets you need to protect, you may want to carry higher than minimum liability limits to protect yourself from lawsuits by a person or persons you may injure in an accident.

D.4. How is the deductible for Comprehensive or Collision coverage applied?

The deductible for Comprehensive or Collision applies to each loss that occurs to your vehicle. A deductible is the dollar amount you will have to pay toward the loss before the insurance company begins to make payments on the loss.

D.5. To whom do I pay the deductible if I have a Comprehensive or Collision loss?

You will pay the deductible to the repair facility.

Section E. Medical Payments Coverage

E.1. What is covered under Medical Payments coverage and to whom does the coverage apply?

You will need to read your policy for a complete description of the coverage provided. Basically, Medical Payments coverage provides coverage for necessary and reasonable medical and funeral expenses incurred as the result of an automobile accident up to the limit stated in the policy for you or passengers in your vehicle.

E.2. If I already have health insurance, do I need to carry Medical Payments insurance on my auto policy?

Even though you have major medical insurance, you may still wish to carry some medical payments insurance to cover deductibles and co-payments which are not covered by your health insurance plan.

Section F. Uninsured and Underinsured Motorist Coverages

F.1. What is the difference between Uninsured and Underinsured Motorist coverages?

Uninsured Motorist coverage protects you or passengers in your vehicle for bodily injury you or your passengers sustain in an accident involving a driver who has no liability coverage. Underinsured Motorist coverage protects you or passengers in your vehicle for bodily injury you or your passengers sustain in an accident involving a driver who has insufficient insurance to cover the injuries of you or your passengers.

F.2. If everyone in Arizona is required to purchase liability coverage, why do I need Uninsured Motorist coverage?

Even though the law requires all motorists in Arizona to carry liability insurance, not all Arizona motorists have liability coverage in force. Also, motorists may come into Arizona from other states or countries and not have liability coverage on their vehicles.

Section G. Miscellaneous Coverages

G.1. What does Rental Reimbursement coverage provide, and does it provide coverage if I take my vehicle to a shop for mechanical repairs?

Rental Reimbursement coverage provides a specified amount for you to rent a vehicle while your covered auto is being repaired or replaced after it has been damaged because of a loss covered under Comprehensive or Collision. It does not provide coverage for mechanical repairs that result from mechanical breakdown that are not related to a comprehensive or collision loss.

G.2. What coverage does full glass or safety equipment coverage provide?

This coverage provides full repair or replacement of all glass used in the windshield, windows, and doors, and all glass, plastic or other materials used in the lights of a the motor vehicle without regard to any deductible.

Section H. Borrowed or Rented Vehicle

H.1. If I borrow a car from a friend or relative for a short time while my vehicle is being repaired, will my policy cover me while I am driving the borrowed car?

The policy covering the vehicle would be primary and in most cases, your policy would cover the vehicle on an excess basis. If no policy covers the borrowed car, most companies will treat your policy as the primary coverage for the borrowed car.

H.2. What do you mean by primary and excess basis?

Primary means that policy will provide coverage first, and excess means that policy will provide coverage after the limits of the primary policy have been exhausted.

H.3. If I rent a truck to move my personal property, will my personal auto policy provide any coverage for the rental truck?

No. Most personal auto policies do not provide any coverage for the rental truck.

Section I. Accidents, Thefts or Other Losses

I.1. If my vehicle was damaged in an accident that was not my fault, how can I recover my deductible?

If the negligent individual carried liability coverage, you can recover your deductible from the negligent driver's insurance company.

I.2. My vehicle was stolen along with some personal items which were in the vehicle at the time. Does my auto policy provide any coverage for the personal items?

Most policies do not provide coverage for personal items left in a vehicle.

I.3. What should I do if I have an accident?

You should discuss with your insurance company or agent what steps they recommend. Further, you may wish to refer to your insurance identification card, as the steps you need to follow may be listed on the card. Generally you should first notify the police. Then write down the names, addresses, telephone numbers and license numbers of persons involved and of witnesses. Also write down the license plate number and state of each vehicle involved. Do not admit fault, and do not discuss the accident with anyone except your insurance company representative or agent, or the police. Notify your agent promptly. Cooperate and answer all questions fully. Take notes whenever you talk with insurance company employees, your agent, lawyers, police or others about the accident. Write down the date, times, names and subjects you talked about and include all decisions or promises made. Save your receipts for such items as car rental or a hotel room if the accident happens out of town, and save copies of all documents you send or receive.

I.4. What should I be aware of when getting my vehicle repaired after an accident?

Your insurer may not require you to travel unreasonably to inspect a replacement auto, to obtain a repair estimate or to have the vehicle repaired at a specific repair shop. If you choose to have the repairs done at a facility which charges more than several other independent shops, any amount in excess of the settlement provided by the insurer will be your responsibility.

I.5. I recently totaled my vehicle in an accident. In addition to the Collision coverage afforded under my own policy, what additional settlement options apply?

On first party total loss situations, the insurer may elect to offer either a replacement vehicle, which is a specific comparable vehicle available to you, or a cash settlement to purchase a comparable vehicle. The settlement offer must include all applicable taxes, license fees and other fees which apply to transfer of evidence of ownership of the vehicle, at no cost other than any deductible provided in the policy.

Section J. Cancellation or Nonrenewal

J.1. What are the reasons for which my policy can be canceled?

After your policy has been in force for 60 days, Arizona law permits the policy to be canceled for the following reasons:

Non-payment of premium. The insurance was obtained through fraudulent misrepresentation. You or anyone who customarily operates your vehicle has: Has had his or her driver's license suspended or revoked during the policy period. Becomes permanently disabled and does not produce a certificate from a physician testifying to such person's ability to operate a motor vehicle. Is or has been convicted during the thirty-six months immediately preceding the effective date of the policy or during the policy period of: Criminal negligence, resulting in death, homicide or assault, arising out of the operation of a motor vehicle. Operating a motor vehicle in an intoxicated condition or while under the influence of drugs. Leaving the scene of an accident. Making false statements in an application for a driver's license. Reckless driving. The insurance company is placed in rehabilitation or receivership. The insured vehicle which is rated as a private passenger auto is used regularly and frequently for commercial purposes. The director of insurance determines that the continuation of the policy would place the insurer in violation of the laws of Arizona or would jeopardize the solvency of the insurer.

J.2. For what reasons can my policy be nonrenewed?

In addition to the reasons listed in question J.1. Arizona law also permits your policy to be nonrenewed if you or someone who customarily operates your vehicle has had during the thirty-six months immediately before the of nonrenewal three or more at-fault accidents (at per cent at fault) in which the property by the insurer is more than \$1,800. The three accidents must have occurred after July 19, 1996, and the policy may not be nonrenewed unless the same person has had all of the accidents that make the policy subject to nonrenewal or if you have been insured for standard automobile bodily injury coverage for at least ten consecutive years with the same insurer.

J.3. What can I do if I have been declined for insurance coverage, or my policy has been canceled or nonrenewed and I feel that the declination, cancellation or nonrenewal was unfair or in violation of the law?

Within ten days of your receipt of the cancellation or nonrenewal notice, you may write to the Director of Insurance, State of Arizona, Department of Insurance, 2910 North 44th Street, Suite 210, Phoenix, Arizona 85018, stating your objection to the insurer's action.

J.4. What can I do if I have a complaint in general regarding my auto insurance?

You should first attempt to resolve your concerns with your agent or insurance company. However, if you believe you have been treated unfairly, have received poor service, or have some other complaints against your insurer or its agent, you should state the facts, in writing, to the Consumer Services Division, Arizona Department of Insurance, 2910 N. 44th St., Phoenix, Arizona 85018-7256 or by calling the Department in Phoenix at (602) 912-4444, Tucson at (520) 628-6370 or statewide at 1-800-325-2548. Your written complaint should include the following information: your name, address and telephone number; the name of the company or agent about which you are complaining; the policy number and the type of insurance and a description of the problem.

J.5. What can I do if my policy has been canceled or nonrenewed and I can't find another insurance company that will write insurance for me?

If you have tried several companies and cannot find coverage, you can be insured through the Arizona Automobile Insurance Plan. You may apply for coverage through this plan by contacting any licensed property and casualty insurance agent. For general information on the plan, you may call or write to: Western Association of Automobile Insurance Plans, P.O. Box 7917, San Francisco, CA 94120-7917-- (800) 227-4659.

DSS - OCS Opening A Case - Info

AFDC Child Support Cases

An AFDC (Aid to Families with Dependent Children) child support case is opened when a custodial parent applies for and receives AFDC benefits. The county welfare department informs the local Family Support Division (FSD) when AFDC benefits are granted, and a child support case is opened by the FSD. The FSD does not determine welfare eligibility. AFDC grant amounts, food stamp eligibility, and Medi-Cal eligibility are determined by the county welfare department, and the FSD establishes and enforces the support order.

See:

[When Custodial Parents Assign Their Right to Child Support](#)

[Medically Needy Only Cases](#)

[Discontinuing Child Support Services](#)

[How Child Support Is Distributed In AFDC \(Welfare\) Cases](#)

[Receiving Credit For In-Kind Child Support Payments](#)

When Custodial Parents Assign Their Right to Child Support

As a condition of receiving AFDC benefits, the custodial parent automatically assigns (or gives) all rights to child, spousal and medical support to the county up to the amount of aid paid. This includes all current and past due support and continues as long as a family is receiving aid. Any current child support payments which exceed the amount of aid paid will be sent to the custodial parent.

By law, AFDC recipients must cooperate with the Family Support Division (FSD) in establishing paternity and in obtaining child support payments. AFDC recipients will be required to provide information about the noncustodial parent (unless the Welfare Department approves a claim by the recipient for good cause) including: information about the parent's whereabouts, finances, place of employment, social security number, and date of birth. Failure to provide this information, if known or available, may affect AFDC eligibility.

AFDC recipients must also inform the FSD of any AFDC benefits they have received in other counties or states. If the dependent child leaves home, the AFDC recipient is required to notify the county welfare department and the FSD.

Medically Needy Only Cases

Medically Needy Only is the term used to describe cases in which the custodial party and/or children are only receiving Medi-Cal benefits. These cases are referred to the Family Support Division (FSD) for the purpose of establishing paternity and obtaining medical support for the dependent children. The custodial party must cooperate with the FSD as a condition of eligibility for Medi-Cal. The custodial party must tell the FSD about any other health coverage that they or their children are entitled to, or that they currently have. By law, any rights to medical support or payments for medical care from other health coverage that a Medi-Cal recipient may have are automatically assigned to the state. The FSD will also seek to establish and enforce a child support order for the dependent children, unless the custodial party tells the FSD that he or she does not want this service.

Discontinuing Child Support Services

If the custodial parent has been receiving AFDC or Medi-Cal and then stops receiving either one, by law the Family Support Division (FSD) must continue to enforce the support order. If the custodial parent does not want the continued services of the FSD, he/she must notify the office in writing that he/she no longer wants FSD assistance. At that time, the FSD will only pursue assigned arrears (past-due support) and will notify the noncustodial parent to pay current child support directly to the custodial parent if current support is still owed.

How Child Support Is Distributed In AFDC (Welfare) Cases

If the custodial parent is receiving AFDC, any child support payments collected for the custodial parent (except the first \$50 of current support collected each month) go toward paying back the county, state and federal governments for AFDC payments made to the custodial parent's family. Any amount up to the first \$50 of any current support collected goes directly to the family. Any medical support recovered goes toward paying back Medi-Cal. (See When Custodial Parents Assign Their Right to Child Support.)

Receiving Credit For In-Kind Child Support Payments

Federal regulations require the FSD to open cases and establish child support orders at the request of either parent. Support payments must be paid to the agency specified in the court order (usually the FSD) for the noncustodial parent to receive credit for payment.

In AFDC cases, no credit will be given for payments made directly to the custodial parent or in-kind payments such as purchase of clothing, school supplies, rent, etc. unless proof of payment can be shown. In non-AFDC cases, credit may be given for in-kind payments with the custodial parent's agreement.

Paying through the FSD is a good way to make sure an accurate record of child support payments is kept. Child support payments should always clearly identify the case number and for whom the payment is made. The custodial parent must report any payment received directly from the noncustodial parent to the agency the court order says should receive it.

DSS - OCS Locating Noncustodial Parent

Paternity means fatherhood.

Establishing paternity is the process of determining the legal father of a child.

When parents are married, paternity is automatically established in most cases.

If parents are unmarried, paternity establishment is not automatic and the process should be started by both parents as soon as possible for the benefit of the child.

See:

[What is Paternity?](#)

[How You Can Benefit From Paternity Establishment](#)

[How Your Child Benefits From Paternity Establishment](#)

[How Paternity is Established](#)

[Paternity Opportunity Program \(POP\)](#)

[Commonly Asked Questions About Establishing Paternity](#)

What is Paternity?

Paternity means fatherhood. Establishing paternity is the process of determining the legal father of a child. When parents are married, in most cases, paternity is established without legal action. If parents are unmarried, paternity establishment requires a court order. The process should be started by both parents as soon as possible for the benefit of the child.

How You Can Benefit From Paternity Establishment

Until paternity is established, the father does not have the legal rights or responsibilities of a parent. Establishing paternity is necessary before custody, visitation and child support can be ordered by the court. (Note: custody and visitation issues are handled separately from child support.) A permanent child support order cannot be established for a child until either the alleged father admits paternity or it is proven that he is the father. If the man will not admit that he is the father, blood tests will be ordered from the mother, child and alleged father.

How Your Child Benefits From Paternity Establishment

Establishing paternity is an important first step in obtaining child support. In addition to providing the basis for obtaining support from the noncustodial parent, establishing paternity gives a child born to unmarried parents the legal rights and privileges of a child born within a marriage. Those rights and privileges may include:

- * support from both parents
- * legal documentation of who his or her parents are
- * access to family medical records (Many diseases, illnesses, birth defects and other health problems are passed to children by their parents.)
- * medical and life insurance coverage from either parent, if available
- * inheritance rights
- * Social Security and veterans' benefits, if available
- * the emotional benefits of knowing who both parents are

How Paternity is Established

Paternity is established in court and can be done in a number of ways. If the father fails to answer a legal complaint that he is the father, the court can name him the father by default.

If the alleged father agrees that he is the father, he can sign a Declaration of Paternity form stating he is the father. Or, if a father disagrees with the claim that he is the father, paternity will be determined after a court-ordered blood test has been administered.

If the father will not cooperate, the Family Support Division (FSD) may establish paternity without the father's assistance. The paternity establishment process may include asking the mother some questions about her intimate relationship with the father. These questions may be avoided if the person believed to be the father appears at the FSD for the first interview, admits paternity and cooperates in the establishment of paternity. If there are problems scheduling an appearance by the father, please notify the FSD.

What the Family Support Division Needs to Establish Paternity When the Alleged Father Does Not Cooperate

- * facts about the relationship, the pregnancy and the child's birth;
- * whether or not the alleged father ever provided any money for the child;
- * whether or not the alleged father ever admitted in any way that the child was his (for example: through letters or gifts);
- * a picture of the alleged father with the child, if available;
- * any information from others who could can the mother and alleged father's relationship;
- * the alleged father's home address
- * his home or business address
- * whether or not the child was conceived in California, and if the child ever lived in California

Paternity Opportunity Program (POP)

New unmarried parents can sign a Declaration of Paternity form at the hospital immediately following the birth of their child. Signing this form will make the process of legally establishing paternity easier and faster in most cases. A Declaration of Paternity may also be signed by parents after they leave the hospital. For more information about the Paternity Opportunity Program, check with your local FSD or visit the POP Page).

Commonly Asked Questions About Establishing Paternity

Q: What if he denies he is the father, or says he's not sure?

A: Paternity may be determined after blood tests are given to the mother, child and the alleged father. Test results are available in approximately four to eight weeks. The tests exclude men who are not the father and indicate the likelihood of paternity of a man who is not excluded. Blood tests are very reliable, which is why so few paternity cases go to trial.

Q: Is there an age limit for the blood tests to be done on a child?

A: No. Children of any age may be tested, although some laboratories will not take blood from an infant younger than six months of age.

Q: Despite the blood tests, the alleged father still says he is not the father. Will the case be closed?

A: No. If the blood tests show that it is likely that he is the father, the matter will be set for a hearing or trial and paternity will be decided. If the issue of paternity is to be tried, then the FSD will have to do additional investigation to prepare for the trial. Once the FSD believes that it is prepared for trial, it will request that the court set the date for trial. This process could take from a few weeks to more than a year, depending on the circumstances.

Q: What happens if the father leaves the state before paternity is established?

A: If the alleged father is found and served a formal complaint, the local court will make a decision on the paternity question. At the same time, a court order to pay child support may be issued. This order can be enforced by any state. However, enforcement may take longer when the noncustodial parent lives outside California.

Q: Why should paternity be established if the father has no money to support the child?

A: When the father starts working, he will be able to support the child. Establishing paternity as soon as possible will make collecting child support easier later on.

Q: What happens after paternity is established?

A: Once paternity is established, the FSD will establish a support order, in most cases.

Q: Can paperwork be filed to establish paternity while the mother is pregnant, before the child is born?

A: Yes. The paperwork may be filed during the pregnancy. If the alleged father denies paternity, paternity can be determined by blood tests after the child is born. Arrangements for the blood test can be made with your doctor, or blood tests can be done through the FSD.

DSS - OCS Child Support Process

Anyone who has a child support and/or medical support order, or wants to establish one, can apply for child support enforcement services by completing an application. Parents who receive public assistance will automatically be referred to their local Family Support Division (FSD) by the Welfare Department.

Find out where your county FSD is located.

The FSD will take the following steps to collect child support from a noncustodial parent:

See:

[STEP 1: Opening a Child](#)

[STEP 2: Locating the Noncustodial Parent](#)

[STEP 3: Establishing Paternity](#)

[STEP 4: Establishing a Support Order](#)

[STEP 5: Enforcing a Support Order](#)

[The Noncustodial Parent and the Child Support Process](#)

[DSS - OCS Out of State Parents Information: Collecting Support Across State Lines](#)

[Commonly Asked Questions About Out-of-State Collections](#)

STEP 1: Opening a Child

Support Case

To open a child case, either the custodial or noncustodial parent can call the FSD and schedule an appointment. A family support caseworker is assigned to your case and will need as much information as possible to begin providing child support services.

STEP 2: Locating the Noncustodial Parent

To get support order, establish paternity or enforce a child support order, the FSD must know where the noncustodial parent lives and/or works.

STEP 3: Establishing Paternity

Paternity means fatherhood! Before child and medical support can be ordered by the court, paternity must be established.

STEP 4: Establishing a Support Order

A child support order is established based on both parents' ability to pay support and the financial needs of the child(ren).

STEP 5: Enforcing a Support Order

When the noncustodial parent doesn't pay the full amount, or doesn't pay at all, enforcement action is necessary.

The Noncustodial Parent and the Child Support Process

Noncustodial parents, or parents without primary physical custody of their children, can find information about their role in the child support process.

DSS - OCS Out of State Parents Information: Collecting Support Across State Lines

To collect support from an out-of-state parent, the FSD uses a URESA (Uniform Reciprocal Enforcement Support Act) petition. A URESA petition is a law that helps states work together to collect child support. It can take six to nine months and possibly longer for a custodial parent to receive support from an out-of-state noncustodial parent when a URESA petition is involved. The other state may not be able to serve notice on the noncustodial parent due to incorrect address information. If a hearing is necessary, it may take a while to get a court date. Custodial parents can help speed up the process by keeping in touch with the Family Support Division (FSD) and providing any new information about the noncustodial parent.

Even though they try to be responsive, most enforcement agencies have a very high demand for their services and they have to set priorities among the cases they receive. A state's ability to act rapidly depends on the characteristics of the case, the quality of information received, the amount of staff and other resources they have to devote to it and what priority they assign the case. These are matters over which the FSD has little or no control, other than periodic prompting through calls and letters.

Commonly Asked Questions About Out-of-State Collections

Q: As soon as the other parent is notified about enforcement, he/she moves. How will I ever be able to collect child support?

A: It is difficult to enforce child support payments when the other parent continually moves to avoid paying. You can help your case if, whenever you learn that the other parent has moved or has a new job, you provide this information to the FSD as soon as possible. Federal legislation has been enacted which makes it a felony when a noncustodial parent willfully leaves a state to avoid paying child support.

Q: I have a California support order. The noncustodial parent now lives in another state. I know he/she has land and other assets in California. Can the FSD help me collect on the past due amount?

A: Yes. The fact that the noncustodial parent now lives somewhere else does not prevent the FSD from reaching those assets in California.

Q: I have a California support order. The noncustodial parent now lives outside of California. I asked the FSD to try to help me collect support. The judge in that state lowered the payment amount. Is that legal?

A: Yes. While most court orders are enforced in the amount specified, the other state may not be bound by the amount set in the original order. The other state may make a different order depending upon the state's guidelines and the noncustodial parent's circumstances.

Q: Can paternity be established for my child if the father lives in another state?

A: Yes. But it is difficult to establish paternity across state lines because the laws in most states are different. Frequently, blood tests will be ordered to help the court in the other state determine paternity.

Q: What should I do if I am planning to move to another state?

A: Inform the FSD whenever you move, whether you are moving across the street, to another state or to another country. The FSD will tell you what you need to do to make sure you still receive child support services in your new location.

Title Insurance

California Department of Insurance

See:

[INTRODUCTION](#)

[IMPORTANT TIPS](#)

[WHERE TO FILE A COMPLAINT](#)

INTRODUCTION

The purchase of a home is one of the most expensive and important purchases you will ever make. You and your mortgage lender will want to make sure that the property is indeed yours and that no-one else will have any liens, claims or encumbrances on your property. This is done through the purchase of a title insurance policy. If you have previously purchased a home, you may already be familiar with the benefits of a title insurance policy. However, if you are a first time home buyer, you may wonder "Why do I need another insurance policy?" The intent of this brochure is not to make you an expert but to provide some basic information on title insurance. Some of the most frequently asked questions are discussed below:

Q. What is Title Insurance?

A. Title insurance offers protection for claims resulting from various types of defects (as set out in the policy) which may exist in the title to a specific parcel of real property. This protection is effective on the issue date of the policy, until you either sell the property or refinance your mortgage. Title companies issue policies on all types of real property.

Q. What is the difference between Title Insurance and Casualty Insurance?

A. Title insurance companies will work in advance of issuing your policy to identify their incumbrances on the title alerting you to prevent losses caused by title defects that have been created in the past. The greatest portion of the title insurance premium goes toward risk elimination. Title companies maintain title plats which contain information regarding property transfers and liens. Maintaining these title plats, together with the searching and examining of title is where most of the premium dollar is spent. A casualty insurance company will assume risks. A casualty insurance company will realize that a certain number of losses will occur each year under each line of business. The insurer will collect premiums from the policyholders in order to establish reserve funds which will be used to pay for projected losses. The premiums are billed monthly, quarterly, semi-annually or annually.

Q. What protection will I obtain from my Title Policy?

A. A title insurance policy contains provisions for the payment of the legal fees in defense of a claim against your property which is covered under your title policy. It also contains provisions for indemnification against losses which result from a covered claim.

Q. Who should purchase Title Insurance?

A. Both buyers and lenders in a real estate transaction need title insurance. Title companies usually issue two types of policies. An owner's policy which insures the buyer for as long as they own the property and a Lender's policy which insures the priority of the lender's security interest over the claims that others may have in the property. This protection is limited to the value of the property. In many states, both the buyer and the lender are covered under one policy.

Q. How much insurance will I need?

A. The buyer should purchase a policy for the full amount of the purchase price, whereas the lender needs a policy only for the amount of the loan. Some title companies offer an endorsement which increases the buyer's amount of coverage by a set inflationary factor. You should check to see if this endorsement is available.

Q. Who pays the premiums for the Title Policies?

A. Since it is local practice that determines who pays the premiums, not law, this could be a negotiation point between the seller and the buyer. Your escrow officer can advise you who normally pays the various premiums in your area.

Q. How are Title premiums determined and when is the premium paid?

A. The title insurance premiums are based on the amount of coverage provided. The schedule of rates, all regularly issued forms of title policies to which rates apply, and every modification are required to be filed with the insurance commissioner. The premiums are paid once at the close of a escrow. There are no continuing premiums due, as there are in other types of insurance.

Q. Can I save money by comparing rates?

A. Yes, since the rates are not set by law, the rates will vary from company to company. You should also be aware that many title insurance companies offer a discounted rate on property that has been sold or has been insured within the previous two to five years. Check with your escrow officer to see if your property qualifies. Ultimately the choice of which title insurance company you select is yours.

IMPORTANT TIPS

Be sure to check to see that the title policy amount is correct. Check to see that the date given on the policy is the escrow's actual closing date, this is the date when the policy becomes effective. Verify that the policy describes all of the property and all of the interests being acquired.

WHERE TO FILE A COMPLAINT

If you have an issue which you cannot resolve with your title insurance company, contact the California Department of Insurance at the toll-free hot line number below. You may also complete a Request for Assistance.

Consumer Services Division 1 (800) 927-HELP

Dealing with Agents & Brokers

California Department of Insurance

Selecting an Agent or Broker/Agent

If you are selecting an agent or broker for the first time, one of your best resources in selecting that individual is an already satisfied client! Ask your relatives, neighbors or co-workers about their agent and their insurance company and the level of service and professionalism their agent gave them. Have they experienced a claim? How did their agent and company respond? Has their agent been courteous and prompt in responding to their questions and needs? Did their agent take the time to fully explain the terms and conditions of their policies? Does their agent periodically contact them to update coverages? These are all excellent questions to ask when selecting someone to protect you, your family, and your assets. Once you have selected an agent to deal with, you may wish to verify his or her licensing status with the Department of Insurance. Inquire of their license(s), as they must be posted in view of the public. Ask the agent how long they have been licensed and ask what insurance companies they represent. It is wise to shop for coverage among several insurance companies and among several agents to determine the best insurance coverage for your needs.

Defining an agent or broker/agent

An agent can be licensed to sell life insurance, disability and health insurance or fire and casualty insurance. In California, the term broker/agent is used to describe two distinct types of licenses. The title broker/agent does not automatically convey both types of licenses upon the holder, unless he or she qualified for and was issued both types of licenses. A broker/agent acting in an agent capacity is generally a person who is appointed (authorized) by one or more specific insurance companies to sell their products. The agent by virtue of the appointment(s) is considered to be working on behalf of that insurance company when he or she sells you their policy. For this sale, the agent will receive a sales commission from that insurance company. The agent with this license can only transact insurance with those insurance companies for which he or she has an appointment. A broker/agent acting in a broker capacity is generally selling insurance with companies that have not appointed him/her. In essence, he or she is shopping for or brokering the insurance among many insurance companies for which he or she will receive a sales commission. In this capacity, the broker represents you, the insured, not the insurance company. This license allows the broker to charge you a brokers fee for their services, in addition to any commission they might receive from the insurance company. As an informed consumer, you should always obtain copies of the documents relating to your insurance transactions. Ask for a copy of your insurance application, your binder (temporary policy of insurance good for up to 90 days, pending issuance of your actual policy), if issued, a receipt for the premiums and/or fees that you have paid a and showing the balance of premiums owed, if any. The receipt and application should specify the actual insurance company that is being used. Your lender or lien holder will require this information and may or may not approve of the insurance company your agent has elected to use. NEVER sign blank forms or blank applications. This only invites mistakes, misunderstandings, and possibly fraud. All applicable questions should be read and answered by the person applying for the insurance. READ the form or application before signing and dating it. If you have questions, ask the agent. If you cannot get a satisfactory answer to your question, it might be wise to avoid signing a document you don't understand. Again, ask for copies for your reference and for your records; this avoids misunderstandings at a later date. Be truthful and accurate in your replies to the questions asked, as they will be verified. Omitted or inaccurate answers will only cause delays or denial of coverage. If an agent makes an offer to you that sounds too good to be true, ask them to put it in writing and date it. If they refuse, it might be time to shop for another broker/agent. Don't ask your broker/agent to break the rules, "just this once, " as you both could be prosecuted for fraud against an insurance company. Your professional agent is there to help you and has your best interests at heart. Be an informed consumer and check with the Department of Insurance if you have questions about the insurance company your agent has recommended. Make certain that you have in writing, exactly what coverages you have purchased, the name of the insurance company, the amount of the deductibles (if any), policy exclusions, total premiums due, and when your coverage will take effect. You don't want to experience an insurance claim at a time when you have no coverage in effect. Your insurance shopping experience doesn't have to be a mysterious or troublesome

experience. Be a well informed and wise consumer. Shop carefully, ask informed questions, know what coverages you want and need, and remember, the Department of Insurance is here to help.

If calling from Los Angeles or out of state dial: 213-897-8921

California Department of Insurance Consumer Services Division, 300 South Spring Street, Los Angeles, CA 90013

For the status of agent or broker licenses, contact:

California Department of Insurance, License Bureau, 320 Capitol Mall, 1st Floor, Sacramento, CA 95814, (916) 322-3555

Consumers' Rights - Automobile Insurance

California Department of Insurance

CONSUMER RIGHTS/PROTECTIONS RELATED TO AUTOMOBILE INSURANCE POLICIES

A Glossary of Terms is available.

By voter initiative the people of California enacted into law Prop. 103, (California Insurance Code Sections 1861-1861.16) in November of 1988. Prop. 103 provides many consumer protections related to purchasing and maintaining Automobile Insurance. We have highlighted some of the key provisions of Prop. 103; protections and consumers rights related to Automobile Insurance, they follow: "Good Driver Provision": Prop. 103 established a legal definition of a "Good Driver" in this state. As defined a Good Driver is a person who has been licensed for 3 years and has one or less points on their motor vehicle record. The consumer rights that are created from the Good Driver provision are that no insurer can refuse to offer coverage if you qualify as a Good Driver and, that Insurer is required by law to provide a Good Driver discount to all eligible applicants of 20%.

Cancellation/Non-Renewal Provisions:

Prop. 103 established new criteria which determine an Insurer's ability to cancel or non-renew your policy. Once an automobile policy has been issued the only reason an insurer can cancel/non-renew that policy is for 1.) Fraud/Material misrepresentation 2.) Non-payment of premium or 3.) Substantial increase in the hazards insured against. NOTE: Notice requirement mandated by the California Insurance Code requires 10 days notice to you before cancelling your policy for non-payment of premium. Additionally the Insurance Code requires 20 days notice to you of renewal or non-renewal. Determination of Rates: Prop. 103 established uniform guidelines upon which your auto rates would be determined the primary factors being 1.) the individual's driving safety record 2.) the number of miles he/she drives annually 3.) the number of years of driving experience the insured has. There are secondary rating factors like where you live, marital status, age etc. that are currently used to determine your rates.

See:

[CONSUMER RESPONSIBILITIES RELATED TO AUTOMOBILE COVERAGE](#)

[WHEN YOU HAVE AN ACCIDENT!](#)

[FILING A CLAIM](#)

[HOW TO BUY AUTOMOBILE INSURANCE](#)

[TIPS TO KEEP IN MIND](#)

[KNOW WHERE TO FILE COMPLAINTS](#)

CONSUMER RESPONSIBILITIES RELATED TO AUTOMOBILE COVERAGE

The California Vehicle Code Section 16056 explains the minimum requirements of California's financial responsibility law. The pertinent information is contained in the excerpt that follows: Requirements of Policy or Bond 16056. (a) No policy or bond shall be effective under Section 16054 unless issued by an insurance company or surety company authorized to do business in this state, except as provided in subdivision (b) of this section, nor unless the policy or bond is subject, if the accident has resulted in bodily injury or death, to a limit, exclusive of interest and costs, of not less than fifteen thousand dollars (\$15,000) because of bodily injury to or death of one person in any one accident and, subject to such limit for one person, to a limit of not less than thirty thousand dollars (\$30,000) because of bodily injury to or death of two or more persons in any one accident, and, if the accident has resulted in injury to, or destruction of property, to a limit of not less than five thousand dollars (\$5,000) because of injury to or destruction of property of others in any one accident. If you have assets to protect, you should consider purchasing Liability insurance with higher limits than the minimum required. **ADDITIONAL COVERAGE MAY BE AVAILABLE**

Medical Payment.

Pays the medical costs resulting from an accident for you, your family, and others in your car (up to the specified limit you choose) no matter who was at fault. This coverage may be unnecessary if you have other medical insurance.

Uninsured motorist coverage (BI and PD).

Uninsured motorist bodily injury (UMBI) coverage pays for injuries to you or to persons in your car in accidents caused by uninsured or unidentified drivers. The law requires that this coverage must be offered with liability insurance. If you reject it, you must do so in writing. Uninsured motorist property damage (UMPD) coverage pays for damage to your car caused by an identified uninsured motorist. Physical damage (collision and comprehensive). Collision pays for damage to your car caused by a collision with another vehicle or with any other object, regardless who was at fault. Comprehensive pays for damage to your car caused by reasons other than collision, such as fire, theft, windstorm, flood, etc.

WHEN YOU HAVE AN ACCIDENT!

If there are injuries call the police and paramedics. Obtain names, addresses, telephone numbers, and driver's license number of the other driver. Also get the name, address and phone number of witnesses. If there are no injuries Police may not respond in which event, you should in addition to the items above record the license plate and registration of vehicles involved in the accident.

FILING A CLAIM

A claim representative should contact you within a reasonable period. As part of the investigation, other drivers and witnesses may be contacted. If you have medical payments or uninsured motorist claims, you must provide documentation of your injuries, medical expenses, lost wages, etc. Do not sign any thing you don't understand or agree with. If you do not hear from anyone, call your agent or insurance company for assistance. If they are not responsive, or believe there is an unreasonable delay in settling your claim, contact the Department of Insurance toll-free: 1-800-927-HELP.

NOTE: Insurers are required to acknowledge receipt of your claim within 15 days. They have 40 days after that to conduct their investigation and accept/deny the claim in whole or in part. If settlement is reached they have 30 days to tender payment.

HOW TO BUY AUTOMOBILE INSURANCE

Know what coverages, limits of liability and deductibles you want and you can save money. However, price is not the only factor. Be wary of unlicensed insurers which offer rates that are sometimes 30 to 50 percent lower than other insurers. California drivers are often victimized by unlicensed companies which promise low rates but offer worthless policies not covered by state guaranty funds. Consider the company's complaint record. A company that doesn't pay its claims is one you should avoid. The Department of Insurance publishes a complaint study that can help you find a service-oriented company. Consider higher deductibles. By requesting a higher deductible on your collision and comprehensive coverage, you may lower your costs substantially. Drop collision and/or comprehensive coverage on older cars. It may not be cost effective to have collision or comprehensive coverages on cars worth less than \$1000 because any claim you make would not substantially exceed annual cost and deductible amounts. "Fringe" coverages. Many companies offer towing services or rental vehicle reimbursement you should review these coverages carefully before purchasing them. Comparison shop. Prices for the same coverages may cost two or three times as much with one company as another. You may obtain a free comparative survey of insurance premiums charged by the 12 largest companies from the California Department of Insurance Hotline. Compare finance charges. Out of convenience or necessity, many Californians finance their insurance premiums. Some companies provide "in-house" financing; other arrangements involve banks or finance companies. Just as you compare premiums and coverage, you should compare credit costs. Using your credit card may save you interest charges. Broker's fees. Sometimes broker's fees are charged in addition to the agent's commission. If you are charged for both, ask why. Also, if you agree to pay a broker's fee, the amount of the fee should be clearly stated in writing. If the policy is cancelled for any reason, the fee will not be refunded. Ask your agent for a commission rebate. Proposition 103 authorizes agents to rebate part of their commission to you. Feel free to ask them about it. Read your policy. Don't wait until after an accident to become familiar with it. If you don't understand your policy, ask your agent and/or company for clarification. Be a good driver. Under Proposition 103, good drivers (defined as being licensed previous three years and no more than one accident or moving violation in the past three year) are entitled to "good driver" discounts of 20 percent. Every auto insurance company licensed in California must provide coverage to good drivers. If you are denied the opportunity to buy insurance from the company of your choice, call the California Department of Insurance Hotline.

TIPS TO KEEP IN MIND

Shop around for your insurance needs. When you call in for a quote or fill out an application, give the complete and correct information requested. After the application or any finance agreement is filled out, re-read it to see if everything is correct. Get a copy of it for your records. Also, get the application filled out before you sign it. Don't sign a blank form. When you get your policy, read it. Don't file it away without checking to see that the coverages, limits, premium and other information is correct. Also, read through the policy to know your rights and the company's obligations.

The California Department of Consumer Affairs requires a written estimate of repair costs before claims work begins. Although you may be allowed to use any shop you choose under your policy terms, you must first check with your insurer before repair work start. The insurer will want to find out if the cost is reasonable and that all work is covered under the policy. Ask your agent for a commission rebate. Proposition 103 authorizes agents to rebate part of their commission to you. Feel free to ask them about it.

KNOW WHERE TO FILE COMPLAINTS

If you don't think that you have been treated fairly in shopping for insurance or in getting a claim paid, or if you have any problems or questions about your insurance, contact: California Department of Insurance at (800) 927-HELP or complete a Request for Assistance Return to: Department Brochures Consumer Services Division 1 (800) 927-HELP

So You've Had an Auto Accident, What's Next?

California Department of Insurance
A Glossary of Terms is available.

See:

[INTRODUCTION](#)

[QUESTIONS & ANSWERS](#)

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[WHERE TO FILE COMPLAINTS](#)

[DSS - OCS Out of State Parents Information](#)

[Collecting Support Across State Lines](#)

[Commonly Asked Questions About Out-of-State Collections](#)

INTRODUCTION

Driving on California's highways can be a risky proposition. Whenever you're in a vehicle, there's a chance you'll be involved in a traffic accident. Whether it's a small fender bender or a major injury accident, knowing in advance what to do can help you avoid costly mistakes. This guide discusses what to do after an accident and what to expect when you file an automobile insurance claim. When purchasing insurance, carefully review the application before signing it to be certain that the coverages, policy limits and deductibles are what you need. After you receive the policy, review the declaration page. It contains important information on the insured and insured vehicle, as well as the coverage limits and deductibles. Make sure the information is correct and the coverage is what you ordered. If changes are needed, put your request to your agent and/or insurance company in writing and keep a copy. Use certified mail/return receipt requested to verify receipt of your letter. Be familiar with your automobile insurance policy before it's needed. Read the policy thoroughly so you know what is covered and what is excluded. Some of the most frequently asked questions about automobile insurance claims are discussed below:

QUESTIONS & ANSWERS

Question: What should I do at the scene of an accident?

Answer: Immediately stop at the scene. If there are injuries, call the paramedics. Call the police. (In some areas, police authorities may not come to every accident scene. They may consider factors such as the severity and location of the accident, i. e. some police authorities will not come to the scene if the accident is on private property. However, you should attempt to notify the police. You should also be aware that most policies require notification of police within a specified time period if the accident is a hit and run.) Obtain names, addresses, telephone numbers and driver's license numbers of other drivers. Obtain license plate(s) and vehicle registration numbers. Ask to see their driver's license(s) and vehicle registration(s) to verify that the information is accurate. Obtain names, addresses and telephone numbers of other passengers and any witnesses. If you have a camera, take photographs of the damage, the position of the cars and the accident scene, i. e. traffic controls, visual obstacles. If the owner of a damaged car or damaged property cannot be located, leave a note with the names and addresses of the drivers and owners of the involved cars. Notify your agent and/or your insurance company immediately. If anyone is injured or the vehicle damage exceeds \$500.00, you must report the accident to the Department of Motor Vehicle within 10 days--failure to notify the DMV may result in the suspension of your driver's license. Things to avoid: Do not argue with other drivers and passengers. Save your story for the police and your insurance company. Do not sign statements of fault or promises to pay for damage. If another party offers to pay your deductible, don't sign anything releasing him or her from further responsibility. If you release the other party, your insurance company's subrogation right will be jeopardized and the company may refuse to pay for damage to your car.

Question: What happens after I file the claim with my insurance company?

Answer: Your insurance company will contact you for additional information. To obtain a detailed account of the facts, a written or recorded statement, or an examination under oath may be requested. As part of the investigation, other drivers and witnesses may be contacted. If you have medical payments or uninsured motorist claims, you must provide documentation of your injuries, medical expenses, lost wages, etc.

Question: What should I do if the insurance company does not contact me?

Answer: A claim representative should contact you within a reasonable period, usually 24-72 hours after you report the loss. If you do not hear from anyone, call your agent or insurance company for assistance. If they are not responsive, or you believe there is an unreasonable delay in settling your claim, contact the Department of Insurance.

Question: How does the insurance company evaluate vehicle damage?

Answer: An adjuster or appraiser usually inspects the vehicle. It is your right and responsibility to select a repair facility. Do not authorize repairs until the adjuster has inspected the vehicle and you are satisfied with the scope of repairs and the repair facility. If the damage is relatively minor, the company may instead ask you to submit comparative repair estimate.

Question: What will the company pay on a physical damage claim under a standard auto policy?

Answer: The company will pay the lesser of: the amount necessary to repair the vehicle. the actual cash value (ACV) of the vehicle. the limit of liability as shown on the Declaration Page. Read your policy to be certain of what is and isn't covered. Pay particular attention to the exclusions. For example, there is usually no coverage for sound reproduction equipment, a telephone, or a citizens band radio, unless the equipment was permanently installed by the automobile manufacturer in the normal opening in the dash or console. Coverage is usually available for such special equipment for an extra premium charge.

Question: What is Actual Cash Value (ACV)?

Answer: Actual cash value means the fair market value of your car before the accident. This is the price that a willing buyer would pay a willing seller, neither being under pressure to sell or buy. This does not necessarily mean replacement cost less depreciation. Any vehicle damage present before the accident will also be factored in. Your company will survey dealers and private parties selling similar vehicles, as well as value guide books, to approximate the ACV. A computerized market analysis system might also be used. If you do not agree with your company's figure for ACV, you may want to do your own survey of dealers and private party sellers in your area. Companies are required to consider all information put before them. If you can show that your figure more closely approximates the ACV, your company should be willing to negotiate. Your policy may also contain an appraisal provision. .

Question: How is the check or draft prepared?

Answer: The check may be made payable to the insured and any lien holder, such as a bank or finance company. If the vehicle is repaired, the company may also include the repair facility as a payee.

Question: Who is responsible for the balance of a car loan?

Answer: The borrower is responsible for the balance of the loan, even if the vehicle is stolen or damaged beyond repair. If your claim payment is less than the loan balance, the lender will expect you to pay the difference.

Question: Will the company pay for a rental car while mine is being repaired?

Answer: Yes, if you have purchased rental vehicle coverage. Review your policy before you rent a vehicle. Although policy limits vary, the company pays up to a specified amount per day, for a specified number of days. The coverage ends when your vehicle is repaired, the loss is paid, or after the specified period, whichever comes first. If your vehicle is stolen, the policy may automatically provide transportation expenses. Again, review your policy to be sure. This type of coverage usually begins 48 hours after the theft and ends when your vehicle is repaired, the loss is paid or after a specified period, whichever comes first.

Question: What is a collision damage waiver and will the company pay these charges for the rental vehicle?

Answer: The terms of the rental agreement make the customer responsible for collision damage while he or she has possession of the vehicle. Additionally, rental companies insure or self-insure themselves for damage to the vehicle caused by collision. For an additional fee, the rental company will waive all or a portion of the customer's obligation to pay repair costs for damage to the vehicle caused by collision. However, both the amount of the fee and the language of the waiver vary. Coverage under your personal automobile policy depends upon the policy language. Read your policy carefully. Ask your agent or company before you rent a vehicle.

Question: What is the salvage value?

Answer: This is the remaining value of your damaged vehicle. It is usually determined through bids from salvage buyers. The company may sell the vehicle to the highest bidder. However, it is not obligated to do so. If you decide to keep the damaged vehicle, the highest salvage bid may be deducted from your settlement. In effect, you are "buying back" your vehicle. Whenever the company does not dispose of the vehicle, it is your responsibility to file a salvage certificate with the Department of Motor Vehicles.

Question: What is subrogation?

Answer: Subrogation is the right of the insurance company to recover from a third party the amount of damages it paid to you. For example, if another party is at faulting an accident that damages your car, and you have a collision claim, your company will ask the other party to reimburse the money it paid on your claim. The policy requires your cooperation with the company's subrogation efforts. Also, you cannot do anything that jeopardizes the company's right of recovery. For example, you cannot sign an agreement releasing the other party in exchange for payment of your deductible.

Question: Is the company required to help me recover my deductible?

Answer: No. However, the company is usually willing to help recover your deductible in conjunction with its efforts to recover monies paid to you. If the efforts are successful, in whole or in part, the company will reimburse you in accordance with the recovery. For example, if 100 percent of the paid claim is recovered, you will receive 100 percent of your deductible; if the recovery is 65 percent, you will receive 65 percent of your deductible. Any expenses or fees, i. e. legal fees, incurred by the company in its recovery effort will be apportioned between the company and you, if recovery is made. However, if you choose not to have the company include your deductible in its efforts, you can seek recovery directly from the other party on your own. But before you do, discuss the matter with your company to avoid jeopardizing its recovery.

Question: What is an appraisal provision?

Answer: Most standard policies contain an appraisal provision, which can be helpful in the event that you do not agree with your company on the amount of loss. Read your policy to see if it contains one. Under this provision, either of you can demand an appraisal. Each party selects a competent appraiser. The appraisers then select an umpire. If the appraisers cannot agree on the amount of loss, their differences are submitted to the umpire. An amount that any two agree on is binding. Each party pays its appraiser. The appraisal expenses and umpire fee are shared.

Question: Is the car covered outside of California?

Answer: Most policies provide coverage in other states, U. S. territories and possessions, and Canada. As

is the case in California, many other states and territories have enacted financial responsibility laws requiring drivers to carry a specified amount of automobile insurance to cover losses resulting from ownership or operation of a motor vehicle. If the financial responsibility requirements where you are traveling are higher than your policy limits, your company will meet the higher requirement. Most policies do not provide coverage in Mexico. So if you plan to drive your car there, it's wise to buy that coverage separately. Be informed! Check your out-of-state coverage before you travel. California's financial responsibility law is set forth commencing with Section 16020 of the California Vehicle Code. Among other things, it requires all drivers to be able to pay damages resulting from ownership or operation of a motor vehicle. Drivers must show ability to pay damages (called financial responsibility) of at least \$15,000 for each person injured or killed in an accident, of at least \$30,000 for injury/death to two or more persons in one accident, and of at least \$5,000 for property damage from any one accident. If you are cited by a peace officer for any moving violation, or are involved in an accident, you may be asked for written proof of financial responsibility. This can be done by recording the name of your insurance company and policy number on the vehicle registration card issued by DMV, which should be kept in the vehicle, or on the checklist attached and keeping this guide in your vehicle, or on a separate piece of paper which you keep in your wallet or purse (so you'll have the information when driving someone else's car). For further information, contact the California Department of Motor Vehicle's.

Question: What should be done if a lawsuit (summons and complaint) arises out of an accident?

Answer: Notify your agent and insurance company immediately. Keep a copy for yourself and mail or deliver the original documents to your company. Do not give statements or discuss the accident with anyone except a verified representative of your company. If the lawsuit arises out of a covered loss, your company will provide legal defense.

Question: Is a newly acquired vehicle covered?

Answer: Most policies provide automatic coverage for a vehicle that replaces a vehicle already on your policy. The coverage normally is the same coverage you had on your previous vehicle. If you wish additional coverage, there is usually a requirement that you notify your agent or your company within a designated time period. Most policies also provide automatic coverage for a newly acquired vehicle that is an addition to other vehicles you already have on the policy. There are usually specific conditions that must be met. For example, the purchased vehicle must be reported to your agent or company within a designated time period, i. e. 30 days, or there may be a requirement that in order for coverage to automatically apply, all of your other owned vehicles must be insured with the company.

REMEMBER: Some policies do not provide this automatic coverage. Read your policy. Notify your agent or company in writing of any change in your vehicle ownership.

IMPORTANT TIPS

Read your policy now. Don't wait until after an accident. If you don't understand your policy, ask your agent and/or company for clarification. If you have an accident, call the police. If there are injuries, call for paramedics. Get as much information as possible at the accident scene to furnish to your agent and/or insurance company. Immediately notify your agent and/or insurance company of an accident. Cooperate with the insurance adjusters/investigators to aid them in their investigative efforts. If you don't understand something about the processing of your claim, i. e. amount of settlement offer, i. e. amount of settlement offer, question your agent and/or insurance company representative.

WHERE TO FILE COMPLAINTS

If you don't think your claim is being handled properly, contact the California Department of Insurance, complete a Request for Assistance, or call the statewide toll-free hotline:

1-800-927-HELP

Consumer Services Division 300 South Spring Street Los Angeles, CA 90013

DSS - OCS Out of State Parents Information

Collecting Support Across State Lines

To collect support from an out-of-state parent, the FSD uses a URESA (Uniform Reciprocal Enforcement Support Act) petition. A URESA petition is a law that helps states work together to collect child support. It can take six to nine months and possibly longer for a custodial parent to receive support from an out-of-state noncustodial parent when a URESA petition is involved. The other state may not be able to serve notice on the noncustodial parent due to incorrect address information. If a hearing is necessary, it may take a while to get a court date. Custodial parents can help speed up the process by keeping in touch with the Family Support Division (FSD) and providing any new information about the noncustodial parent.

Even though they try to be responsive, most enforcement agencies have a very high demand for their services and they have to set priorities among the cases they receive. A state's ability to act rapidly depends on the characteristics of the case, the quality of information received, the amount of staff and other resources they have to devote to it and what priority they assign the case. These are matters over which the FSD has little or no control, other than periodic prompting through calls and letters.

Commonly Asked Questions About Out-of-State Collections

Q: As soon as the other parent is notified about enforcement, he/she moves. How will I ever be able to collect child support?

A: It is difficult to enforce child support payments when the other parent continually moves to avoid paying. You can help your case if, whenever you learn that the other parent has moved or has a new job, you provide this information to the FSD as soon as possible. Federal legislation has been enacted which makes it a felony when a noncustodial parent willfully leaves a state to avoid paying child support.

Q: I have a California support order. The noncustodial parent now lives in another state. I know he/she has land and other assets in California. Can the FSD help me collect on the past due amount?

A: Yes. The fact that the noncustodial parent now lives somewhere else does not prevent the FSD from reaching those assets in California.

Q: I have a California support order. The noncustodial parent now lives outside of California. I asked the FSD to try to help me collect support. The judge in that state lowered the payment amount. Is that legal?

A: Yes. While most court orders are enforced in the amount specified, the other state may not be bound by the amount set in the original order. The other state may make a different order depending upon the state's guidelines and the noncustodial parent's circumstances.

Q: Can paternity be established for my child if the father lives in another state?

A: Yes. But it is difficult to establish paternity across state lines because the laws in most states are different. Frequently, blood tests will be ordered to help the court in the other state determine paternity.

Q: What should I do if I am planning to move to another state?

A: Inform the FSD whenever you move, whether you are moving across the street, to another state or to another country. The FSD will tell you what you need to do to make sure you still receive child support services in your new location.

Law in Plain Language: Child Support

By Attorney General Richard Blumenthal

Experts say that unpaid child support is a prime reason that more than one in five American children live in poverty.

According to an Urban Institute study, children in single-parent families would get \$34 billion if all child-support obligations were met. Parents have the legal right to request the assistance of the State in establishing and enforcing child support payment orders.

Private lawyers and companies also provide these services, but at times for exorbitant rates and application fees with uncertain results. Before turning to private sources, parents should be aware of the alternatives. For a modest application fee of \$25, which could be waived if necessary requirements are met, Connecticut, as mandated by federal law, will make the same child support services available to non-public assistance applicants as are provided to welfare mothers. The Family Support Magistrate Division of the Superior Court handles child and spousal support matters in cases involving people receiving Aid to Families With Dependent Children (AFDC) or foster care under Social Security. They also decide cases involving those who have applied to the Department of Social Services for child support enforcement services.

These three categories are classified as IV-D cases because the procedures are governed by Title IV-D of the federal Social Security Act. The Attorney General's Office, the Bureau of Child Support Enforcement and the Support Enforcement Division (Superior Court) participate in actions concerning establishing, enforcing, or modifying support orders when a party is receiving IV-D support enforcement services.

My office also represents people from other states who do not have their own attorney and are seeking support from a Connecticut parent under the Uniform Reciprocal Enforcement of Support Act (URESA), which allows enforcement of support obligations when the parties live in different states. Family support magistrate support orders have the same force and effect as support orders of the Superior Court.

Since the State is required to assist in this often lengthy process, services that are offered include, but are not limited to, necessary contempt proceedings, the placement of liens on real and personal property, the interception of state and federal income tax returns, the certification of the names of delinquent obligors to credit reporting agencies, the suspension of automobile operator and occupational licenses, a sophisticated (automated) absent parent locate system, the modification of existing orders and necessary legal services. If you are in need of child support services, particularly families that cannot afford lawyers and private companies, Connecticut offers effective and comprehensive services.

By utilizing the state's services, you do not run the risk of a private company going bankrupt before your case begins in court but after having collected a steep application fee.

You also know that a percentage of what money you do receive will not be taken as payment, unlike private companies or attorneys.

In many cases, those fees are paid regardless of whether support is granted. There may be times, however, where an informed parent may deem it advisable to pursue private remedies.

In such situations, the availability of an aggressive and competent private collector could prove beneficial. Connecticut's responsibilities are to protect its' citizens.

While private attorneys or companies may do an effective job of obtaining support, the State provides the same services for considerably lower costs. If you would like further information regarding child support, please contact your local Bureau of Child Support Enforcement (Department of Social Services) office; or, write me, Attorney General Richard Blumenthal at 55 Elm Street, Hartford, CT 06106.

Remember, you have rights too.

Law in Plain Language: Bankruptcy

By Attorney General Richard Blumenthal In these difficult financial times, it has become more and more tempting for individuals to declare bankruptcy as an easy cure for their financial ills. In 1992 alone, about one in fifty households declared bankruptcy.

However, you should be aware of the pros and cons about declaring bankruptcy before you decide to do it. It is important to keep in mind that although declaring bankruptcy is a tempting option, it is never a preferred choice if you can avoid it. If you have really been hit hard financially, then bankruptcy may be an option. Remember, the Bankruptcy Code is meant to give you a chance for a fresh start even though filing does have some serious consequences.

But before you file, there are some things you should do that may be able to steer you clear of bankruptcy. First, do not ignore your bills! The longer you avoid your creditors, the angrier they will be and the less they will want to help you out.

Let them know right away why you are falling behind on your payments and make it clear you intend to pay your debts. Second, talk to the credit or collection manager where you owe money.

They may be able to work out a more flexible payment schedule for you.

In some cases they may agree to reduce or eliminate interest and fees.

Bad loans cost them money, too, and they will probably get more if they work with you in your efforts to pay off your debts than if they force you into bankruptcy.

By talking to your creditors and working out some sort of payment schedule tailored to your financial situation, you may be able to get back on your feet and avoid filing for bankruptcy. Third, consider financial counseling.

In Connecticut, the Consumer Credit Counseling Service of Connecticut, Inc., a private non-profit organization, licensed by the Connecticut Department of Banking, has ten offices located throughout the State.

Their number is 1-860-450-2808.

Fees are based upon a sliding scale.

There are other agencies and businesses which also claim to be willing to deal with your creditors for you and help you setup a payment schedule.

But before you hire one, there are some risks you should be aware of.

Do not believe persons who promise 'miracle cures' for bad debts; don't let anyone tell you they can cure your problems without any consequences.

Before you hire a credit counselor, find out if they are licensed with the State; how long have they been doing such work; get referrals from others who have successfully used their services.

Some of these counselors who advertise 'miracle cures' prey on people in financial trouble do not let a con artist make your situation worse. Some important things to remember while meeting with a financial counselor:

1.

Credit bureaus can legally report accurate negative credit information for ten years.

If you have bad credit, beware of agencies that advertise "erasing" it, because it cannot be done;

2.

If you have a poor credit history, regardless of whether your past problems were due to illness or unemployment, in most cases time is the only thing that will heal your credit report; and

3.

The only information that can be changed in your credit report are items that are actually reported wrongly or beyond the seven or ten year reporting period.

If you've tried these measures and you still believe filing is your best option, you should carefully consider the costs and benefits of filing bankruptcy.

Some benefits are that when you file for bankruptcy, your creditors may not file any lawsuits against you and must stop any cases which are pending anywhere outside the bankruptcy court.

Creditors must stop attempting to collect on your unpaid bills.

They may not put a mortgage or lien on your property.

They must accept any amounts the court decides you are required to pay them, even if this is less than the full amount you owe.

Further, depending upon the type of bankruptcy you file, you may be able to prevent foreclosure of your home and protect certain of your assets from creditors' claims.

The result is that when you are finished with your bankruptcy case, you will be given a "fresh start." There are, however, some very serious costs to filing bankruptcy.

A bankruptcy can appear on your credit report for ten years after the date you file your petition.

It may be difficult if not impossible to get a loan or a credit card during those ten years. You will be limited for the next six in whether you can file again for bankruptcy, and under what circumstances.

You may have some of your property sold to pay your debts.

In many cases, even if you can temporarily stop a creditor from foreclosing on its mortgage or lien, that creditor will eventually be able to reclaim its property, unless you can make arrangements to pay that debt.

Further, certain debts, particularly child support and taxes are in most cases not dischargeable. It is always helpful to obtain legal advice to assist you through the bankruptcy process.

If you do not have your own attorney, you can contact your local bar association for referrals, or you may qualify for Legal Aid. Look for an attorney who specializes in bankruptcy and in the type of bankruptcy case you wish to file. Ask him how many similar such cases he has handled in the past year. Some unions or other groups may run their own legal services program.

Also, do not feel shy about asking questions of the clerks in the bankruptcy court's office--they can be very helpful and probably can answer many of your questions.

Lastly, if you do want to use a credit counselor, check them out carefully using the above-mentioned guidelines.

Check with your Better Business Bureau or the Attorney General's Office to see if there is any record of consumer complaints against such counselor. Bankruptcy is not a choice to be made lightly.

Failing to pay your debts not only hurts you, it hurts everyone.

Prices go up to cover the costs of bad debts and lenders are more reluctant to make loans. Everyone's taxes must be raised to make up for those lost in bankruptcies.

In short, if you can stay out of bankruptcy, by all means do so.

So, think about the costs and benefits, and make your choice wisely. If you would like more information about bankruptcy and the types of bankruptcy, you can obtain two (2) free booklets, "Bankruptcy and You:

What Kind of Bankruptcy Should I File?" and "Bankruptcy and You: Is it the Right Choice?", by e-mailing me Attorney General Richard Blumenthal

Law in Plain Language: Credit Repair Scams By Attorney General Richard Blumenthal

When personal financial problems mount, people in desperate search for financial stability too often succumb to credit repair ploys that only make their problems more severe. Sadly, they may be bilked out of hundreds or even thousands of dollars, with their promises of repaired credit unfulfilled. Many illegitimate credit repair companies exploit such individuals who want to re-establish themselves financially after suffering a credit setback. Despite claims about guaranteed results in securing credit and improving credit history, the repairs are in fact legally impossible and out of reach. For example, I recently filed a lawsuit after receiving more than 200 calls and letters of complaint concerning Credit Resource Management Group of Stamford, which allegedly made unauthorized withdrawals from customers' bank accounts. We have also acted against credit repair companies promoting tactics such as advertising "gold" or "platinum" cards that can only be used with special catalogs and directing consumers to "900" and "976" exchanges which result in charges regardless of whether they wish to use the company's services. People should know that credit history is maintained by credit bureaus based on information provided by banks, department stores and other creditors. Regardless of how a negative credit history developed, even if it is due to unemployment or illness, credit bureaus may retain it for seven years, and bankruptcy information for 10, so long as the information is accurate. If negative credit history involves inaccurate information, you have the right to see the credit report and challenge any inaccurate or outdated information. You do not need the assistance of credit repair services. In fact, you can do anything a credit repair company can do - for free or for only a few dollars. Bottom line, the only remedy for poor credit history, if correct, is time and financial prudence. Don't pay a cent to anyone who tells you otherwise. Money back guarantees rarely protect you from being a victim of credit repair scams. With a few simple calls you can determine whether an agency is legitimate or not. If you have any questions or would like a copy of our brochure, "How to Spot Credit Repair Scams and Correct Your Credit History Yourself," e-mail me Attorney General Richard Blumenthal

Law in Plain Language: Credit Reporting

By Attorney General Richard Blumenthal

Have you ever had difficulty getting your credit report or disagreed with the information on the report? Thanks to a new law, your rights to obtain your credit report and to correct inaccurate information are now significantly stronger. Effective October 1, 1995, Connecticut residents gained greater power to correct their credit reports - quickly and at less cost. The law was the result of three years of effort by my office and other consumer advocates. The new law does the following:

Requires that your credit report be made available to you for a maximum charge of \$5.00 for the first credit report - one of the lowest charges in the country - and \$7.50 for additional requests in the same 12-month period. If you are denied credit because of a bad report, you still are entitled to receive a copy of your report - at no charge.

Provides you with the right to receive a clear and concise explanation of all information on your credit report.

Requires credit reporting agencies to provide you with a written summary of consumers' rights under state and federal consumer credit reporting laws.

Gives you 60 days, rather than the previous level of 30 days, to request a free copy of your credit report once you have been notified of a creditor's adverse action.

Why are these protections necessary?

Because your credit report can be an insurmountable hurdle to fulfilling many of your life's plans. Your report provides a comprehensive view of your financial dealings for as many as 10 years with a compilation of information gathered from banks, credit unions, department stores, landlords and any business that extends you credit. If your credit report is wrong, the consequences may be severe: being rejected for a mortgage for a home purchase or even a small line of credit on a credit card; or even having difficulty renting an apartment. Many times inaccurate credit reports are the result of data entry problems, mismatched credit histories or poor bookkeeping by businesses reporting a delinquency. With these new rights, you can protect yourself by making sure your credit report is accurate and by quickly correcting any inaccuracies.

If you have a problem with your credit report company, don't hesitate to challenge your claim. Bad credit history can bar you from making future purchases. You should correct your credit report before you attempt to make a major purchase -- not when you make that purchase.

If you have any questions or would like a copy of our brochure, "How to Spot Credit Repair Scams and Correct Your Credit History Yourself," please e-mail me Attorney General Richard Blumenthal. For Copies of Credit Reports: You can obtain a free copy of your credit report by writing:

TRW Complimentary Report
P.O. Box 8030
Layton, Utah 84041-8030

If you have been denied credit, you are entitled to receive a free copy from the addresses below. If you have not been denied credit, but would like a copy, you can obtain a copy by sending \$5 to the addresses below:

TRW Information Services
P.O. Box 1240
Allen, Texas 75002-1240

TransUnion Credit Bureau of Connecticut
P.O. Box 26775
West Haven, CT 06516-0966

Equifax Inc.
Office of Consumer Affairs

P.O. Box 105139
Atlanta, GA 30309

Office of the Florida Attorney General: Victims' Bill of Rights

Florida Crime Victims' Bill of Rights

Victims of crime or their lawful representatives, including the next of kin of homicide victims, are entitled to the right to be informed, to be present, and to be heard when relevant, at all crucial stages of criminal proceedings, to the extent that these rights do not interfere with the constitutional rights of the accused.

Florida Constitutional Amendment, Article I

Sec. 16. Rights of accused and of victims

(a) In all criminal prosecutions the accused shall, upon demand, be informed of the nature and cause of the accusation against him, and shall be furnished a copy of the charges, and shall have the right to have compulsory process for witnesses, to confront at trial adverse witnesses, to be heard in person, by counsel or both, and to have a speedy and public trial by impartial jury in the county where the crime was committed. If the county is not known, the indictment or information may charge venue in two or more counties conjunctively and proof that the crime was committed in that area shall be sufficient; but before pleading the accused may elect in which of those counties he will be tried. Venue for prosecution of crimes committed beyond the boundaries of the state shall be fixed by law.

(b) Victims of crime or their lawful representatives, including the next of kin of homicide victims, are entitled to the right to be informed, to be present, and to be heard when relevant, at all crucial stages of criminal proceedings, to the extent that these rights do not interfere with the constitutional rights of the accused.

The Florida Attorney General's Office: Lemon Laws

HOW THE FLORIDA LEMON LAW WORKS

When consumers buy or lease a new motor vehicle, they receive a Lemon Law rights booklet that explains their rights and gives steps to follow to resolve problems. The booklet also contains a toll-free number for the Lemon Law Hotline and a form the consumer can use to notify the manufacturer of chronic defects (via certified or express mail).

After the third repair for the same problem, the consumer gives notice to the manufacturer to afford a final opportunity to repair the vehicle. Upon receipt of notice, the manufacturer has 10 days to direct the consumer to a repair facility, and then up to 10 days from delivery of the vehicle to fix it. The consumer is eligible for relief if the problem still exists after the final attempt. If the vehicle is out of service for repair for a cumulative total of 30 or more days, the consumer is eligible for relief, provided notice was given after the vehicle was out of service 15 or more days and the manufacturer or its authorized service agent had at least one opportunity to inspect or repair the vehicle.

If the manufacturer does not provide a refund or a replacement vehicle, consumers can invoke their rights through one or two arbitration programs. The consumer must file a claim for arbitration within six months after the expiration of the Lemon Law rights period. The dispute must be submitted for arbitration to a manufacturer-sponsored program, if that program was certified by the state when the consumer acquired the vehicle. The manufacturer's warranty explains how and where to file a claim with a certified program.

Consumers in Florida may call the Lemon Law Hotline (1-800-321-5366), consumers out of state may call (904) 488-2221, to find out if their manufacturer has a state-certified program.

The dispute must be submitted to the Florida New Motor Vehicle Arbitration Board, administered by the Office of the Attorney General, if the manufacturer has no certified program, the certified program fails to render a decision in 40 days or the consumer is dissatisfied with the certified program's decision. The consumer initiates the process by contacting the Lemon Law Hotline (1-800-321-5366) to obtain a Request for Arbitration form. The form is submitted for eligibility screening to the Department of Agriculture and Consumer Services.

Once a case is approved for arbitration before the board, a hearing will be scheduled within 40 days. A panel of three arbitrators hears the case at one of ten regional sites around the state. Hearings are held during normal working hours and are conducted in accordance with Florida's Open Meetings Law. At the hearing's conclusion, the board renders an oral decision which is subsequently reduced to writing and mailed to the consumer and the manufacturer.

If the board determines the vehicle is a "lemon," the consumer is awarded either a replacement vehicle or a refund, including collateral and incidental charges, less an offset for the consumer's use of the vehicle. The case is dismissed if the board rules in favor of the manufacturer. Decisions of the board are final unless an appeal is filed with the circuit court within 30 days. If the award is not appealed, the manufacturer must comply within 40 days of receipt of the written decision.

For more information, see [How to File Lemon Law Complaints](#).

Frequently Asked Questions about Auto Insurance

Florida Department of Insurance

1. I was a passenger in someone else's car and received a citation for having an alcoholic beverage in an open container. Can my insurance company raise my rates, or cancel, or nonrenew my policy?

If this is your first citation, the company may not cancel, nonrenew or surcharge you. However, if you change to another insurance company, they may consider this violation as part of the underwriting of your new policy, and you may have to pay a higher premium.

2. I was involved in an automobile accident, and the other party was at fault. My company does not want to subrogate, including the amounts due on my deductible or loss of use. What can I do?

If the company does not plan to pursue subrogation, you can usually file in small claims court to recover the amounts owed. Or, you can try to retrieve your deductible by calling the company of the at fault party. You may make a claim against the at fault party's insurance policy.

3. I was in an accident caused by a state-owned vehicle. How do I go about resolving my claim?

You should contact the Division of Risk Management, which handles the insurance claims for all state agencies.

4. My agent quoted me one price for my automobile insurance, but when I received the policy, the premiums were higher. What can I do?

According to Florida Statute 627.7282, you have three options: a. You may pay the increase; b. You may request cancellation, but the company is entitled to earned premium; or c. Do not pay, and the company will cancel your policy for nonpayment of premium.

You should first find out why there was a discrepancy in the quote. Sometimes information will be revealed to the company on your Motor Vehicle Record (MVR) that will require the originally quoted premiums to be changed by the company.

The agent should be able to give you a satisfactory explanation for the increase in your premium. If you feel that your premium was intentionally quoted low in order to obtain your business, you should file a formal complaint with our Department.

5. I was involved in an automobile accident, and the company has not yet inspected my vehicle or authorized a rental vehicle. Isn't there a time limit on how long an insurance company can take?

At the present time, there is no Florida Statute or Departmental Rule which addresses a time limit. However, seven to ten working days should be ample time for a company to inspect a damaged vehicle and authorize a rental car.

6. Will a company cover property damage liability for rental vehicles?

Usually, but it depends upon the terms and conditions of the contract.

7. Can an insurance company refuse to allow an insured to cancel an automobile insurance policy during the first 60 days after the effective date?

Florida Statute 627.7295 states that no policy providing coverage for PIP and property damage liability may be cancelled by the insured during the first two months of the policy term immediately following the date of issuance or renewal except: 1) upon total destruction of the motor vehicle, 2) upon transfer of ownership, 3) upon replacement of the policy, or 4) if the insured elects to cancel because of an additional premium charge as allowed in Florida Statute 627.7282.

8. Can an insurance company cancel an automobile insurance policy within the first two months of the effective date?

An insurance company is prohibited from cancelling only for nonpayment of premium within the first two months, unless the nonpayment is the result of a dishonored check. Otherwise, the company's rights to cancel are the same as allowed by Florida Statute 627.728.

9. How much notice does a company have to give for cancellation of an auto policy?

For nonpayment of premium, 10 days. For any other reason, 45 days.

10. How much notice does the company have to give to cancel a binder for auto insurance?

Five days written notice.

11. Is insurance required on motorcycles?

There is no statutory requirement to purchase insurance on motorcycles, except when a driver has to prove financial responsibility due to violations or failure to pay for damages they caused in an accident. Lenders may require comprehensive and collision coverages to protect their interest.

12. What is the minimum amount of insurance required to be carried in order to comply with Florida's automobile insurance laws?

Any person who has a car in Florida for more than 90 days during the preceding 365 days must purchase Personal Injury Protection coverage (\$10,000) and Property Damage Liability coverage (\$10,000).

In addition, if the insured is involved in an accident, the Financial Responsibility Law, regulated by the Department of Highway Safety and Motor Vehicles, also requires Bodily Injury Liability coverage (\$10,000).

13. How long does an insurance company have to settle an auto claim?

There is no specific time limit during which the company must come to a settlement agreement with an insured or a third party claimant. However, once the person and the company have agreed in writing upon an amount, the company must pay within 20 days or pay interest as provided by Florida Statute 627.4265.

14. Can any casualty agent place a policy with the Florida Joint Underwriting Association (FJUA), and who are the carriers?

The agent will have to make application to the FJUA to be an authorized agent. The carriers for the FJUA at this time are AllState Insurance Company, Bankers Insurance Company and State Farm Mutual Automobile Insurance Company.

15. The company selected a body shop to repair my car. However, I'd rather go to one I am familiar with. Will I be penalized for choosing my own body shop?

Normally, you have the right to choose the auto repair shop you want. However, if the cost of repairing your car at the shop you select is higher than where the company can get it repaired, you will be responsible for the difference.

16. I have my car financed through the bank. I could not afford comprehensive and collision coverage. The bank secured coverage on my vehicle without my consent. Can they do this?

Yes, the bank has the right under their installment loan agreement to protect their interest. The loan agreement includes a provision allowing the lending institution to secure coverage and charge you for it, if you fail to obtain the required insurance. These charges are subject to interest and the premiums will be much higher than if you purchase insurance yourself.

17. Why do I have to carry PIP if I already have health insurance?

Florida law requires every owner of a motor vehicle required to be register in Florida carry PIP to protect themselves in the event of injuries sustained in an automobile accident. This coverage is primary over your regular health insurance.

18. The person that hit my car does not have any coverage. I don't want to make a claim through my own insurance company. Do you have any suggestions?

You can take the at-fault party to court. If you obtain a judgment against the owner of the car and they do not pay the judgment, you should contact the bureau of Financial Responsibility in the Department of Highway Safety and Motor Vehicles so they can take the appropriate action against the owner of the car.

19. The company wants to repair my car with non-factory parts. Can they do this?

Yes, as long as the repairs restore the vehicle to its value which existed before the loss. The parts used do not necessarily have to be original equipment manufacturer (OEM) parts, but should be of like kind and quality as the parts being replaced. Ask your company about what guarantees they will give you on these parts.

20. My front windshield was broken. I have comprehensive coverage with a deductible. Will I have to pay the deductible before the company pays for the repair of my windshield?

No. Florida Statute 627.7288 states that the deductible shall not apply to windshield damages.

21. Can my automobile insurance premium be increased because I received a speeding ticket for driving 69 mph on an interstate highway?

No. Florida Statute 626.9701 states that a company may not surcharge an insured for noncriminal violations solely for speeding less than 70 mph on a four-lane major highway, outside of business or residential areas.

22. How long should it take to receive a refund of premium after I cancel my auto policy?

Florida Statutes 627.7283 states that the unearned premium must be returned within 30 days of the company's receipt of the request for cancellation, or the company must pay interest at the rate of 8%. If the refund is not made within 45 days, the insured may bring an action against the company pursuant to Florida Statute 624.155 (the Civil Remedy Law).

23. I was in an automobile accident. The other person was at fault. What should I do?

You have two options: You may file a claim with the at-fault party's insurance company if they are insured; or, if you have collision insurance on your vehicle, you can have your own insurance company pay for the damages, and they will usually subrogate against the at-fault party to recover their loss.

24. My car has been totalled. The company has made payment, but the amount paid will not cover what I still owe the financial institution. What next?

Insurance companies are obligated to pay in accordance with their policy provisions, which is usually the actual cash value of the vehicle at the time of the loss. This amount does not always cover the loan balance because you may owe more than the vehicle is actually worth. The owner of the loan is responsible for paying the difference to the financial institution.

25. The company is refusing to pay for a CB radio that was stolen from my automobile. Can they do this?

Most companies exclude electronic equipment, such as CB radios, cellular telephones, compact disc changers, etc., unless they are factory-installed or specifically endorsed onto the policy. Some companies exclude such items even when they are factory-installed.

You should review your policy and its exclusions to determine if you CB is covered. If CB radios are excluded and it was not specifically endorsed onto your policy, then there would be no coverage.

26. How long does it take for an insurance company to issue an automobile insurance policy?

You should receive your policy no later than 60 days after the effective date.

27. What expenses are covered under Medical Payments coverage?

Medical Payments coverage pays for medical expenses which are caused by injury in an automobile accident. It covers you and members of your family who live with you regardless of who is at fault. This coverage also applies if you are in someone else's vehicle or if you are a pedestrian, as long as the accident occurs in Florida.

28. Can a company refuse to renew your policy based on the amount of claims made in the last three years?

An insurance company may nonrenew your policy if you have more than one at-fault accident. If you have three or more accidents, regardless of who is at fault, the company may nonrenew your policy.

29. Explain PIP.

Personal Injury Protection (PIP) is sometimes referred to as "no-fault" insurance. It covers you and relative residing in your household for injuries sustained in an automobile accident regardless of who is at fault. This coverage pays 80% of reasonable and necessary medical bills, 60% of lost wages, and includes a \$5,000 death benefit, up to a limit of \$10,000.

30. What is comparative negligence?

Comparative negligence is a legal principle providing that the amount of a person's negligence in an accident is determined by his contribution to the accident. In Florida, the percentage of the individual's negligence in the accident is usually subtracted from the amount he would otherwise recover.

31. I was involved in an automobile accident, and my car was totaled. My company is not offering me a fair settlement on my claim. What can I do?

Do your homework. Check the "blue book" for the actual cash value (ACV) of your car, check out the classified advertisements in local newspapers, and check with the car dealerships in your area. Look for the prices of cars similar to yours and submit them to your company, if the prices are higher than the company's offer. If they still fail to offer you more money, you may invoke the appraisal clause in your policy, request mediation or consult an attorney to see if legal action may be taken.

32. Can my premium finance company request cancellation of my auto policy because I did not pay the late charge assessed, but did pay my regular installment?

No. The premium finance company may only cancel your policy for nonpayment of the premium, which doesn't include late charges.

33. I was involved in a car accident and was not at fault. the officer gave a ticket to the other individual. I have contacted the other party's insurance company, and they refuse to honor my claim because their insured has not given them notice of the accident. Doesn't the company have an obligation to pay my claim even if their insured does not report the accident?

The company is obligated to pay what the insured is legally liable for because of an accident. The fact that the insured did not report the accident appears to be irrelevant, as long as sufficient documentation substantiating the claim can be provided to the company.

Frequently Asked Questions about Health Insurance

Florida Department of Insurance

1. My health insurance company is non-renewing my policy. Can they do this?

If your policy is not guaranteed renewable, the company could exercise their right to nonrenew your policy. It is important that you very carefully read the section of your contract dealing with cancellation.

2. Are health insurers required to return unearned premiums?

As provided by Florida Statute 627.6085, health insurers must return the unearned portion of any premium paid, in the event of cancellation. If the insured cancels, the earned premium will be computed by use of the short-rate table last filed with the Department of Insurance. If the insurer cancels, the earned premium must be computed pro-rata.

3. My individual health insurance premium has been increased by \$200 a month. Can the company do this?

Yes, if the company has properly filed the rate change with the Department. Rates and supporting documentation are required to be filed with the Department of Insurance and are very carefully reviewed by our actuarial staff to verify that the increase is, in fact, justified.

4. How long does a company have to pay a medical claim?

Once proof of loss has been received, the company has 45 days to pay or deny the claim unless additional information is requested. If additional information is requested, the company has up to 120 days to pay or deny the claim.

5. I called my insurance company on January 15, to verify whether or not my group coverage was in force and whether or not my surgery would be covered. They said it was and I went ahead and had the surgery. Now the company is denying my claim because my coverage was terminated on December 31 for nonpayment of premium. Don't they have to pay my claim?

No. Companies generally do not verify whether or not a specific surgery or procedure would be covered. They only verify whether or not the policy is in force and what the provisions of the contract are. If a person called a company during the grace period, the company would verify that the coverage was still in force since the premium, although past due, would still be accepted. If the employer failed to make the premium payment, coverage would terminate as of the premium due date, and the insurance company would not be liable for any claims incurred after that date.

6. I recently had open heart surgery, and the physician's bill was \$20,000. I filed a claim with my insurance company, but they say that only \$11,000 is reasonable and customary. I don't have \$9,000. Is there anything I can do to get them to pay more on this claim?

Not much. Reasonable and customary rates vary from company to company and are not regulated by the Department of Insurance.

The physician can appeal to the company, if the surgery he performed was especially difficult or required unusual procedures. The insured can appeal by verifying the customary rates for other physicians in the area and by asking the company to substantiate how they arrived at the reasonable and customary charges.

Effective October 1, 1991, companies which pay claims based on the use of a specific methodology, must provide the insured with an estimate of how much will be considered as reasonable and customary. The insured must submit a written request to the company in order to obtain this information.

7. The company is delaying paying my hospital claim. They keep telling me they are checking for a pre-existing condition and want information about all the physicians I have seen in the past five years. I know the condition was not pre-existing and this is just a waste of time. Can you do something about this?

If the policy is more than two years old, the company should not be conducting a pre-existing condition investigation. If the policy is less than two years old, the company does have the right to conduct a pre-

existing condition investigation. The consumer should complete a complaint form and provide us with copies of any correspondence received from the company, as well as a copy of the insurance contract. We will contact the company to find out why the claim is being delayed, and see what can be done to expedite it.

8. The company has rescinded my policy and I am due a refund of the premiums I paid. It has been three months since my last communication with the company, and I have still not received a check. What can I do?

The consumer should fill out a complaint form. We will contact the company to expedite return of the insured's premium.

9. My insurance company has rescinded my health insurance policy. What does this mean?

Rescission usually occurs as a result of incomplete or inaccurate information submitted on the application, or an omission of information that is material to the underwriting of the policy. Rescission means that the policy will be null and void from the beginning. All premiums should be refunded to the insured.

10. What is a PPO plan?

A PPO plan is a plan where preferred providers of service (including doctors and hospitals) have a contract with an insurance company or a health plan to offer service to their policyholders. Generally, the preferred service provider agreed to accept an insurance company's usual and customary payment. If you have a PPO contract and do not use the preferred service providers, you may find yourself paying more for services rendered by the physician or hospital.

11. My premiums are drawn automatically from my checking account. Does the company have to let me know when there is a premium increase?

Yes. Florida Statute 627.0665 states that the company has to provide you with a notice of 15 days in advance of a change in your bank draft premium.

12. I applied for health insurance nearly two months ago, I still have not received a policy. Now they tell me that I am not accepted. I have bills from the doctor and hospital. I paid my premium. Why don't they have to pay for these bills?

Premiums for a health insurance policy are usually not binding until the application has been approved and the policy is issued.

13. I have maternity and dependent coverage. When my baby was born, the company refused to pay for the nursery charges and care of our baby. How can this be?

Florida law requires health insurance policies which provide for dependent coverage to cover newborn children for injury or sickness from the moment of birth. The nursery charges and well-baby care in the hospital usually associated with delivery of the child are not required to be covered. However, the physician's visit at the birth of the child would be covered under the Child Health Assurance Act.

14. Does Florida law require a health plan to pay for well-baby care?

The Child Health Assurance Act (Florida Statute 627.6416 and 627.6579) requires individual and group health plans to pay for a physician's visit at birth and health supervision services at specific age intervals between birth and age 16. It does not require that nursery charges incurred in the hospital at the time of birth be covered.

15. My insurance company refuses to pay for my child's immunizations. I was under the impression that the law requires them to pay for this service. Is that correct?

Unless your insurance plan is self-insured, a Health Maintenance Organization (HMO), or a Multiple Employer Welfare Arrangement (MEWA), the Child Health Assurance Act requires insurance companies to pay for checkups and immunizations at specific age intervals from birth to age 16.

16. How many visits are allowable under the Child Health Assurance Act (Coverage for Child Health Supervision Services, Sections 627.6416 and 627.6579, Florida Statute)?

18 visits at the following intervals:

Birth, 2, 4, 6, 9, 12, 15 and 18 months. Then 2, 3, 4, 5, 6, 8, 10, 12, 14 and 16 years.

17. Are mammograms covered under health insurance?

Yes, as long as your contract also covers mastectomies.

18. I have been turned down by three insurance companies. How can I get some health insurance?

You may file an application with the Florida Comprehensive Health Association. Although enrollment in this Association was closed on July 1, 1991, they have established a market assistance plan to assist those who are having difficulty obtaining insurance through the normal underwriting process.

19. I have an individual health insurance policy. The company failed to let me know that my coverage had been cancelled, and I have some pending claims. What rights do I have?

The company must give you at least 45 days advance written notice of cancellation. If the company fails to provide the 45 days notice, the coverage will remain in effect at the existing premium until 45 days after the notice is given or until the effective date of replacement coverage obtained by the insured, whichever occurs first. If cancellation is for nonpayment of premiums, only 10 days written notice must be given.

20. My health insurance company says they can raise my premiums. Can they raise just me? How much notice do they have to give me about the rate increase?

Group insurance policies can be experience-rated and, therefore, your increase may be more than that received by a similar group with better claims experience. Rate increases applied to individual policies, however, cannot single out an individual policyholder, but must apply to all of those insured under the same policy form. A company must notify you of a rate increase 45 days in advance.

21. My health insurance company is reducing my benefit payment because I did not pre-certify my hospital stay. Can they do this?

It is very important for you to read your contract and look at the section dealing with pre-certification. If your contract states that you must pre-certify a hospital stay, then the company may either reduce or deny benefits, according to the terms of your policy.

22. How long does it take for a policy to be issued?

If you have not received your policy within 60 days from the date completed the application, we will contact the company to find out why the company is delaying your policy.

23. My major medical policy states they will pay 100% after my deductible has been satisfied. When I submitted a claim, the company only paid a portion of the balance because the charges exceeded the usual and customary allowance. What does the company mean by usual and customary allowance?

These are the fees charged by most of the providers in a given area for a particular service. Insurance companies may subscribe to an independent service which periodically surveys providers in a given geographical area, or they may use their own claims experience to establish reasonable and customary allowances. As of October 1, 1991, insurance companies must provide a policyholder with an estimate of the amount they will pay for any given medical service, upon written request by the policyholder.

24. My employer is changing our group health program to another one with less benefits. Can he do that?

Yes. The insurance contract is between the policyholder (the employer) and the insurance company.

25. My employer has changed our group contract. The new company will not cover my wife's pregnancy. They told me it was considered a preexisting condition. Do I have any recourse?

During the 1990 Legislative Session, Section 627.667, Florida Statute, was amended to include a reasonable extension of benefits in connection with maternity expenses for a pregnancy which commenced while the policy was in effect. The extension shall be for the period of that pregnancy and may not be based upon total disability. Therefore, your old insurance contract will continue covering your wife's pregnancy. This applies to both in-state and out-of-state group programs issued or renewed on and after October 1, 1990.

26. Last year my husband lost his health insurance when he was laid off. Consequently, I listed him on the health insurance plan at my office so that he would have coverage. When he began his current job, I did not notify my personnel office within the allotted time, so I cannot cancel him from the policy until the next enrollment period. When my husband needs to have an exam or some medical work done, is his health insurance coverage through his work considered primary? Can my policy be used to pay the 20% uncovered portion, or is his coverage under my policy useless?

If your husband has a claim, his policy will be primary and yours will be secondary. It would be reversed if you have a claim. If you have any children who are covered by both policies, the primary coverage would be provided by the policy of the parent whose birthday comes first in the calendar year. The other policy would provide secondary coverage.

27. I want to apply for a conversion policy under my group contract. I have been told I must pay a quarterly premium. I would prefer to pay on a monthly basis. What can I do?

Most companies have done away with monthly billing because it is cost prohibitive. You may want to inquire whether your company will let you pay by monthly bank draft; but, otherwise, premiums will have to be paid in a mode (quarterly, semi-annually, or annually) that is compatible with the company's accounting practices.

28. Why are the premiums on a conversion policy so high?

The option to convert from group to individual coverage is required by Florida law. This conversion is made without evidence of insurability and, therefore, must cover those who would otherwise be uninsurable. As a result of this adverse selection, the claims experience for these type of policies is generally much higher, and requires substantial premiums to cover the risk.

29. I have been covered under my employer's group health policy but now find that my claims are not covered because my employer failed to pay my premium on time. Is the insurance company obligated to let me know that my premiums have not been paid? What happens to my claim?

The company is not required to provide you with updates concerning premiums being paid by your employer. The contract is between the policyholder (the employer) and the insurance company. The insurance company would not be liable for your claim since the premiums have not been paid.

30. I left my employer because I found a better job. I am under the impression that my former employer has to pay for my group health insurance for 30 additional days. Is this correct?

No. Employers are not obligated to pay for an employee's insurance past the employee's employment termination date.

Under Florida law, an employee has 31 days to convert to an individual health insurance policy without providing evidence of insurability. If the employer had 20 or more employees, you may be eligible for coverage under the Consolidate Omnibus Reconciliation Act (COBRA), which extends your group coverage up to 18 months.

31. I am covered by my employer's group health plan, but I have decided to quit my job. What are my rights?

If your employer has 20 or more employees, you can continue your present coverage under COBRA for a period of 18 months, or until your employer terminates his group plan, or until you become eligible for other coverage, whichever comes first. If a COBRA extension is not available, you have the right to convert your group policy to an individual contract. Premiums on a converted contract are generally higher, and the benefits are usually not to be the same as the group policy.

32. Please explain COBRA.

COBRA is an acronym for Consolidated Omnibus Reconciliation Act, and it is a federal law which allows an individual to extend his group coverage up to 18 months after termination of his employment. Employers are required to offer a COBRA extension if they have 20 or more employees. Employees may be charged no more than 102% of the "applicable premium," which is defined as the cost of coverage for similarly situated persons remaining under the group plan. COBRA is regulated by the U.S. Department of Labor.

33. I work for a small employer (only ten people in our group). Do I have COBRA benefits available to me?

No. However, you have the option to convert your group program into an individual policy.

34. I am presently under COBRA. The company I am insured with has filed bankruptcy. What happens to my claims?

Unless your plan was self-insured, a Health Maintenance Organization (HMO), or a Multiple Employer Welfare Arrangement (MEWA), the claims will probably be covered under the Florida Life and Health Insurance Guaranty Association. However, you will need to look for another insurer to obtain coverage for future claims.

35. My employer has been taking premiums out of my pay. I have filed a claim with the company, and the claim has been denied because my employer has not been paying the premiums to the insurance company. What can I do?

First, you need to provide us with copies of your pay stubs showing that premiums were taken by your employer. This could be considered fraudulent, and we will have our Fraud Division check on it. As for your claim, you may have to take this matter to court to determine whether your employer would be liable.

36. How can a small employer obtain coverage for his/her employees? I only have 10 employees.

The Florida Health Access Corporation was established specifically for wage earners in small businesses because employees need health care benefits at an affordable price. Sponsored by the State of Florida, and participating counties, Florida Health Access cuts costs by pooling small groups into larger groups so that the employer benefits from large group prices and coverage advantages. Currently, the program is only available in Alachua, Leon, Hillsborough and Pinellas counties.

37. How can I obtain information about the Florida Health Access Corporation?

If your business is in Alachua County, call: (904) 371-2603 In Leon county, call: (904) 942-9705 In Hillsborough and Pinellas County, call: (813) 264-6440

Frequently Asked Questions about H.M.O.'s

Florida Department of Insurance

1. What is an HMO?

A HMO is an alternative method for the delivery of health care services, with a view toward achieving greater efficiency and economy in providing these services. Health Maintenance Organizations are prepaid health care plans.

2. I have coverage with an HMO. I had been experiencing frequent headaches for several months and have seen my primary physician three times. Each time, all he did was prescribed Tylenol #3 and rest. The other day my headaches became very intense and I was in extreme pain. I called my primary physician and when he said that couldn't schedule an appointment for three weeks, I went to the nearest emergency room for help. The HMO has denied my hospital claim because I did not use a participating service provider. What are my rights and what should I do?

Florida law requires all HMO's to establish an internal grievance procedure. Therefore, your first step is to file a written grievance with the HMO as outlined in your member's booklet. The HMO is allowed 60 days from the date a formal written grievance is filed to review and respond to you. If the matter is not resolved after that period of time, contact the Department of Insurance for assistance. You should also file a complaint with the Office of Licensure and Certification, 2727 Mahan Drive, Tallahassee, Florida 32308, regarding the quality of care you received from your primary care physician. Finally, you may want to consult with an attorney regarding a medical malpractice lawsuit.

3. Do I have a conversion privilege under my HMO contract?

Yes. Florida Statute 641.3921 states that a group health maintenance contract delivered or issued in this state shall provide that a subscriber or covered dependent whose coverage under the group health maintenance contract has been terminated for any reason, and who has had continuous coverage for at least three months immediately prior to termination, shall be entitled to have a converted contract issued to him by the HMO.

4. I had HMO group coverage through my employer. Recently I terminated employment and moved to Alabama. My employer has over twenty employees, but he says I can't have a COBRA extension. Why not?

Because the subscriber left the geographic area of the HMO with the intent to relocate or establish a new residence outside the organization's geographic area.

5. My doctor is billing me for services rendered. However, I am a member of an HMO, and he is one of their approved physicians. Can he do this?

Whenever a contract exists between an HMO and a provider, and the organization fails to meet its obligations to pay fees for services already rendered to the subscriber, the HMO shall be liable for those fees, not the subscriber. No provider of services shall collect or attempt to collect any money from the subscriber for services that are covered by the HMO. (See Florida Statute 641.315)

6. Are HMO's protected by the Florida Life and Health Insurance Guaranty Association?

No. However, to protect those subscribers who are covered under an HMO, the Legislature passed the Health Maintenance Organization Consumer Assistance Plan. Subject to certain limitations, this organization protects the subscriber against the failure of the HMO to perform its contractual obligations due to its insolvency.

7. Are the laws covering health insurance applicable to HMO's?

No. HMO's are covered under Chapter 641, Part II, Florida Statutes.

8. Does an HMO contract have a grace period?

Yes. The contract must provide no less than a 10-day grace period.

9. Must an HMO give notice of cancellation?

Yes. HMO's must provide 30 day's written notice of cancellation, except in cases of nonpayment of premium or termination of eligibility.

10. Are newborn and adopted children automatically covered under an HMO program?

All HMO contracts which provide coverage, benefits, or services for a member of the family of the subscriber shall provide coverage, benefits, or services to a pre-enrolled newborn from the moment of birth.

As for adopted children, all HMO contracts which provide coverage, benefits, or services for a member of the family of the subscriber shall provide coverage, benefits, or services with respect to an adopted child from the moment of placement in the residence of the subscriber. In the case of a newborn child, coverage shall begin from the moment of birth, if a written agreement to adopt such a child has been entered into by the subscriber prior to the birth of the child.

11. Are HMO's required to offer chiropractic coverage?

Yes. Florida Statute 641.19(6)(e) requires HMO's to offer chiropractic coverage. The subscriber does not need a physician's referral to see a chiropractor, if the chiropractor is already affiliated with the HMO.

Frequently Asked Questions about Medicare Supplements

Florida Department of Insurance

1. If I am changing my Medicare supplement, does the pre-existing condition of the new policy apply?

If you replace your Medicare supplement policy with another Medicare supplement policy and have met the six month's pre-existing condition provision under your old contract, you do not have to meet another pre-existing condition under the new contract. However, changing from an HMO to a regular Medicare supplement plan is different, and you will be required to meet the six month's pre-existing condition under your insurance contract.

2. I purchased a Medicare supplement policy three months ago, and now I want to change to another plan. I gave the agent a check for one year's premium. Is the company obligated to return my premiums?

For policies issued or renewed on or after October 1, 1991, an insurer must promptly return the unearned portion of any premium paid, in the event of cancellation. If the insured cancels, the earned premium will be calculated using the short rate table filed with the Department of Insurance. If the insurer cancels, the earned premium shall be computed pro rata. Prior to October 1, 1991, there were no statutory provisions requiring companies to refund premiums.

3. How long do I have to decide whether or not I want to keep my Medicare supplement policy?

You have a 30-day "free-look" period from the date the policy is delivered to you. During this time, the company will fully refund all premiums paid, if cancellation is requested in writing by the insured.

4. I am 65 years old and retired from my job. I kept my company insurance plan, and I am also covered as a dependent under my wife's plan where she works. In addition, I have Medicare benefits and a Medicare supplement policy. If I have a claim, who pays first? Second? Third?

As long as the wife is working, her plan would be primary; then Medicare; then your group. The Medicare supplement would pay in addition to other plans. If your wife retires, the Medicare will be primary; then your group; then your wife's group. The Medicare supplement would pay in addition to other plans.

5. How many Medicare supplement policies should I buy?

Under Florida law, only one Medicare supplement policy is allowed to be sold by an agent unless any additional supplement coverage, when combined with other existing health coverage, would insure no more than 100 percent of the covered medical expenses.

6. An agent wants to sell me a nursing home policy. I was under the impression my Medicare supplement policy provided nursing home coverage.

A Medicare supplement policy provides very limited nursing home coverage. It supplements payments made by Medicare toward skilled nursing care only. The major percentage of patients in nursing homes receive either intermediate or custodial care, which is not covered under the Medicare supplement policy.

7. This agent just sold me a Medicare supplement policy and I do not want it. How do I get my money back?

If the policy has been issued, you need to send it back and request a refund within the 30-day "free-look" period. If the policy has not been issued, write the company a letter advising them that you wish to cancel your contract. If you encounter problems, contact the Department of Insurance.

8. I have a Medicare supplement policy that has always paid 100% of the charges Medicare did not pay. Now the company is only paying 100% of the charges approved by Medicare. Can they do this?

You need to read your contract very carefully to determine if benefits are paid on the basis of actual charges or the amount of charges approved by Medicare. If it pays based on the amount approved by Medicare, then Medicare would pay 80% of the amount approved, and your supplement policy would pay 20% of the amount approved. For example, if the doctor's bill is \$1,000 and Medicare approves \$800, Medicare will pay 80% of \$800 (\$640). Your policy will pay the remaining 20% of \$800 (\$160). You will be responsible for the \$200 difference between the doctor's bill and the amount approved, unless your

physician accepts Medicare assignments (the amount that Medicare approves).

9. Why can't your Department help me resolve the many problems I am having with my Medicare claim?

Medicare is a Federal program which does not fall within the jurisdiction of this Department. Specific problems concerning this program should be referred to:

Department of Health and Human Services

Region IV

101 Marietta Tower

Atlanta, Georgia 30323

Frequently Asked Questions about Homeowner's Insurance

Florida Department of Insurance

1. I had a loss, and my roof needs repair. The company is only willing to pay for repairing part of the roof, even though the contractor has said that I need to replace the entire roof.

The company is only obligated to pay the cost of repairing the part of your roof that was damaged by a covered peril. If the entire roof needs replacing because of normal wear and tear, you will be responsible for paying the additional cost.

2. The insured has replacement coverage for contents under a homeowner's policy. Some of his property has been stolen. Can the company settle for an amount less than replacement?

If the replacement cost is more than \$500, the company will usually pay the actual cash value for the loss or damage until the property is replaced. Once the insured replaces the damaged property and provides receipts to the company, the company should reimburse the difference. However, some items such as antiques, fine arts, collector's items and any items which have a specific limit of liability stated in the policy are not covered for replacement cost.

3. I have had homeowners insurance with the same company for years. I had three claims last year, and now the company will not renew my policy. Can they do this?

Yes. Each company has their own underwriting guidelines which indicate what risks they will assume. Section 627.4133, Florida Statute, permits an insurer to nonrenew a homeowners policy as long as they give the insured 90 days advance written notice and the reason for the nonrenewal.

4. My company cancelled my homeowners insurance. I am having a hard time finding another company to insure me. Where can I get assistance?

You may want to have your agent call the Florida Market Assistance Plan. Their telephone number is 1-800-524-9023.

5. What protection does the personal liability coverage in my homeowners insurance policy provide?

This coverage protects you and all family members living with you against claims or lawsuits resulting from bodily injury or property damage to others for which you are legally liable.

6. Does my homeowners insurance policy cover flood damage?

Probably not. Most homeowners insurance policies do not offer protection against flood losses. You should check your policy under the Section I Exclusions. It would probably be listed under "water damage."

Flood insurance is available through the federal government's National Flood Insurance Program. It may be purchased through any licensed property/casualty insurance agent or through many private insurance companies that are now writing flood insurance under arrangements with the Federal Insurance Administrator.

Frequently Asked Questions about Life Insurance

Florida Department of Insurance

1. I had group insurance through my employer. Under Florida Law, I know I can convert my group health insurance to an individual plan. What about my group life insurance?

Yes, but the group must have been in effect for at least five years.

2. My husband took out a life insurance policy 18 months ago. When I filed the claim, the company denied it because he stated on the application that he was a non-smoker when, in fact, he did smoke. The company is refunding all premiums paid. Can they do this?

Possibly. Companies may contest statements made in the application up to two years from the effective date of the policy. If there was an omission, inaccurate, or incomplete information on the application that was material to underwriting the risk, the company may rescind the contract and refund the premiums. Generally, if a company does not offer a smoker policy, the misstatement will result in a rescission of the contract. However, if the company offers a smoker policy, then the death benefit should be adjusted to reflect the amount of insurance that the premium paid would have bought at the smoker rate.

3. My father recently passed away. He listed my sister and myself as beneficiaries. The insurance company paid the proceeds of the policy to my sister because she was listed first. Is this legal?

Almost all contracts either number or provide notations regarding beneficiary designation may be used to determine to whom benefits should be paid. For instance, if the two parties are joined by the word "and" (i.e., Joan Doe and Jane Doe), the beneficiaries should share equally. If the beneficiaries are not numbered, and there are no other indicators of how benefits should be paid, then the courts should determine the order of beneficiary designation.

4. What is universal life insurance?

Universal life insurance is a flexible adjustable life policy, which incorporates annually renewable term insurance with an interest-bearing side fund (cash value). The insured may vary the amount and timing of the premium payments to adjust the cash value and/or the death benefit of the policy.

5. What happens if I get a loan from my life insurance policy and never pay back the interest?

Unpaid interest is added to the loan balance. If the loan balance ever grows to exceed the amount of policy cash value, the contract will terminate without value. Also, if you should die before paying back any loans made against the cash value of your policy, the outstanding loan balance will be subtracted from the death proceeds.

6. Can anyone insure your life?

No. In order to purchase a life insurance policy on anyone, there must be an insurable interest. A relative who might suffer financial loss if you died, a debtor who may be at risk of repayment, a business partner, a spouse, son, daughter or parent are examples of those who would have an insurable interest.

7. I have had a life insurance policy on my son since birth. He is now 28 years old. I checked on the policy values to get a loan and found out that he got a loan without my permission. How could this happen?

Other than a limited rights of an irrevocable beneficiary, the owner of a policy has the right to terminate or exercise any of the policy options. The insured is usually considered to be the owner of a life insurance policy on his or her life, unless 1) the insured is a minor, or 2) another owner is specifically named.

8. I bought my life insurance policy while I was living in Ohio. If the company goes into liquidation, am I covered under the Florida Life and Health Insurance Guaranty Association?

Yes, if you are a resident of Florida and live in Florida at the time of liquidation.

9. Are proceeds from a life insurance company and annuity policy exempt from legal process?

Yes. This is in accordance with Section 222.14, Florida Statutes.

10. I have a life insurance policy on my son. The policy has a guaranteed provision that I can get more insurance on his life every five years. His policy is presently on waiver of premium. Do I have the right to exercise the guaranteed provision? Will the waiver of premium be applicable to the additional coverage?

You will have the right to exercise the guaranteed provision. In some contracts, if the original policy contains a waiver of premium provision, the new policies may, at the insured's option, contain the same feature. In the event that premiums are being waived in the original policy at the time an option for additional insurance is exercised, under some contracts, premiums on the new policy are also waived from the beginning.

Child Support Enforcement - Hawaii

Every child living in Hawaii has a legal right to the financial support of both parents, even if the parents are divorced, separated or never married. This page explains some of the services offered by the Child Support Enforcement Agency, a division of the Hawaii Attorney General's Office, to help protect the rights of Hawaii's children.

For more information about Hawaii's Child Support Enforcement program, please contact the CSEA office nearest you.

Let's take care of our kids !

Brought to you by : Child Support Enforcement Agency 680 Iwilei Road, Suite 490 Honolulu, HI 96817

Opening a Child Support Case

Any parent or person living in Hawaii with custody of a child who needs help to establish a child support or medical support obligation or to collect support payments from the non-custodial parent can apply for child support enforcement services. Non-custodial parents may also apply for services. Families receiving assistance under the Aid to Families with Dependent Children (AFDC) or Medicaid programs or Federally-assisted Foster Care programs automatically receive child support enforcement services. Those families are required to cooperate in establishing paternity and collecting support. Child support payments are then used to repay welfare benefits.

To start the application process, contact the CSEA Office nearest you or request an application by e-mail. There is no fee for the services provided by the Child Support Enforcement Agency in Hawaii; however, you will need to provide as much information and as many documents as you can concerning the absent parent.

The most important of these are:

Absent parent's NAME, ADDRESS and CURRENT EMPLOYER

Social Security number and date of birth

Names and addresses of family members and friends

Information on income, banks, assets, property owned

Certified copies of divorce decrees, separation papers & support orders

Birth certificates of children

Records of child support payment history

If paternity is an issue, any written statements (letters or notes) in which the alleged father has said or implied that the child is his.

The more complete, reliable and accurate the information you provide, the easier it is to collect child support for your children. Your file is not open to the public. The information you supply to CSEA is confidential.

Available child support services

The child support enforcement program is a federal/state effort to collect child support from absent parents. In Hawaii, the state agency managing the program is the Child Support Enforcement Agency (CSEA) within the Department of the Attorney General. CSEA has a staff of support enforcement officers, investigators, accountants, attorneys, paralegals and other personnel who help establish and enforce orders to collect child support. The agency determines on a case-by-case basis which of the following services will be utilized:

Locating the Absent Parent

Establishing Paternity

Establishing, Modifying and Terminating Support Obligations

Collecting and Disbursing Support Obligations

Enforcing Delinquent Child Support Obligations

The CSEA does not handle related problems such as divorce, property settlement, visitation and custody. These matters must be handled through the Family Court.

See:

[FINDING THE ABSENT PARENT](#)

[ESTABLISHING PATERNITY](#)

[ESTABLISHING, MODIFYING AND TERMINATING AN ORDER FOR SUPPORT](#)

[COLLECTING AND DISBURSING SUPPORT OBLIGATIONS](#)

[ENFORCING DELINQUENT CHILD SUPPORT OBLIGATIONS](#)

FINDING THE ABSENT PARENT

In order to establish the paternity of a child, to obtain or modify an order of support, and to enforce that order, the CSEA must know where the absent parent lives or works. Any information you can provide, such as social security number, last known address, physical description etc., will help speed up the process. CSEA will then use proven investigative techniques, including the Federal Parent Locator Service (FPLS), to search for address and employment information in the various state data bases as well as federal data bases such as the Internal Revenue Service, Department of Defense and the Social Security Administration.

ESTABLISHING PATERNITY

The CSEA, working with the Family Support Divisions of the Corporation Counsel for the City & County of Honolulu, the County of Hawaii, the County of Kauai and the Maui Office of the Attorney General, provides the services necessary to establish paternity. This is an important part of the process of obtaining a support order for the child.

Paternity means fatherhood. Paternity establishment is a Family Court procedure to make the child's father the "legal" father. The husband is considered to be the legal father if the parents were married when the child was born. If they weren't married at the time, then paternity must be proven before the court will enter an order for support. Proof will generally consist of voluntary acknowledgement, scientific blood and/or genetic testing and other available evidence.

ESTABLISHING, MODIFYING AND TERMINATING AN ORDER FOR SUPPORT

A support order is a legal order, entered by either a judge of the Family Court or by an administrative hearings officer from the Office of Child Support Hearings (OCSH). The order spells out the amount of the child support obligation and how it is to be paid. Such an order is necessary if enforcement ever becomes needed. Unfortunately, a large number of custodial parents, nationwide, caring for children without the other parent present do not have legally binding support orders. Establishing an order is a very important part of the child support enforcement process.

The Hawaii Child Support Guidelines are used by both the courts and the OCSH to determine the amount of the obligation. These guidelines consider the needs of the child, the child's present and future overall well-being, other dependants, and the ability of the parents to pay.

Establishing an enforceable support order depends on how much success you, your lawyer or the CSEA have in several critical areas: locating the absent parent, identifying his or her ability to pay and determining the financial needs of the child.

From time to time, a support order may need to be modified, due to change in circumstances, or terminated when the child no longer needs support. CSEA can assist with these procedures as well.

COLLECTING AND DISBURSING SUPPORT OBLIGATIONS

Fast and efficient collection, recording, and disbursement of child support benefits children and Hawaii taxpayers. One system, enacted into Hawaii law, of ensuring fast collection is income withholding for child support obligations. This method, required of all child support cases in Hawaii, helps reduce anxiety and frustration when support payments are made and distributed regularly. After being served with a withholding order, employers must forward the money to the CSEA within five days after the employee is paid.

Finally, the CSEA will collect child support debts owed to the State of Hawaii by parents whose children received certain public assistance funds, including Aid to Families with Dependent Children.

ENFORCING DELINQUENT CHILD SUPPORT OBLIGATIONS

A primary objective of the Child Support Enforcement program is to ensure that payments are made regularly and in the correct amount. While many non-custodial parents are willing to pay child support and remain connected to their children, lapses and nonpayment do occur. When this happens, a family's budget can be quickly and seriously threatened, and the anxiety the custodial parent feels can easily disrupt the family's life.

Some of the enforcement methods currently available to the Child Support Enforcement Agency are:

Income withholding, including military wages

Liens on houses, property and bank accounts

Interception of Federal and State income tax refunds

Interception of unemployment, retirement, and worker's compensation benefits

Reporting information regarding past due child support to credit bureaus

Possible referral for prosecution

CSEA also enforces the provision of medical insurance for dependants. The medical insurance program requires parents to provide available health care insurance for dependent children. This is done when the CSEA notifies an employer to enroll eligible dependants of an employee in available medical insurance plans.

Required Auto Insurance Coverages

Illinois Department of Insurance

Required Auto Insurance Coverages

Illinois-issued auto policies are required to include the following:

Liability Insurance - pays for bodily injury to another person or property damage you cause due to the negligent operation of a vehicle. It may also pay if the accident was caused by a member of your family living with you or a person using your vehicle with your permission. It does not pay for your bodily injury or damage to your vehicle.

Currently, Illinois requires liability insurance limits of \$20,000 to any one person for bodily injury, \$40,000 total for all bodily injuries resulting from the accident and \$15,000 total for property damage, excluding your own vehicle. You should consider buying higher limits because the state minimums may not be enough to fully protect you from lawsuits.

Uninsured Motorist Bodily Injury Coverage (UM) - covers you for your bodily injury caused by a hit-and-run driver or an at-fault driver who has no auto liability insurance. Currently, Illinois law requires uninsured motorist limits of \$20,000 per person and \$40,000 per accident. For additional premium, you may buy higher limits to pay for claims that exceed these amounts.

See:

[Other Coverages That May Be Required](#)

[Optional Coverages For Additional Premium](#)

[Auto Insurance Pricing](#)

[Other Factors To Consider When Choosing A Company](#)

[If You Can't Find Auto Insurance](#)

[How To Contact The Illinois Department Of Insurance](#)

Other Coverages That May Be Required

Underinsured Motorist Bodily Injury Insurance (UIM) - pays the difference between your UIM limits and the liability limits of the at-fault driver, if lower than your UIM limits. This coverage is required by law if you purchase higher limits of uninsured motorist bodily injury coverage (UM).

Medical Payments - covers medical and funeral expenses for you or your passengers if injured or killed in an accident in your vehicle. Also covers you and your family members if struck by a vehicle while walking or riding in another vehicle. This coverage pays even if you cause the accident. Medical payments coverage may be required by your auto insurance company.

Physical Damage Insurance - contains two separate types of insurance: Collision Coverage - pays for physical damage to your vehicle if it collides with another object; Comprehensive Coverage - pays for damage to your vehicle from most other causes, such as theft, fire, hail etc. This coverage may be required by your lender if you have a loan on your vehicle.

Optional Coverages For Additional Premium

In addition to required coverages, you can also buy optional coverages for extra premium.

Uninsured Motorist Property Damage Insurance (UMPD) - covers damage to your vehicle caused by an identified, at-fault, uninsured driver. This option is only offered if you choose not to purchase collision coverage.

Towing Coverage - pays a portion of the costs to tow your disabled vehicle to a repair shop.

Rental Reimbursement Coverage - pays a specific amount per day (e.g. \$15) for you to rent a vehicle while your vehicle is being repaired due to a covered loss.

Custom/Non-factory Equipment Coverage - covers customized features such as those found on conversion vans, as well as specific non-factory items such as tape decks, cellular phones or CB radios.

Auto Insurance Pricing

Rating factors govern what you pay for auto insurance.

Rating factors are characteristics about you that place you in a group of drivers with similar risk-related characteristics. Companies set a rate for each group based on the claims paid for the people in that group. The higher the losses for a specific group, the higher the rates for that group.

Some rating factors are completely beyond your control (e.g. age and gender). Some are difficult to control due to lifestyle choices (e.g. residence location and vehicle usage). Other rating factors are completely within your control (e.g. driving record and type of vehicle insured).

See:

[Auto Insurance Rating Factors](#)

[Discounts That May Be Available](#)

[Ways To Lower Your Auto Insurance Costs](#)

[Getting Auto Insurance Price Quotes](#)

Auto Insurance Rating Factors

These rating factors will affect the price you pay for auto insurance:

Driving Record - claims and traffic violations for the past 3 - 5 years for any driver who will be covered by the policy. Drivers with previous claims or violations may pay higher premiums than those with good driving records.

Age, Sex and Marital Status - statistics show that males still have more accidents than females, teenagers are more likely to have accidents than adults and single people have more accidents than married people. The higher the risk, the higher the premiums.

Location - since heavily populated cities have more traffic, thefts and vandalism, drivers in these areas may pay higher premiums than groups in rural areas.

Type of Vehicle and Vehicle Use - some vehicles cost more to insure because of higher claims frequency and/or higher repair costs.

Discounts That May Be Available

Multiple Vehicles - given when all vehicles in your household are insured by the same company.

Defensive Driver - given to drivers over age 55 who have passed an approved defensive driving course.

Safety Devices - given for items such as air bags, automatic seat belts and anti-lock brakes.

Anti-theft Devices - given on your comprehensive coverage for devices that deter theft or vandalism.

Good Student - given for young drivers who maintain a B average or better.

Good Driver - given to policyholders who maintain good driving records.

Auto/Home Packages - given if you buy your auto and homeowners policies from the same company.

Ways To Lower Your Auto Insurance Costs

Maintain a Good Driving Record - moving violations and accidents usually result in higher premiums. Be a law-abiding and defensive driver.

Take the Highest Deductible You Can Afford - insurance is meant to protect you from the financial consequences of major losses. By raising your deductibles, you may be able to significantly lower the price for physical damage coverage, but you will pay more out of pocket each time you have a claim.

Choose Your Vehicle Carefully - some vehicles are more costly to insure than others. Contact your agent or company before you make a final decision.

Consider the Age/Condition of Your Vehicle - physical damage coverages may not be cost efficient for older vehicles. If you do not have a loan on the vehicle, you may want to consider dropping these coverages.

Ask About Discounts - the type and amount of discounts offered vary by company.

Getting Auto Insurance Price Quotes

Auto insurance is a major expense. You should shop around for the best product at the best price. However, if you have established a long-term, claims-free record with a company, you may want to consider that relationship before switching to another company whose rates are lower.

When comparing prices among companies, be sure to compare the same coverages, and ask about the types and amounts of discounts offered.

A rate quote from an insurance agent is only an estimate of what the insurance will cost. If the agent quotes the premium incorrectly, the correct amount figured by the insurance company is the price you will actually be required to pay. Therefore, before you switch, ask the new agent to submit a non-bound application for you.

With a non-bound application, there is no coverage and you pay no money. The agent submits the application to the company and the company will advise whether or not you will be accepted and at what price. This way, you can be sure of the price and whether you are accepted by the new company before you cancel your current policy.

Other Factors To Consider When Choosing A Company

In addition to price, there are other factors to consider when buying insurance or changing insurance companies.

Service -- Some companies sell through local agents and some through direct marketing or group plans. If the ability to discuss problems or questions with someone you know is important to you, you should find out whether the company services its policyholders through local agents, or through its regional or home office.

Licensing Status -- Insurance companies that are not licensed to do business in Illinois are not required to comply with state insurance laws or participate in the Insurance Guaranty Fund which protects policyholders if a company goes bankrupt. All of the insurance companies listed in the Auto Insurance Premium Comparison program are properly licensed in Illinois.

Complaints -- The Department of Insurance tabulates consumer complaint ratios for Illinois licensed auto insurance companies registering ten or more complaints. To obtain these ratios, you may call the Department of Insurance in Springfield at (217) 782-4515 or in Chicago at (312) 814-2427.

Financial Stability -- Financial stability helps ensure that a company can pay its claims. Listed below are several independent organizations that rate the financial stability of insurance companies. Each organization has its own criteria and may charge a fee for its services. Your public library may also have published ratings from these sources.

A.M. Best Company

900-555-BEST (billed to telephone)

800-424-BEST (billed to credit card)

Moody's Investor Services -- 212-553-0377

Standard & Poor's Insurance Rating Services -- 212-208-1527

Weiss Ratings, Inc. -- 800-289-9222

If You Can't Find Auto Insurance

If you cannot find auto insurance through normal insurance markets, because of your driving record or the type of vehicle you own, talk to your insurance agent about the Illinois Automobile Insurance Plan.

The premiums may be higher than premiums of companies in the normal insurance markets. However, if you maintain a good driving record while in the Plan, you should be able to eventually return to a standard company.

The Plan will insure you if you have a valid drivers license, do not owe unpaid premiums and your vehicle is safe to drive.

How To Contact The Illinois Department Of Insurance

If you have a question about a claim or your specific insurance policy, please call your insurance agent or insurance company.

If you want to know whether an insurance agent or company is acting in accordance with Illinois insurance laws, or just have a general question about insurance, you may contact the Illinois Department of Insurance at one of the following locations:

Illinois Department of Insurance
320 West Washington Street
Springfield, Illinois 62767-0001
Phone: (217) 782-4515
FAX: (217) 782-5020
TDD: (217) 524-4872
e-mail director@ins084r1.state.il.us

or

Illinois Department of Insurance
100 West Randolph
Suite 15-100
Chicago, Illinois 60601
Phone: (312) 814-2427
FAX: (312) 814-5435
TDD: (312) 814-2603

Homeowners Insurance

[Basic Homeowners Insurance Coverages](#)

[Types of Homeowners Insurance Policies](#)

[Optional Coverages for Additional Premium](#)

[Homeowners Insurance Rating Factors](#)

[Determining How Much Homeowners Insurance To Buy](#)

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[Other Factors To Consider When Choosing A Company](#)

[If You Can't Find Homeowners Insurance](#)

[How to Contact The Illinois Department of Insurance](#)

Basic Homeowners Insurance Coverages

Homeowners insurance policies sold in Illinois offer three basic kinds of protection:

Property Coverage - pays for physical damage to your house, your personal property and unattached buildings on your property. It will also reimburse you for additional expenses if you cannot live in your house because of a covered loss.

Liability Coverage - pays for bodily injury to another person or property damage for which you, members of your household or pets are legally responsible. It also pays for a lawyer to defend you if necessary.

Medical Payments Coverage - pays for injury to another person who is accidentally injured on your property, or injured by you, members of your family or your pets. It does not apply to your own injuries or your family members living with you.

Types of Homeowners Insurance Policies

Most insurance companies sell five general types of homeowners insurance policies. Like other products you buy, homeowners insurance has a basic model, better ones, and even luxury editions. How much your insurance costs depends upon the model you choose and the options you add to it.

Most companies describe their policies with a form number: for example, HO2, HO3, and HO8 for homeowners, HO4 for renters, and HO6 for condominium owners.

Some companies apply generic terms to their policies, such as Standard or Broad form or Special, Comprehensive or Deluxe form. Other insurance companies use their own titles for their policies: for example, a Silver Policy or a Gold Policy.

When you get price quotes, ask the agents which type of policy they are using to figure the quotes. If the agents tell you they are quoting a Silver Policy, ask if it is equivalent to an HO2, HO3, etc. Be sure you are comparing prices for the same type of policy.

The Property Loss Coverage chart outlines the kinds of perils or hazards covered by the five most common homeowners policies. The more types of losses a policy covers, the more you will pay for that policy.

Optional Coverages for Additional Premium

Earthquake - covers damage to your house or contents from earthquakes.

Mine Subsidence Coverage - covers damage to your home's structure caused by a mine cave-in. This coverage may be required unless you reject it in writing.

Replacement Cost Coverage - pays for the cost to repair or replace your home with no deduction for depreciation. You may be required to insure your home for at least 80% of its current replacement cost.

Guaranteed Replacement Cost Coverage - pays for the full cost to replace your home even if it costs more than your policy limits. Some companies will settle covered losses to your home up to 125% of the limit of liability. With this coverage you are usually required to insure your dwelling to at least 100% of its replacement cost.

Inflation Guard Coverage - automatically raises your coverage limits each year to adjust for rising prices in building materials and labor. Even if you buy this coverage, you should still check your policy limits every year to make sure your home is adequately insured.

Personal Property Coverage - covers your special possessions such as jewelry, furs, coins, antiques, artwork and silverware for higher limits.

Sewer Back-up - covers water damage caused by sump pump failure or sewer back-up. Water seepage is not covered.

Flood Insurance - available through the National Flood Insurance Program. Some companies participate in the Write Your Own (WYO) Program for the National Flood Insurance Program. Contact your agent for more details.

Homeowners Insurance Rating Factors

These factors may affect the price you pay for homeowners insurance:

Type of Policy - the more protection provided by the policy, the higher the cost.

Location - urban areas may experience higher crime rates and rural areas may have lower quality fire protection. Some areas are more susceptible to specific perils, such as earthquakes or mine subsidence.

Quality of Public Fire Protection - the closer your property is to the nearest fire station and hydrant, and the better your fire department's rating, the lower the premium.

Home Construction - frame structures (such as wood, stucco or siding) are most susceptible to fire. Masonry structures (such as brick or stone) are more fire resistant, but more susceptible to earthquake and mine subsidence damage.

Determining How Much Homeowners Insurance To Buy

Since your home is usually your largest single investment, you should fully protect it.

Your homeowners coverage should be equal or close to the cost to replace your home if it were totally destroyed. At the very least, your homeowners insurance coverage should be equal to 80% of the current replacement cost of your home.

Actual Cash Value (ACV) Policy - pays replacement cost minus depreciation. With a \$70,000 ACV policy, the most you would ever receive if your house is totally destroyed, is \$70,000, even if it actually costs \$100,000 to rebuild your home.

Replacement Cost Policy - pays the full cost to repair or rebuild your house. Using the previous example, with a replacement cost policy you could receive the full \$100,000 to rebuild your home.

Inflation and home improvements increase the value of your home. Review your coverage every year and update it as needed.

Ways To Lower Your Homeowners Insurance Costs

There are several steps you can take to lower your homeowners insurance costs:

Maintain Good Housekeeping Habits - keep your home clear of accumulated trash. Repair faulty wiring. Maintain "pride of ownership" by keeping roofs, siding and brickwork in good condition and freshly painted.

Ask About Discounts - some companies offer discounts for non-smokers, for fire and burglar alarm systems, and for purchasing more than one policy from the same company.

Take The Highest Deductible You Can Afford - insurance is meant to protect you from the financial consequences of major losses. By raising your deductibles, you may be able to significantly lower the price for homeowners coverage, but you will pay more out of pocket each time you have a claim.

The Need For Household Inventories

In the event of a loss, your homeowners policy requires you to give the following information: a description of the damaged item; place of purchase; the original cost and receipts, if possible; and the current replacement cost.

The period of time after a loss can be very traumatic. By making a complete inventory of all your possessions now, you can immediately determine what has been lost in a fire or stolen by a burglar and thus make a much more accurate claim to your company.

Your household inventory should include a complete list of your household possessions, model and serial numbers, the original costs and receipts. Take photographs or videos of your home and important property to support a claim in the event of a loss. Keep a copy of your inventory and/or video at a relative's home or in a safe deposit box. You may also provide a copy to your agent. Your agent may also be able to provide you with an inventory "guide" to help you get started.

Other Factors To Consider When Choosing A Company

In addition to price, there are other factors to consider when buying insurance or changing insurance companies:

Service - Some companies sell through local agents and some through direct marketing or group plans. If the ability to discuss problems or questions with someone you know is important to you, you should find out whether the company services its policyholders through local agents, or through its regional or home office.

Licensing Status - Insurance companies that are not licensed to do business in Illinois are not required to comply with state insurance laws or participate in the Insurance Guaranty Fund which protects policyholders if a company goes bankrupt. All of the insurance companies listed in the Homeowners Premium Comparison program are properly licensed in Illinois.

Complaints - The Department of Insurance tabulates consumer complaint ratios for Illinois licensed homeowners insurance companies registering ten or more complaints. To obtain these ratios, you may call the Department of Insurance in Springfield at (217) 782-4515, TDD (217) 524-4872 or in Chicago at (312) 814-2427, TDD (312) 814-2603.

Financial Stability - Financial stability helps ensure that a company can pay its claims. Several independent organizations that rate the financial stability of insurance companies are listed below. Each organization has its own criteria and may charge a fee for its services. Your public library may also have published ratings from these sources.

A.M. Best Company 900-555-BEST (billed to telephone)
800-424-BEST (billed to credit card)

Moody's Investor Services - 212-553-0377

Standard & Poor's Insurance Rating Services - 212-208-1527

Weiss Ratings, Inc. -800-289-9222

If You Can't Find Homeowners Insurance

If you cannot find homeowners insurance through normal insurance markets, talk to your insurance agent about the Illinois FAIR Plan.

Almost anyone can buy insurance through the FAIR Plan, however, there are reasonable standards that must be met. If your property meets basic fire, loss prevention, and safety standards, the Plan will offer coverage.

How to Contact The Illinois Department of Insurance

If you have a question about a claim or your specific insurance policy, please call your insurance agent or insurance company.

If you want to know whether an insurance agent or company is acting in accordance with Illinois insurance laws, or just have a general question about insurance, you may contact the Illinois Department of Insurance at one of the following locations:

Illinois Department of Insurance
320 West Washington Street
Springfield, Illinois 62767-0001
Phone: (217) 782-4515
FAX: (217) 782-5020
TDD: (217) 524-4872
e-mail director@ins084r1.state.il.us

or

Illinois Department of Insurance
100 West Randolph
Suite 15-100
Chicago, Illinois 60601
Phone: (312) 814-2427
FAX: (312) 814-5435
TDD: (312) 814-2603

When Disaster Strikes: What To Do After An Insured Homeowners Loss

Illinois Department of Insurance

A Question and Answer Guide for Consumers

If a tornado, flood, earthquake or other disaster damages or destroys your property, you will likely have many questions and be faced with many decisions. Concerns about temporary shelter, emergency repairs and the costs of restoring or rebuilding your home can be overwhelming. Although you have purchased insurance, it may be difficult to think clearly about filing an insurance claim.

The Illinois Department of Insurance in cooperation with the Illinois insurance industry has developed this information to answer the questions most commonly asked about settling disaster-related homeowners insurance claims. If, after reading it, you have additional questions or problems that you can't resolve with your insurance company or agent, please contact us at one of the following locations:

8:00 a.m. - 5:00 p.m.
320 West Washington Street
Fourth Floor
Springfield, Illinois 62767-0001
(217)782-4515
TDD (217)524-4872
e-mail director@ins084r1.state.il.us

8:00 a.m. - 5:00 p.m.
100 West Randolph Street
Suite 15-100
Chicago, Illinois 60601-3251
(312)814-2427
TDD (312)814-2603

Another source of information on insurance is the Illinois Insurance Hotline (1-800-444-3338). This toll-free service, funded by over 200 insurance companies doing business in Illinois, is operated by the Illinois Insurance Information Service (IIS). The IIS is a non-profit service organization supported by the property and casualty insurance industry in Illinois. Hotline consultants are available to answer insurance questions from 9 a.m. to 4 p.m., Monday through Friday.

Assistance for Spanish-speaking consumers is available through both the Hotline and the Insurance Department's Chicago office.

Finally, in the event of a major disaster, the Federal Emergency Management Agency may establish Disaster Application Centers or toll-free disaster tele-registration hotlines to provide a variety of disaster relief information to the public. The locations of the Disaster Application Centers and any toll-free assistance numbers will be published in local newspapers and broadcast on local radio and television stations.

See:

[How do I report a claim?](#)

[What should I do if my company has not responded to my claim?](#)

[Should I wait for the company's permission to begin clean-up?](#)

[Can I hire someone to make emergency repairs?](#)

[What information must I give to the company representative?](#)

[What services can I expect from the company representative?](#)

[Where can I live while my house is being repaired?](#)

How will the company pay me?

How much will the company pay to repair/rebuild my home?

What about my household contents and other personal property?

Isn't my company obligated to pay for my antique furniture, valuable paintings and expensive jewelry?

I may have forgotten to include some items in my claim. Should I accept a check marked "final payment"?

Will my homeowners policy cover the costs of meeting local/state building codes and ordinances when I repair or rebuild my home?

Will my homeowners policy pay for flood damage to my home?

Will my homeowners policy pay for mine subsidence damage to my home?

Will my homeowners policy pay for earthquake damage to my home?

My homeowners policy has a percentage (%) deductible amount for earthquake coverage. How does this work?

I do not have earthquake insurance. Will my homeowners policy pay for mine subsidence damage that occurred after the earthquake?

I do not have earthquake insurance. Will my homeowners policy pay for other damages that occurred after the earthquake?

The damages to my house will cost a lot more than the insurance policy covers. What can I do?

How should I choose a contractor to make repairs?

A contractor told me he can do the job faster if I just sign my check over to him. Is that a good idea?

What if my contractor says the repairs will cost a lot more than the company representative has allowed?

What about damage to my automobile?

How do I report a claim?

Your insurance agent is the first link between you and your company. Call him or her as soon as possible. After a natural disaster, insurance companies may communicate the proper procedures for filing a claim via local newspapers, radio or television.

If your agent is unavailable or if your insurance company does not have representatives on the scene available to help you, call the company directly and ask for the claims department. The company's phone number is listed in your policy or can be obtained through the Illinois Department of Insurance.

In order to take charge of your situation, it is very important that you fully understand your rights and responsibilities. If your insurance policy has been lost or destroyed in the disaster or if you are confused about the policy benefits or exclusions, ask your agent or company exactly what coverages you have purchased.

What should I do if my company has not responded to my claim?

After you report your loss, the insurance company will assign a company representative to check the damage to your property and determine how much will be paid for your loss. If it is necessary to vacate your home, be sure to report the address and phone number where you can be reached.

In any disaster situation, it is important to get critical facilities such as hospitals and police or fire stations operational right away. Insurance companies will most likely give priority service to these facilities and then to homes that were entirely destroyed. Depending upon the severity of your property damage, it may be some time before the company representative contacts you. In the meantime, you should take temporary measures to protect your property from further damage and begin listing all damaged items that you plan to report.

Should I wait for the company's permission to begin clean-up?

To protect your property from further damage, you should make all necessary temporary repairs, such as boarding up windows and patching holes in walls or roofs, as soon as possible—even if you have not yet seen the company representative. You can also move your personal property to a protected area and begin cleaning and drying items damaged by water. However, you should not dispose of any items that you believe may be a complete loss until the company representative has examined them.

Take photographs to show the way things looked before you began cleaning and repairing and be sure to keep receipts for all of your expenses. Most homeowners policies cover the reasonable costs of emergency clean-up and temporary repairs.

Can I hire someone to make emergency repairs?

It is likely that most homeowners policies cover materials and reasonable labor expenses for temporary and emergency repairs in addition to any final repairs made to your property. You should also ask your company representative whether the company will compensate you for work you do yourself. Be sure to keep all of the receipts.

What information must I give to the company representative?

Your homeowners policy requires you to complete a claim report (sometimes called a proof of loss form) which lists all items destroyed, damaged or missing. If you do not have or cannot locate a complete household inventory, try to picture the contents of every room in your home and then list and describe all the items that were damaged or destroyed. Include furniture, major appliances, electronics equipment, pictures or accessories in each room, as well as hobby items such as fishing or camping equipment, tools and other home maintenance items and seasonal items such as holiday decorations and outdoor furniture.

As accurately as possible, try to remember when or where you bought each item, how much you paid for it and how much it will cost to replace. It is also helpful to include the brand name and model number if you know it.

What services can I expect from the company representative?

The representative may ask to examine all damaged items to prepare a written damage estimate for the company. You may ask for a copy of this estimate report and should not hesitate to ask questions if you don't understand it or need help in completing the claim form.

My home suffered heavy structural damage and I'm afraid to live in it. The company representative says it's repairable, but the contractor and I disagree.

Obviously, you should not endanger yourself or your family. If your home appears to be unsafe to live in, report this fact to the insurance company and reside elsewhere. If the company representative agrees that the house is structurally unsafe, the company will hire a structural engineer to inspect your home.

However, if you and your contractor cannot agree with the company's determination, you may have to pay the costs of a mutually agreed upon structural engineer to inspect the house.

If the structural engineer determines that the dwelling is repairable, the insurance company is obligated only for the repairs. If the dwelling is not repairable, the company will adjust your claim in accordance with your policy limits and will reimburse you for the cost of the engineer's inspection.

Where can I live while my house is being repaired?

Ask your company representative if you are insured for "Additional Living Expenses." This coverage will pay for costs you incur that exceed your normal living expenses. For example, if you normally spend \$1500 per month for mortgage/rent, utilities, food, and transportation, and these living expenses increase to \$2000 per month because of the disaster, the insurance company will reimburse you \$500. Be sure to save all receipts.

You should also ask your company representative if there are any restrictions on amounts allowed for hotel rooms. If you stay with a relative or friend, the company may require proof of actual payment to reimburse your host for lodging. Extra expenses, such as higher utility bills, incurred by your host would definitely be considered.

How will the company pay me?

Your policy divides your claim into two separate parts--one for the house itself and one for the personal property or contents. You may also be entitled to reimbursement for additional living expenses. The check or draft for payment for the contents claim will be made out to you. However, the check or draft for the house may be payable to you and your mortgage holder if there is a mortgage on your house. Chances are, you received an advance check immediately after the disaster to cover such items as additional living expenses and clothing. It is important that you keep receipts for all items purchased with this money because when the claim is finally settled, these expenses will be deducted. For example, clothing and personal property receipts will be deducted from the contents check; receipts for living expenses will be deducted from the amount allowed for additional living expenses.

How much will the company pay to repair/rebuild my home?

That depends on the type of policy you purchased. If your policy pays actual cash value, the company will pay the cost to repair or rebuild your house minus depreciation. Companies use many different factors to determine how much to deduct for depreciation, but with an actual cash value policy, you should not expect to be reimbursed for the full amount of repairs.

If you purchased a replacement cost policy, and have met the company's "insurance to value" requirement (the minimum amount of coverage your company requires), the company will first pay you the "actual cash value" as described above. Once the actual repair or rebuilding is completed, the company will then pay you the difference up to the policy limits. If you choose not to repair or rebuild, the company is obligated to pay you only the actual cash value. Many policies require you to rebuild at the same location, but you may be able to negotiate this requirement with the company representative.

If you purchased a guaranteed replacement cost policy, and have met the company's "insurance to value" requirement (the minimum amount of coverage your company requires), the company will pay the full cost to repair or rebuild your house, even if it is more than your policy limits. For example, if your policy limits are \$100,000 and it costs \$120,000 to rebuild your house, the company would pay the entire \$120,000 under this type of policy. Some companies will only pay a certain percentage above your policy's limit (e.g., 25%).

What about my household contents and other personal property?

Again, it depends on the type of policy you purchased. Most insurance policies pay the actual cash value--that is, an amount equal to what the items were actually worth at the time they were damaged or destroyed. For example, it might cost \$1000 to replace your sofa at today's prices. If the average useful life of a sofa is 20 years, and your sofa was 10 years old on the day it was destroyed, the company would pay you \$500.

If you paid an extra premium for replacement cost coverage on your personal contents, the company will first pay you the actual cash value as described above. Once you have actually replaced the items and submitted your receipts, the company will then pay you the difference. Using the above example, the company would initially pay you only \$500 for your damaged sofa. After you buy the new one for \$1000, the company would then reimburse you another \$500--the difference between the actual cash value and the replacement cost. Some companies also use replacement services that will obtain certain items such as appliances for you.

As you begin replacing damaged items, be sure to keep all receipts. It may be advisable to submit accumulated receipts to the company every two weeks or so, rather than sending them in one at a time. Most policies require that you replace the contents within a specified time period from the date of loss. If you cannot meet this time period, ask your company representative for an extension. You can also submit a claim for storage costs that you incur until your home is ready for occupancy.

Isn't my company obligated to pay for my antique furniture, valuable paintings and expensive jewelry?

Not necessarily. Most homeowners policies place specific dollar limits on items such as jewelry, paintings and silver and will only pay the actual cash value of antiques (which may or may not be equal to their appraised prices). You must purchase additional coverage to fully insure these items. If you have not done so, they may not be fully covered in your regular homeowners policy.

I may have forgotten to include some items in my claim. Should I accept a check marked "final payment"?

Illinois insurance regulations do not permit any check or draft from your insurance company to indicate "final payment" or "release of claim" unless the policy limits have been paid or the claim is being disputed. For example, if you forgot to list your Christmas decorations, but have already accepted a check, simply contact the company representative. Unless the company has paid the entire limits of your contents coverage, you are entitled to further reimbursement. It is not unusual for an insurance company to re-open a claim for additional payment. However, it is important that you file an accurate claim in a timely fashion.

Will my homeowners policy cover the costs of meeting local/state building codes and ordinances when I repair or rebuild my home?

First check with your agent to determine whether your policy includes a building code endorsement that will pay these expenses. In most cases, homeowners policies do not cover the expense of bringing a house up to code or meeting certain ordinances (including floodplain requirements) if the house did not meet these requirements when it was destroyed.

If your policy does not cover these costs, check with the agencies at the local disaster application center to see if you are eligible for financial assistance.

Will my homeowners policy pay for flood damage to my home?

Standard homeowners policies do not cover flood damage. However, if you have a flood insurance policy, your company or the National Flood Insurance Program will assign an adjustor to handle your claim. If your home is not covered for flood damage, you should ask the representatives at the local disaster application center or the toll-free disaster tele-registration hotline if you are eligible for financial assistance.

Will my homeowners policy pay for mine subsidence damage to my home?

Standard homeowners policies do not cover damage due to mine subsidence unless you paid an additional premium for a mine subsidence endorsement.

Will my homeowners policy pay for earthquake damage to my home?

Standard homeowners policies do not cover damage due to earthquakes unless you paid an additional premium for an earthquake endorsement.

If you purchased an earthquake coverage endorsement, your company will assign a representative to evaluate your damage. If you did not purchase earthquake coverage, you should ask the representatives at the local disaster application center or the toll-free disaster tele-registration hotline if you are eligible for financial assistance.

My homeowners policy has a percentage (%) deductible amount for earthquake coverage. How does this work?

Homeowners insurance contracts generally have a stated deductible (for example, \$100) for claims such as fire and theft. The deductible for earthquake coverage is a stated percentage (for example 5%) of the amount of insurance you carry for each coverage under the policy.

If, for example, a homeowners policy provides \$100,000 of coverage on the dwelling, \$50,000 on the contents, and \$10,000 on an unattached garage and the earthquake deductible is 5%, there would be an earthquake deductible of \$5,000 on the dwelling, \$2,500 on the contents and \$500 on the unattached garage.

Since all insurance contracts are not the same, you should ask your insurance agent to review your policy and earthquake deductible with you.

I do not have earthquake insurance. Will my homeowners policy pay for mine subsidence damage that occurred after the earthquake?

If you do not have earthquake insurance, any damage that can be directly attributed to the quake would not be covered. If you have mine subsidence coverage, damage that results directly from the subsidence should be covered.

I do not have earthquake insurance. Will my homeowners policy pay for other damages that occurred after the earthquake?

If you do not have earthquake insurance, any damage that can be directly attributed to the quake would not be covered. Your homeowners insurance will, however, cover a variety of perils. Get in touch with your agent if you have questions regarding coverage.

The damages to my house will cost a lot more than the insurance policy covers. What can I do?

Ask the representatives at the local disaster application center or the toll-free disaster tele-registration hotline if you are eligible for financial assistance.

How should I choose a contractor to make repairs?

It may be better to hire local rather than out-of-town contractors. In any case, you should make sure that you deal only with established firms or individuals who can provide references and are willing to give you a signed contract. If family members or friends cannot recommend a reputable contractor, check with the local disaster application center, your local building code department or the Better Business Bureau for guidance.

Obtain written estimates before repairs begin and do not sign any contracts for major repairs until your insurance company representative has determined how much damage there is and how much the company will pay.

A contractor told me he can do the job faster if I just sign my check over to him. Is that a good idea?

No. If the repair work is extensive, the contractor may ask for periodic partial payments as the work progresses, but it is highly unlikely that a reputable contractor would request full payment in advance. The contract should specify that payments will be made as the work is completed. If you have a mortgage on your home, the lending institution may also have specific requirements about how the insurance funds are expended.

What if my contractor says the repairs will cost a lot more than the company representative has allowed?

If there is a discrepancy over the cost of repairs or the contractor has found hidden damage, you should first contact the insurance company representative and try to resolve the difference.

If you are still unable to resolve your differences, contact the Illinois Department of Insurance at one of the locations given.

What about damage to my automobile?

Your car is not covered under your homeowners policy. If you have the appropriate comprehensive or collision coverages in your automobile insurance policy, your company should reimburse you for damage to your car just like in any other auto claim. Check with your insurance agent.

Kentucky Consumers Guide to Homeowners Insurance

Commonwealth of Kentucky

Department of Insurance

Kentucky Consumers Guide to Homeowners Insurance

See:

[TYPES OF COVERAGE](#)

[Loss Settlement](#)

[Nonrenewal and Cancellation](#)

[Flood Insurance](#)

[Earthquake Insurance](#)

[Mine Subsidence Coverage](#)

[Kentucky Property Insurance Placement Facility \(Fair Plan\)](#)

[Is Your Coverage Adequate?](#)

[What to do if You Have a Fire or Theft in Your Home](#)

[Rating Territories and Fire Protection](#)

TYPES OF COVERAGE

There are several types of insurance policies a person can purchase to protect his or her home and possessions. In this report, we are concerned with homeowners policies. The homeowners policy is a "package" policy providing coverage for the home, personal possessions, additional living expenses, theft, glass breakage and liability.

A renter or a condominium owner can purchase a homeowners policy. Those package policies do not include coverage for the building itself.

The types of coverage and coverage limits referred to in this report are found in the standard homeowners policy. Increased coverage and coverage limits are available for additional premium charge.

I. Property Coverages

Pays for losses or damages to the building, its contents, or related appurtenant structures from "open perils" or "named perils" (refer to the policy), up to the following limits:

Damaged Property Coverage Limit

House Up to the policy amount

Garage/Other Bldgs. Up to 10%* of the policy amt.

Contents Up to 50%* of policy amt.

*This percentage may vary by company.

II. Additional Living Expenses Coverage

Pays your necessary increase in living expenses (such as food or lodging) if you cannot live in your house because it was damaged by a peril covered by the policy. Coverage is usually up to 10% or 20% of the policy amount.

III. Liability Coverage

Type of Coverage Coverage Limit

Personal Liability minimum \$100,000

Medical Payments to Others minimum \$1,000 per accident

Damage to Prop. of Others up to \$500 per accident

Personal liability coverage pays the cost (including legal and defense costs) associated with liability you incur because of bodily injury or property damage that you cause.

Medical payments coverage pays medical expenses for injuries to other people that occur on your property or elsewhere, if the injury was caused by you, your pet, or a family member. Payment is made regardless of fault.

Coverage is provided for accidental damage to another person's property, regardless of fault.

Read your policy for a complete listing of coverages and coverage limits.

Loss Settlement

Payments for a loss cannot exceed the limits of coverage under your policy.

A deductible on your homeowners coverage applies to the loss, not the amount of coverage, as demonstrated below:

	Example 1	Example 2
coverage	\$30,000	\$30,000
loss	33,000	2,500
deductible	250	250
payment	30,000	2,250

The deductible does not apply to all of the coverages under the homeowners policy. To determine which coverages the deductible applies to, refer to the declarations section of the policy.

Payment for a loss is calculated according to replacement cost, actual cash value or a percentage.

Replacement cost is the amount required to repair or replace property with materials of like kind and quality, up to policy limits. There is no deduction for depreciation. Replacement cost applies to buildings and not to contents under the standard homeowners policy; however, you may choose to add it to your policy as an endorsement.

To be paid for a loss on your dwelling or other structure on the basis of replacement cost, you must insure your home for at least 80% of its replacement value (cost to rebuild). If you do not insure your home for 80% of the replacement value, payment will be calculated in one of two possible ways. You will receive the actual cash value (replacement cost less depreciation) or a percentage of the loss, whichever is larger. The percentage is the relationship between the actual amount of coverage and 80% of the replacement value.

For example, assume a house has a replacement value of \$50,000. To get a full replacement coverage, it must be insured for at least \$40,000 (80%). However, if it is only insured for \$30,000 and a \$4,000 covered loss occurs, the insurance company will pay $\$30,000/\$40,000$ of the \$4,000 Loss (\$3,000) or the actual cash value, whichever is larger.

Actual cash value is the replacement cost less depreciation. Under the standard homeowners policies, all payments for loss to contents will be made on the basis of actual cash value.

Nonrenewal and Cancellation

A policyholder must be mailed written notice when their homeowners policy is being cancelled or nonrenewed. A policy that has been in effect for less than 60 days may be cancelled by mailing the insured notice of cancellation at least 14 days prior to the effective date of the cancellation. After the policy has been in effect for more than 60 days, notice of cancellation must be mailed at least 75 days prior to the effective date of cancellation except for nonpayment of premium. The reason for cancellation or nonrenewal must be given in the notice. Age sex, religion, nationality, marital status, occupation, and being previously refused insurance are not acceptable reasons for refusal to insure. Policies may be cancelled during term only for certain reasons.

Flood Insurance

Although flood insurance is excluded in the present homeowners policies, it can be provided through the National Flood Insurance Program. The forms, rates, eligibility, and marketing of all flood insurance are under the control of the Federal Insurance Administrator.

Earthquake Insurance

Earthquake coverage is another contingency not covered under the homeowners policy. Since the entire state is subject to some degree of the risk for damage from an earthquake, there is some interest by citizens that this risk be covered. Earthquake coverage is available as an endorsement to your homeowners policy subject to a separate deductible expressed as a percentage of the amount of coverage on your home. This is different from the way deductibles are calculated in Loss Settlement.

The fact is earthquakes have hit 39 states, and earthquake damage has occurred in all 50 states.

Mine Subsidence Coverage

Policies providing fire insurance covering a structure permanently affixed to realty must include mine subsidence coverage if the structure is located in any of the following counties: Bell, Boyd, Breathitt, Butler, Carter, Christian, Clay, Daviess, Edmonson, Elliott, Floyd, Greenup, Hancock, Harlan, Henderson, Hopkins, Jackson, Johnson, Knott, Knox, Lawrence, Lee, Leslie, McCreary, McLean, Martin, Morgan, Muhlenberg, Ohio, Perry, Union, Webster, Whitley and Wolf.

The amount of coverage provided is the same amount of fire insurance, but not more than \$50,000 per structure.

The insured may waive/reject coverage by signing a waiver form. Mine subsidence coverage cannot be provided on mobile homes. For more information, see your local agent or company.

Kentucky Property Insurance Placement Facility (Fair Plan)

The Kentucky Property Insurance Placement Facility is a residual market mechanism originally formulated by the mechanism originally formulated by the insurance industry under the direction of the commissioner of insurance for the purpose of making basic property insurance available to responsible applicants who are unable to secure such insurance in the normal insurance market. Since its inception in September 1968, it was amended in 1985 to write habitational risks in 9th and 10th protection classes, to write homeowners coverage, to extended commercial lines to 9th and 10th protection class, to include coverage for farm type dwelling and permanent outbuildings necessary to the operation of the premises as a farm. Term payment plans of 3 or 6 months as well as 12 months terms are offered. All agents are required to offer the FAIR plan if an individual's qualified property cannot be placed in the regular market.

Is Your Coverage Adequate?

Your home probably is adequately insured if your insurance protection is keyed to current costs. Estimate how much it would cost to rebuild or repair your house at current prices if it were destroyed or damaged by fire or some other insured peril. An insurance representative or professional appraiser can help you to review the amount of coverage on your home each year to make sure your coverage keeps pace with current prices.

An up-to-date inventory of your household furnishings and personal belongings can help determine their value and your insurance needs. The inventory should establish the purchase dates and costs of major items. In case of a loss, this information can help in settling your insurance claim quickly and efficiently. Keep the inventory in a safe place away from your home. Many people also photograph all rooms and their contents.

Standard homeowners insurance policies may provide only limited coverage for furs, jewelry, silver and other valuables. It may be necessary to insure these valuables with a special addition to your homeowners policy, such as a personal property floater or a separate policy.

Make Your Home Look Occupied and Make it difficult to Break In
Lock all outside doors before you leave or go to bed
Lock all windows
Leave lights on when you go out
Keep garage door closed and locked
Don't allow daily deliveries to accumulate
Arrange to have lawn cut in summer and walks shoveled in winter

Sliding glass doors are a favorite means of entry for burglars. These doors are often easy to jimmy open and do not have adequate locks. Your local locksmith has special locks for sliding glass doors that can give you much better security than those usually built into the doors.

What to do if You Have a Fire or Theft in Your Home

Report the loss to your insurance agent or company as soon as possible. Make temporary repairs to prevent further damage or to secure your home. Keep a record of the cost of these repairs. Your insurance company will probably reimburse you for them. A household inventory will be very valuable at this time in helping you compile a list of damaged or stolen items. In case of a theft, a police report should be made.

Rating Territories and Fire Protection

Insurance companies have divided the state into rating territories. Where you live affects the premium you are charged. For our examples, we have used seven counties to show the difference in rates in each section of the state. On every example, we have shown the protection class premium for that county's largest city (e.g., Boyd, Ashland is Class 4) and the highest class usually found in that county. Each city and locality in Kentucky is given a fire protection classification ranging from 1 to 10, depending on the amount of fire protection in the area. The best fire protection rating is class 1; the worst is class 10.

Kentucky Consumers Guide to Automobile Insurance

An automobile policy in Kentucky may contain a variety of coverages. Some are required by law - others may be required by lender; however, each has a separate purpose, price and various limits which may be purchased.

See:

[Kentucky's No-Fault Law](#)

[Uninsured Motorists Law](#)

[Proof of Insurance](#)

[Kentucky Automobile Insurance Plan](#)

[Underinsured Motorist Coverage](#)

[Collision Coverage](#)

[Comprehensive Coverage \(Other than Collision\)](#)

[Cancellation and Nonrenewal](#)

[What to do If Involved in an Automobile Accident](#)

[Filing a Claim](#)

[Factors Which Determine the Cost of Auto Insurance](#)

[Possible Premium Discounts](#)

[Window Identification System](#)

[Frequently Asked Automobile Insurance Questions](#)

Kentucky's No-Fault Law

All Motor vehicles registered or operated in Kentucky must be covered by liability insurance and basic no-fault personal injury insurance. All motor vehicle liability insurance policies which indicate that they provide security covering a motor vehicle are considered to provide the minimum liability and no-fault personal injury coverages required by law. The liability coverages provide protection for damage to persons or property. No-fault coverage pays up to \$10,000 for medical expenses, lost wages, and similar "out of pocket" costs if one is injured in an automobile accident regardless of who may have been at fault. Higher limits of coverage may be purchased.

To accept no-fault personal injury coverage, your right to sue will be limited in case of a minor injury. The rights of other persons to sue you will be limited in a similar manner. However, if you do not want these limitations on your right to sue or be sued, you have the option to reject no-fault personal injury coverage and the limitations on your right to sue or be sued.

If you decide to reject no-fault personal injury coverage and limitations on your right to sue or be sued, your rejection must be in writing on a special form established by the Kentucky Department of Insurance. If you have rejected no-fault personal injury protection, it is not necessary to complete a new rejection form each time you change policies or companies. You may obtain a rejection form from your insurance agent, insurance company or the Kentucky Department of Insurance.

Kentucky's no-fault motor vehicle liability insurance law does not affect property damage liability or damage to your automobile. Payments for damage to motor vehicles or other property are handled in accordance with Kentucky law.

Persons injured in traffic accidents who are entitled to no-fault personal injury benefits will receive immediate payments of their out-of-pocket losses up to \$10,000. Benefits will be paid by the company insuring the motor vehicle in which they are riding regardless of who was to blame for the accident. It will no longer be necessary to await the results of a lengthy investigation to determine liability before payments can begin.

The following benefits, up to a total of \$10,000 per person, will be paid regardless of fault:

medical and rehabilitation expenses.

up to \$200 per week for loss of income, replacement services, or benefits for your survivors.

\$10,000 for funeral and burial expenses.

The no-fault law is also a compulsory insurance law. Owners of motor vehicles must have liability insurance. Motor vehicles liability insurance policies must provide \$25,000 per person/\$50,000 per accident limits of liability for bodily injuries and \$10,000 for property damage liability. An alternative to this "split limit" arrangement is to purchase a "single limit" policy which has a limit of liability of at least \$60,000. All motor vehicle liability insurance policies must provide a minimum of \$10,000 no-fault personal injury coverage.

Failure to carry insurance is a criminal offense. The penalties include fines, loss of license plates, and loss of operator's license.

Owners of motorcycles are required to maintain liability insurance, but not no-fault personal injury coverage. Further, operators and passengers on motorcycles are not entitled to no-fault personal injury benefits unless purchased as an option for an additional premium.

Uninsured Motorists Law

Uninsured motorist coverage will be included in an automobile liability policy delivered in Kentucky unless you reject the coverage in writing to the company. This is done at the time you make application for a policy.

The minimum uninsured motorist coverage is \$25,000 for bodily injury coverage per person and \$50,000 per accident or \$60,000 combined single limit. You, as the insured or a member of your family will be paid for an injury caused by a hit-and-run driver or an at-fault driver without liability insurance. Uninsured motorist coverage does not apply for damage to your vehicle.

Proof of Insurance

Each insurer providing automobile liability insurance is required annually to issue written proof that the insured has in effect an insurance contract providing coverage in conformity with KRS Chapter 304.39. One (1) copy of the written proof of motor vehicle insurance must be kept in the vehicle it relates to and shown to peace officers on request.

Contact your agent and/or company if you need additional information or have not received notification of such proof of insurance. If an automobile liability policy is terminated, the insurer is required to notify the Department of Vehicle Regulation of its termination/cancellation.

Kentucky Automobile Insurance Plan

If you have difficulty obtaining automobile insurance, you may apply for coverage through the Kentucky Automobile Insurance Plan by contacting your local agent. If you have a valid driver's license and have been unable to obtain insurance, you will probably be eligible for coverage through the Plan.

Any licensed general lines agent should assist you with this coverage.

Coverages available through the Plan are limited to that required by law: Bodily Injury and Property Damage Liability, Personal Injury Protection and Uninsured Motorist. However, amounts higher than the legal minimum for Bodily Injury and Property Damage may be purchased. Underinsured Motorist Coverage may be purchased upon your request. No comprehensive or collision coverage is written through the Plan. The Plan will notify you of the effective date of your policy.

Underinsured Motorist Coverage

Insurance companies are required to make this coverage available upon request by the policyholder. If you have this coverage, your insurance company will pay you, within the limits of your coverage, for injuries to you from an automobile accident that exceeds the limits of the responsible driver's policy. Underinsured motorist coverage does not pay for damage to your vehicle. It only pays for bodily injury.

Collision Coverage

Collision insurance covers damage to your vehicle caused by collision or upset, regardless of who is to blame for the accident, less your deductible.

A deductible is that portion of the damage you pay. Deductibles usually range from \$50 to \$500, but you may elect to have an even larger deductible.

Comprehensive Coverage (Other than Collision)

Comprehensive insurance covers damage to your vehicle from losses other than by collision or upset. Comprehensive losses result from fire, theft, vandalism, flood, falling objects, colliding with a bird or animal, etc. Glass breakage is included under comprehensive coverage. If this coverage is purchased with a deductible, that deductible DOES NOT apply to glass breakage in the windshield, doors, and windows and the glass or other materials used in the lights required on automobile.

Cancellation and Nonrenewal

A policyholder must be mailed written notice when their automobile policy is being canceled or nonrenewed. A policy that has been in effect for less than 60 days may be canceled for any reason by giving 14 days notice to you. A policy that has been in effect more than 60 days may be canceled only for the reason of nonpayment of premium or suspension or revocation of driver's license, but for nonpayment of premium, policy may be canceled by giving 14 days notice.

You must be told the reason for cancellation or nonrenewal. Age, sex, religion and national origin are not acceptable reasons. Your policy may be nonrenewed at the expiration of a policy term by mailing you notice of nonrenewal at least 75 days before the nonrenewal date.

What to do If Involved in an Automobile Accident

Get the other driver's name, address, phone number, driver's license number, auto license number, insurance company, and policy number whenever possible. Also, get the names and telephone numbers of witnesses to the accident. If the police are called, make a note of the reporting officer's name and badge number. Report the accident to your insurance agent or company as soon as possible, regardless of who is at fault. Of course, if someone is injured, summon aid immediately.

Filing a Claim

If your car is involved in an accident, is damaged by fire, flood or vandalism, or is stolen, put your insurance to work for you by following these steps in filling your claim:

Phone your insurance agent or local company representative. Do it as soon as possible, even if you're far from home and even if someone else caused the accident. Ask your agent how to proceed and what forms or documents will be needed to support your claim. Your company may require a "proof of loss" form, as well as documents relating to your claim, such as medical and auto repair bills and a copy of the police report. Supply the information your insurer needs. Cooperate with your insurance company in its investigation, settlement, or defense of any claim, and turn over to the company immediately copies of any legal papers you receive in connection with your loss. Your liability insurer will represent you if a claim is brought against you, and defend you if you are sued. Keep records of your expense. Expenses you incur as a result of an automobile accident may be reimbursed under your policy. Remember, for example, that your no-fault insurer usually will pay your medical and hospital expenses, and possibly such other costs as lost wages and at least part of your costs if you have to hire a temporary housekeeper. Keep copies of your paper work. Store copies of all paper work in your own files. You may need to refer to them later.

Factors Which Determine the Cost of Auto Insurance

Comparison shopping for car insurance is usually worth the effort. Premiums are based on a number of factors and may vary from one company to another for the same policy. Companies take into account factors which affect the chances of your having an accident. The higher the risk, the higher the premium.

Generally, the premiums are based on:

The amount and types of coverage you buy. The higher the limits and the broader the coverage, the more you will pay.

Your driving record. Persons with no accidents or violations will usually pay less.

Your age, sex and marital status. For example, young, single male drivers generally pay more than any other group.

Where you live. The state is divided into territories for rating purposes. Generally, people in metropolitan areas pay more than those in less congested places. There are laws and regulations which will also affect rates.

How you use your car. For example, Car-pooling or the number of miles you drive to and from work and the number of miles you drive annually are taken into consideration. The type of car you drive. It cost more to repair some cars than others, and companies charge accordingly. Before you buy check the safety records of the vehicle you are considering to purchase.

Your automobile insurance premium will also include applicable state surcharges and local government premium taxes, if any, which must be collected by the insurance company. Other factors which affect your insurance rates are medical costs, legal costs, replacement costs and repair costs. You may lower your premium if you:

Drive safely. It affects your car insurance rates substantially. Every time you have an accident, you risk having your premium raised. If you have accidents or convictions of certain violations, you may also be charged more for insurance. Testing showed that an offensive driver committed 138 traffic violations in the process of arriving at a destination only five minutes before a defensive driver, who committed none.

Reduce or eliminate collision and/or comprehensive coverage on an old car.

Possible Premium Discounts

There are a variety of discounts offered by different companies. For example, some companies offer discounts to certain individuals who have completed driver education courses, for cars equipped with anti-lock brakes, for cars equipped with air bags, and for good students. All companies must offer a discount for drivers 55 and over who have completed a driver education course approved by the Transportation Cabinet. Some companies also offer substantial discounts if you have more than one car insured with them.

If your car is equipped with certain types of anti-theft devices, your comprehensive coverage premium may be discounted 5%, 15% or 20% depending on the type of device. Examples of devices that may qualify for such discounts are: window identification system, certain internally operated alarm systems, fuel cutoff devices or ignition cutoff devices. See your local agent or company for more information and necessary application form for such discount.

Window Identification System

Pursuant to KRS 304.20-420, a 15% discount on the comprehensive coverage of a policy shall be given by insurance companies on any vehicle equipped with window identification system in which the vehicle's identification numbers (VIN) are etched into all windows of the vehicle other than the small vent window.

Frequently Asked Automobile Insurance Questions

Is there a state fund which will pay for damage to my vehicle caused by hitting a deer?

No fund has been established to reimburse auto owners for damage caused by an accident with a deer.

Why is automatic protection necessary?

Manual lap/shoulder belts are reasonably effective in preventing auto accident injuries and deaths. The National Highway Traffic Safety Administration maintains 12,000 to 15,000 lives could be saved annually if all passenger car occupants used safety belts at all times. Air bags would save additional lives and prevent more injuries.

Why Not just automatic seat belts?

Lap/shoulder belts are effective in frontal crashes at low and moderate speeds. But, people wearing belts can be injured seriously at higher speeds. Their heads and faces are especially vulnerable. Air bags prevent many of these injuries.

Will automatic crash protection affect insurance rates?

Some insurers offer discounts to people who buy cars equipped with automatic lap/shoulder belts and/or air bags.

How does the make and model of a car help determine the insurance premium?

All makes and models of vehicles have crashes and are stolen; however, some have worse records than others. Some models suffer heavier damage at lower speeds than others - and are generally more costly to repair. It would be wise to check with your agent before purchasing a new vehicle.

Is there a grace period to pay my automobile insurance premium?

No.

What are my legal rights if my auto insurance is cancelled or nonrenewed?

The insured has four (4) days from the date of receipt of such notice in which to ask the Kentucky Department of Insurance by written request to review the company's action. The Commissioner then obtains an explanation from the insurer and advises the insurer and insured of his findings.

Can I exclude any of my household members from auto coverage?

Yes, so long as it is not a named insured, spouse or dependent.

How long does my no-fault rejection last?

Your no-fault rejection will be effective until you rescind the rejection with the Department of Insurance. It is not necessary to complete a new rejection form each time a new policy is issued.

When are salvage titles required regarding totaled vehicle?

Models eight (8) years old and older are not required to have salvage titles.

Can used or after market parts be used in the repair of a vehicle?

These parts can be used if they are of like-kind and quality.

How to File a Complaint with the Maine Bureau of Insurance

[Property and Casualty Complaint](#)

[Life and Health Complaint](#)

Property and Casualty Complaint

HOW TO FILE A COMPLAINT WITH THE MAINE BUREAU OF INSURANCE

The Maine Bureau of Insurance enforces Maine's insurance laws.

The Bureau's Property/Casualty Division provides consumer information and investigates complaints about companies or agents.

What Kinds of Insurance?

Homeowners Auto

What Types of Complaints Do We Handle?

coverage

claims

cancellations/nonrenewals

sales

refunds

other disputes

We have a special complaint form that requests most of the information we need to investigate your complaint. You may request a form by calling 1-800-300-5000 or 1-(207)624-8475 and leaving your name and address. Our fax number is 1-(207)624-8599.

Instructions for Completing Complaint Form

Tell us.....

What happened, who was involved, and why you think the company or agent is wrong. How you have tried to resolve this problem. What you want the company or agent to do.

Other Facts We Need:

Name and address of the insurance company or agent involved. Policy number, group name or certificate number, dates of coverage. If the complaint involves a dependent under family coverage, identify the person named on the policy. If your complaint is against someone else's insurance company (i.e. the other driver in an auto accident), please include the other person's name, and insurance company involved.

When filing your complaint be sure to attach copies (not originals) of

Letters you have written to the insurance company or agent concerning your complaint and letters they have written to you. The part of your insurance policy concerning the disputed coverage. Mark the section you think supports your claim. The claim you filed with the insurance company (if a claim is involved).

DO NOT send bills from doctors or hospitals unless we request them.

Please write legibly!

After the complaint form is complete, please mail to:

Bureau of Insurance

Property/Casualty Division

#34 State House Station

Augusta, Maine 04333

The Bureau of Insurance Can't:

Act as your lawyer or give you legal advice; Recommend insurance companies or agents; Resolve a dispute when the only evidence is your word against the word of the agent or company; Force the company to satisfy you if no laws have been broken;

Auto or Homeowners Insurance Been Canceled or Nonrenewed?

If your auto or homeowner's insurance has been nonrenewed or canceled, you may be entitled to a hearing at the Bureau of Insurance. If a policy has been in effect for more than 60 days, a company can nonrenew or cancel homeowner and auto insurance policies only for reasons listed under Maine law. A policy in force less than 60 days does not qualify for a hearing.

How Soon Should I Hear From an Investigator?

You should receive an acknowledgment letter within one week of our receipt of your complaint that will explain what we are doing to resolve your problem.

How Long Will The Investigation Take? The time frame is usually about 30 days. However, it can take much longer if your complaint involves a complex problem.

What is Involved in the Investigation?

A copy of your complaint will be sent to the company or agent involved. We will ask them for an explanation of their position. Once the response is received, the claims examiner assigned to your case will review the answer to make sure it has correctly answered your complaint and to see if any of Maine's laws have been violated. It is possible that more letters or phone calls will take place between the claims examiner and the company or agent. After the response has been reviewed for correctness, the claims examiner will send you a letter explaining the results of the investigation.

What Happens if the Company Refuses to Correct My Problem?

If we see no evidence of violations, the claims examiner's letter will explain why we are closing the investigation. If the claims examiner is not satisfied with the company's response, we will continue to work on the case to clarify the issues involved. If the company has violated Maine's insurance laws, and we are unable to force them to comply, we may find it necessary to refer your complaint to our Legal Division for legal action.

Should I Call To Check On The Progress of the Investigation?

You should not have to call. We will keep you informed of our progress. If you find that you have additional information, please put it in writing, include your name, address and phone number and send the letter to the claims examiner.

COMPLAINT CHECKLIST

Is the form complete?

Have you given a good explanation of the complaint?

Did you give us the names and addresses of the agent and/or the company involved?

Did you include the policy number?

Did you enclose copies of important documents?

Have you given us your complete name, address and daytime phone number?

Life and Health Complaint

The Maine Bureau of Insurance enforces Maine's insurance laws.

The Bureau's Life and Health Division provides consumer information and investigates complaints about companies or agents.

What Kinds of Insurance?

Health

Life

Credit Insurance

Annuities

Disability Policies

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Recommend insurance companies or agents;

Resolve a dispute when the only evidence is your word against the word of the agent or company;

Force the company to satisfy you if no laws have been broken;

Make medical judgments;

Handle problems with your employer's self-funded health plan, unless the plan involves an insurance company or independent administrator.

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