



Illinois Department of Financial and Professional Regulation

Division of Insurance

NEWS

FOR IMMEDIATE RELEASE

April 8, 2009

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Three-point plan to save money on insurance without switching companies or skimping on coverage

Illinois Division of Insurance urges consumers to explore discounts

CHICAGO – Switching from brand names to generics is a great way to save money on food and clothes, but when it comes to insurance, consumers need to make well-informed decisions prior to altering coverage or changing companies.

“The current recession is challenging many individuals and families to save money where they can in order to weather the present economic storm,” said Michael T. McRaith, Director of the Illinois Division of Insurance. “Through careful planning, consumers can find savings in their insurance coverage without jeopardizing their insurance safety net. We encourage people to work closely with their agents to ensure that protection levels are optimized through the cost-cutting process.”

The Illinois Division of Insurance offers a three-point plan to save money on insurance:

1. Conduct a coverage check-up of your health insurance

- If someone is fired or laid off, they should never drop health insurance coverage altogether, because they could lose guaranteed-issue and pre-existing condition protections under state and federal law.
 - By law, employers must offer employees the right to continue employer-sponsored health benefits if they lose their benefits because of specific “qualifying events.” COBRA, the Consolidated Omnibus Budget Reconciliation Act, is the federal law that requires employers with 20 or more employees to provide group continuation coverage. State law requires employers of any size to provide group continuation coverage. For more information, visit <http://www.idfpr.com/DOI/HealthInsurance/continueCobra.asp> or <http://www.idfpr.com/DOI/HealthInsurance/ContinueIL.asp>.
 - To help workers maintain their health coverage while they are between jobs, the American Recovery and Reinvestment Act (ARRA) provides a 65-percent reduction in the premiums payable by involuntarily terminated workers and their families for health care continuation coverage under the federal COBRA and state continuation law. For more information, visit <http://www.idfpr.com/DOI/General/COBRASubsidyFactSheet02242009.pdf>.

- For those with individual health insurance policies, working with the insurance agent or broker is crucial when exploring cost-cutting options.
 - If you are offered coverage under a high-deductible health plan (HDHP), note that — although HDHPs are one option for saving money on health costs — such plans can leave individuals exposed to considerable unexpected out-of-pocket expenses.
 - Health insurance policies do not always pay for such procedures as allergy tests or braces, but a Flexible Spending Account (FSA) can help save on these out-of-pocket costs by allowing you to set aside pre-tax dollars for uninsured medical expenses and childcare.
 - Ask your human resources department about your employer's FSA and what types of expenses can be reimbursed through the program. If you opted out of the FSA program this year, consider signing up in the next open enrollment period. Remember, however, that any unused money in an FSA does not roll over to the next calendar year, so try to estimate your costs carefully at the beginning of the year.
- 2. Seek hidden savings in auto and homeowners insurance**
- Simply ask if you're eligible for one or more of the numerous discounts offered by auto insurance companies including:
 - Two or more cars on a policy.
 - Participation in driver education courses.
 - Good student drivers under age 25 or mature drivers (between 50-65 years old).
 - Airbags or other safety equipment.
 - Anti-theft devices.
 - Multi-line discounts if you have renters or homeowners insurance on same policy or with same company that insures your car.
 - Raise the deductibles on physical damage (collision and comprehensive) coverage but determine whether you can afford to absorb a larger portion of your loss in the event of an accident.
 - Lower or eliminate physical damage coverage on older vehicles — unless a lien holder, such as a bank, requires the coverage.
 - If there are college-age children on the policy, you might be eligible for discounts if they attend school at least 100 miles away and have minimal access to the insured vehicle.
 - It pays to shop around before buying insurance because prices can differ among companies. When getting quotes, be sure the policies you are comparing have the same coverage and deductible levels. In addition to cost, consumers should also carefully consider other factors such as service, dependability and the financial condition of the insurance company.
 - Inform your agent about any changes to your home.
 - If you have updated areas of your home to make it safer or have upgraded your heating or electrical systems, you could be eligible for discounts that might lower your premium.
- 3. Review your life insurance coverage**
- Now is a good time to review your life insurance needs to ensure you have the right policy for your financial situation and your family composition. Life insurance is an important way to protect and preserve income due an unexpected or untimely death.
 - When considering coverage, be sure to factor in life insurance you currently have, including group insurance where you work or veteran's insurance. Don't forget to include benefits from Social Security or survivor's benefits from a pension plan.

For more information about auto, home, life and health insurance options, as well as tips for choosing the coverage that is right for you and your family, visit the Illinois Department of Insurance Web site at www.idfpr.com.