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## **Trouble paying insurance premiums? Do not make rash decisions.**

*Insurance Division can help consumers weigh their options*

(Salem) — Rising unemployment and the weak economy are forcing many Oregonians to look for ways to cut costs, including insurance expenses. As part of National Consumer Protection Week March 1- 7, the state Department of Consumer and Business Services today released a list of frequently asked questions (FAQs) about maintaining insurance coverage during tough economic times.

“During these uncertain economic times, many Oregonians may be having difficulty paying for insurance premiums,” said Teresa Miller, acting director of the Insurance Division. “We urge consumers to call their insurance company or our division before they make any drastic changes to their plans. There may be some help available, or a more affordable option.”

The FAQs are below and available on the DCBS Insurance Division Web site at: [www.insurance.oregon.gov](http://www.insurance.oregon.gov).

### **Maintaining Insurance Coverage in Tough Economic Times**

#### **What happens if I don't pay my premium?**

The company will cancel your policy and you will not have coverage. How this happens varies by policy.

- **Health insurance** policies require a 10-day grace period after the premium due date.
- **Auto insurance** policies do not require a grace period. In fact, your auto premium bill, noting that coverage will end if payment isn't received by the due date, may be the only paperwork you see before a policy is canceled.

You can't assume you have a grace period or that someone will call to warn you that your coverage is about to end. Most companies require that they *receive* payment by the due date. You may want to take your payment to the agent's office and get a receipt to ensure that it is received before the due date.

If you fail to pay your premiums, it may be difficult or cost more when you try to get insurance again. It is important to read your policy and call your insurance company or agent if you have any questions about your premium payment due date or when insurance protection will end if you don't pay a premium.

#### **I'm paying \$800 a month for health insurance premiums but I see advertisements for much cheaper coverage. Should I switch to one of those plans?**

Make sure you know what you are buying. Some of these products may not be actual insurance plans. And if it is an insurance plan, it may provide fewer benefits or require you to pay more out of pocket before the insurance company starts paying. For example:

**Medical discount cards:** Some people mistake these for insurance. The cards are not insurance plans; they provide discounts on fees from doctors and other medical providers. *You pay all medical claims.* Make sure you understand the actual potential savings and what services aren't covered. Oregon

requires medical discount plans to be licensed. A consumer advocate (see below) can explain what is required of organizations selling medical discount cards.

**Limited-benefit insurance plans:** These cost less than regular insurance because they limit benefits in ways that comprehensive health benefit plans do not. These might be cancer-only policies or hospital-only policies. They might be policies that pay only a flat amount when you receive care, regardless of the amount of the claim, or that have an annual or per-incident limit on most covered expenses.

**High-deductible health plans:** Most insurance companies offer individual plans that have a high deductible, the amount you pay before the insurance company pays its share for any covered services. Typically, the higher the deductible, the lower the monthly premium. You may want your insurance company or insurance agent to help you decide whether this is a fit for you.

### **I lost my job. What are my health insurance choices?**

Federal or state law allows you to continue your same employer plan for a limited time while you find a more permanent solution. However, you must pay the full costs. Many people who are unemployed can't afford the cost of the plan, but the federal economic stimulus package is providing short-term help by paying 65 percent of these costs. Read more at: <http://insurance.oregon.gov/FAQs/federal-stimulus-cobra-faq.html>

People who lose their jobs have other insurance choices, depending on their health, income, and other factors. For example, if you are healthy you can usually purchase an individual plan or short-term insurance directly from an insurance company. Read more at: [http://insurance.oregon.gov/news\\_releases/2008/120908-healthinsurance-jobloss.pdf](http://insurance.oregon.gov/news_releases/2008/120908-healthinsurance-jobloss.pdf)

### **Money is tight and I can no longer afford my auto insurance. What should I do?**

Driving without auto insurance is against the law. Call your auto insurer to check on ways that you might reduce the premium or make extended payment arrangements. Increasing deductibles and dropping coverage that is not required by law (for example, dropping collision coverage on an older car) can make a difference in the amount you pay.

Discounts may be available for a variety of factors based on your age, driving record, low mileage, whether you or a child completed a driver education course and so on. If purchasing a car, consider the cost of insurance as you decide what car to buy. Companies usually charge higher premiums for cars that cost more to repair or offer less protection from accidents.

If you must drop your required insurance, you will want to arrange alternative transportation. You can carpool with an insured driver, take public transportation, or walk or bike to your destinations.

### **Are there other ways I can save money on insurance and still be protected?**

Oregon is a competitive market for most insurance. This means it pays to shop around since prices vary by company. Just be careful to also take into account the coverage you will get and the service and financial condition of the insurance company. Make sure you ask about discounts. For example:

- You may get a discount if you use the same company for auto and home insurance.
- With homeowners' insurance, you may get discounts if you install deadbolt locks, fire and burglar alarm systems, don't keep a dog that has a history of biting, and increase your deductible. However, make sure you can pay the higher deductible if disaster strikes and check first with your lender to see if the company limits the size of your deductible.

### **I'm worried about my insurance company going broke. Is my policy safe?**

Yes. The Oregon Insurance Division monitors insurance companies to make sure they have enough money to pay claims. Even in the rare event of an insurer insolvency, Oregon has guaranty funds that pay policyholders' claims up to certain limitations. Two funds provide this protection: the Oregon Life and Health Insurance

Guaranty Association (OLHIGA) and the Oregon Insurance Guaranty Association (OIGA). For more information on guaranty funds, visit: [http://insurance.oregon.gov/FAQs/guaranty\\_fund.html](http://insurance.oregon.gov/FAQs/guaranty_fund.html)

Many consumers with AIG insurance policies may be concerned because of financial issues facing the parent company, American International Group. The parent AIG is a separate entity from its subsidiaries. The subsidiary insurance companies are regulated by state laws and are financially healthy and able to pay claims. The holding company can't take the companies' assets to pay creditors. If a holding company sells a subsidiary, any change in policy terms or cost must be approved by the state. For more information on AIG, visit: <http://insurance.oregon.gov/consumer/consumer-issues/AIG/aig-information.html>

### **Where can I call for help?**

- The Oregon Insurance Division consumer advocates answer calls Monday through Friday about auto, health, homeowners, life and many other types of insurance. They can be reached at 503-947-7984 or toll-free at 1-888-877-4894.
- Your insurance company can see if there are ways to cut costs or tell you the consequences of making major changes. Insurance agents in your community often represent multiple insurance companies and can help you shop for insurance or explain choices when you lose your job. The commission an agent receives is already built into the premium.

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The Insurance Division is part of the Department of Consumer & Business Services, Oregon's largest business regulatory and consumer protection agency. Visit [www.dcbs.oregon.gov](http://www.dcbs.oregon.gov).