

Minnesota Department of Commerce

JOINT HOUSE - SENATE SUBCOMMITTEE ON CLAIMS

November 9, 2007



Mission of the department

- *Our mission is to ensure equitable commercial and financial transactions and reliable utility services by: regulating and licensing business activity in more than 20 industries; investigating and resolving consumer complaints; advocating the public's interest before the Public Utilities Commission; and, administering various state programs.*

Market Assurance Division

- ***32,179 phone calls from consumers in FY 2007***
 - 20,870 Insurance related
 - 11,309 Other
- ***\$3.6 million in insurance recoveries for consumers***
- ***120 Insurance Enforcement Actions in FY 2007***

Insurance 101

Three sample scenarios

- *Motorist in their own vehicle*
- *Employee in company vehicle*
- *Passenger on school bus*

Future Premiums

- **What affect could a claim have on future premiums?**
 - *A single claim for damage to an auto will not affect one's premium*
 - *Special session legislative action clarifies that rates will not be affected for passengers on the school bus*
 - *Claim against workers' compensation policy may affect a company's future rating/premiums*
 - *Health insurance claims could nominally affect group rating*

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Contacts for help or to report fraud

1-800-657-3602 (MN only)

651-296-2488

Market.Assurance@state.mn.us

Accident/Event for motorist

Vehicle

Do You Have Comprehensive/Collision For The Vehicle?

Yes

Insured's policy pays for repairs/replacement of vehicle, insured may be responsible for deductibles.

No

No repair/replacement of vehicle available.

Medical Expenses

Do You Have Personal Injury Protection (P.I.P.)?

Yes

Insured's policy pays up to \$20,000 for medical expenses.

Insured's policy pays up to \$20,000 for loss of income and replacement services.

No*

Motorist seeks medical expenses directly from health insurance carrier and pays normal co-pays and deductibles.

* Minnesota state law requires all motorists to carry Personal Injury Protection coverage.

Do You Have Health Insurance?

Yes

Insured's health insurance covers claims beyond the P.I.P. from auto policy. Insured responsible for normal co-pays and deductibles.

No

Motorist pays for medical expenses and may seek assistance from county social service office or MN Medical Assistance. Call Minnesota Department of Human Services (651-431-2670 or 1-800-657-3739).

Do You Have Other Purchased Benefits?

Some people may have purchased additional coverage for accidental injuries or death, disability income or life insurance.

Accident/Event for employee on the job

Vehicle

Company's auto policy pays for repairs/replacement of vehicle (assuming they carried comprehensive/collision).

Medical Expenses

Primary claims for employee's medical expenses and lost wages will be from company's workers' compensation policy.

Secondary claims may go to company's auto policy for items not covered by workers' compensation such as funeral expenses and replacement services.

If workers' compensation maximums are met, employee may receive coverage from their own health insurance plan. Employee will be responsible for normal co-pays and deductibles.

Accident/Event passenger on bus

Vehicle

Bus company's auto policy pays for repairs/replacement of vehicle (assuming it carried comprehensive/collision).

Medical Expenses

Passenger or resident relative has auto insurance?

Yes

Up to \$20,000 of medical expenses paid by auto insurance policy of passenger or relative (parent).

Passenger's (or relative's) auto policy pays up to \$20,000 for loss of income and replacement services.

No

Up to \$20,000 for medical expenses paid by bus company's auto insurance policy.

Bus company's auto policy pays up to \$20,000 for loss of income and replacement services (\$250 maximum per week).

Passenger has health insurance?

Yes

Passenger's health insurance covers claims beyond the P.I.P. from auto policy. Passenger responsible for normal co-pays and deductibles.

No

Passenger pays for medical expenses and may seek assistance from county social service office or MN Medical Assistance. Call Minnesota Dept. of Human Services (651-431-2670 or 1-800-657-3739).

Passenger has other purchased benefits?

Some people may have purchased additional coverage for accidental injuries or death, disability income or life insurance.