



STATE OF VERMONT

Department of Banking, Insurance, Securities & Health Care Administration (BISHCA)

89 Main Street, Montpelier, VT 05620-3101 Main Number: 802-828-3301 [www.bishca.state.vt.us](http://www.bishca.state.vt.us)

Paulette J. Thabault, Commissioner

Release Date: April 7, 2010

Contact: Dean Mudgett, Information Programs Chief, 802-828-4872, [Dean.Mudgett@state.vt.us](mailto:Dean.Mudgett@state.vt.us)

## New Insurance Study Reveals Americans Lacking in Confidence, Knowledge of Insurance Choices

*Survey indicates only 45% of Americans feel confident making insurance decisions  
and 86% do not fully understand terms used in current health care reform discussions*

**Montpelier, Vt.** – In today’s challenging economic environment, and with questions about the implications of the newly passed health care bill, it’s never been more important for consumers to understand their insurance options. Yet, according to a new survey conducted by the National Association of Insurance Commissioners (NAIC), only 45 percent of Americans feel confident making insurance decisions, and more than 60 percent had difficulty correctly answering questions about insurance coverage, including:

- Does auto insurance cover personal property stolen from your car?
- At what age do most people become eligible for Medicare?
- Can credit scores affect your auto insurance premium?

The answers—*no, 65 years of age* and *yes*—eluded the majority of the 1,000 American adults who took the survey, which was comprised of two sections—one section gauging broader consumer perceptions on insurance and a second 10-question component that tested specific knowledge. In fact, most respondents only answered four out of 10 questions (40 percent) correctly on the second component. In addition, 86 percent of respondents said they do not understand all of the terms being used in the current discussion on health care reform

“Vermont consumers are faced with difficult decisions about their insurance coverage—decisions that could have a long-lasting impact on their financial future,” said Paulette Thabault, Commissioner of the Vermont Department of Banking, Insurance, Securities and Health Care Administration (BISHCA), which is a member of the NAIC. “At the same time, there is a lot of new information about changes to our nation’s health care policies. By learning about their insurance options, Vermonters can make the best decisions for themselves and their families.”

Other key findings related to knowledge of health care and insurance coverage include:

- Fifty five percent of Americans do not understand what a pre-existing condition is, which is critical when selecting health care coverage. A pre-existing condition is any health problem that existed before someone applies for a health insurance policy or enrolled in a new health plan.

- Forty percent do not know the age (65 years of age) at which most people become eligible for Medicare.
- More than half of Americans (53 percent) think that they can only make changes to their group health insurance coverage during the open enrollment period provided by their employer, and 16 percent admit they have no idea when changes can be made. In actuality, certain exceptions apply for new employees or employees with life-changing events such as pregnancies or marriage.

The survey also found that some basics about one of the most commonly purchased types of coverage, auto insurance, are also not well understood. The survey found that:

- More than six in 10 Americans (63 percent) do not know that property stolen from their car is covered by their homeowners/renters policy—and not auto insurance.
- More than half (54 percent) do not realize that, depending on the state in which you live, your credit history may be one of the factors considered by insurance companies when determining your premium. Other factors that can affect your auto insurance coverage include: driving record, type of vehicle, and the deductibles you choose.
- Eighty-six percent of Americans do not know that when their liability coverage is 100/300/100, the last figure represents the maximum amount that their insurance company will pay in property damage for an accident.

### **How to Improve Your Insurance Knowledge**

Although many people rely on their insurance agent or human resources department to help them with insurance decisions, it's important to become knowledgeable about available options. Here are some useful tips:

#### **1. Get Savvy.**

Before shopping for a policy, learn as much as you can about insurance. The NAIC's consumer education website ([www.InsureUonline.org](http://www.InsureUonline.org)) is an expert resource to help you understand the types of insurance available, the factors that affect price, and the insurance options for your personal situation.

#### **2. Shop Around**

Get premium quotes from several companies for the amount of coverage you require. While it is smart to rely on personal experience and recommendations from family and friends when making insurance decisions, it is also important to gather information from other reliable sources of information, like BISHCA ([www.bishca.info](http://www.bishca.info)) or the NAIC Consumer Information Source (<https://eapps.naic.org/cis>).

#### **3. Before Committing: Stop. Call. Confirm.**

If you are unsure about an insurer or agent you are working with 1) *Stop* before signing any paperwork or writing a check; 2) *Call* the VT Insurance Division (800-964-1784) or the VT Health Care Administration Division (800-631-7788); and 3) *Confirm* the company or agent is legitimate and licensed to do business in Vermont.

#### **4. Review Your Policy.**

Do not wait until you need to file a claim before evaluating the scope of your coverage. Be prepared for any situation, and potentially avoid unnecessary costs by understanding your policies.

### **About the Survey**

The Insurance study was conducted between March 2-12, 2010 to highlight consumer concerns and questions; uncover misinformation and insurance myths; and underscore the financial and emotional impact of poor decisions. The study was based on a 10-question quiz on different types of insurance. The participant sample included a nationally representative sample of 1,000 American adults ages 18 and older with a margin of error +/- 3.1 percent in 95 out of 100 cases.

### **About BISHCA**

The Vermont Department of Banking, Insurance, Securities & Health Care Administration touches most Vermonters in some fashion, through its regulation and monitoring of a broad spectrum of financial and health industry activities. Regulated entities/areas include, for example: Banks, licensed lenders, credit unions, insurance companies and their products, agents, securities firms, broker/dealers and investment advisors, HMO's and hospital finances.

### **About the NAIC**

Formed in 1871, the National Association of Insurance Commissioners (NAIC) is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and five U.S. territories. The NAIC serves the needs of consumers and the industry, with an overriding objective of supporting state insurance regulators as they protect consumers and maintain the financial stability of the insurance marketplace. For more information, visit [www.naic.org](http://www.naic.org).

###