

What Texans in the Military Should Know about Insurance



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For insurance questions or for help with an insurance-related complaint, call the **Texas Department of Insurance Consumer Help Line** at **1-800-252-3439** or visit our website at **tdi.texas.gov**.



Visit **HelpInsure.com** to shop for automobile, homeowners, condo, and renters insurance, and **TexasHealthOptions.com** to learn more about health insurance and your options for coverage.

What Military Service Members Should Know About Insurance

Military service members getting ready for deployment should make sure their insurance coverages are in order.

Review your insurance coverages before you deploy to decide whether they will meet your needs while you're away. You might need to raise your policies' dollar limits or buy additional policies. Consider setting up automatic premium payments to avoid lapses or cancellations of coverage. Ask your company if it's possible to suspend coverage while you're deployed.

Insurance laws are different in every state. This publication applies only to insurance in Texas. If you bought a policy in another state, contact the department of insurance in that state for any coverage questions. Visit the **National Association of Insurance Commissioner's** website at **naic.org** for state contact information.

Overview

Before you buy insurance, ask the agent how the company would handle issues that come up while you're deployed. For instance, ask about how you can pay your premiums or renew your policy. You might be able to pay your premiums automatically from your bank account or renew your policy early.



If you let your policy expire or you don't pay your premiums on time, insurance companies might not insure you or might charge you more when you renew your policy.

Some insurance companies might allow you to suspend coverages while you're deployed. This will help you save money, and it could also help you avoid coverage lapses.

Ask your insurance company if it offers discounts for military members. Many companies do.

Be Cautious and Shop Around

Consider your needs before buying any type of insurance.

Be cautious if someone asks you or a family member to buy life or health insurance. Some agents use high-pressure or misleading sales tactics to sell you insurance. Insurance agents might try to use a former military connection to get you to buy a policy. Remember that agents represent insurance companies and not the military. No matter who tries to sell you a policy, it's a good idea to shop around and get multiple quotes.

Auto Insurance

Suspending Your Coverage

If no one will be driving your car while you're deployed, you might be able to suspend your coverage to save money. Suspending coverage temporarily stops your coverage until you return home and restart your policy. Because your policy is technically still in force, you won't have any lapses in coverage. You won't be able to file any claims on the policy while it's suspended.

If your policy covers other people, suspending coverage isn't an option because they'll still need the coverage. Instead, you may be able to remove yourself from the policy while you're away.

Talk to your insurance company or agent to learn more

about your options. Although your coverages and policy terms may be different, the following summary can help you understand auto insurance coverages and the effect of suspending coverage:



- **Liability coverage.** Texas law requires all drivers in the state to have a minimum amount of liability coverage. This coverage pays for other people's expenses if you or someone driving your car causes an accident. To suspend liability coverage, you must store your car so no one else can drive it.
- **Collision and other than collision (comprehensive) coverage.** These coverages pay to repair or replace your car if it's stolen or damaged by fire, vandalism, hail, or a wreck. Collision and comprehensive coverage might also pay if your car is damaged in storage. If you cancel or suspend coverage and your car is stolen or damaged in storage, you'll probably have to pay to repair or replace the car yourself. Think about whether canceling this coverage is right for you. If you still owe money on your car, your lender will usually require that you keep collision and comprehensive coverage.
- **Other coverages.** You might be able to suspend uninsured/underinsured motorist, medical payments, personal injury protection, rental reimbursement, and towing and labor coverages. These coverages are optional and provide additional protection if you or someone driving your car has a wreck. If no one will be driving your car while you're deployed, you may want to suspend these coverages.

Policy Cancellations or Lapses

Make sure you pay your premiums on time while you're deployed. Companies may cancel your policy for late payment of premiums. This will cause a lapse in



your coverage and will probably make it harder to get insurance after you return home. Companies may also charge higher rates if you've had coverage lapses longer than 30 days.

Homeowners Insurance

Read your homeowners policy before you're deployed. Make sure your policy limits are high enough to rebuild your home or replace your property if it's damaged or destroyed. You may want to raise your limits if you've made improvements to your house or you've bought expensive items like televisions, furniture, or computers.

Personal Property Coverage

Make a list of the things you own, the date you bought them, and their values. Update your home inventory regularly or when you buy something new. A home inventory can help you decide if you need higher personal property limits and can help you remember what you own if you ever have a claim. You can use TDI's Home Inventory Checklist at www.tdi.texas.gov/pubs/consumer/cb086.pdf.

The military usually doesn't pay to repair or replace property that's damaged or stolen in military housing or in a war zone. Homeowners insurance typically covers personal property that you take with you while traveling, but most policies don't pay for damage in a war zone. Ask your agent if the personal items you take on your deployment will be covered if they're lost, stolen, or damaged.

Also, make sure you understand whether you have actual cash value coverage or replacement cost coverage for your property.

- **Replacement cost coverage** pays to repair or replace your house or property, minus a deductible.

- **Actual cash value coverage** factors in depreciation and pays the cost to repair or replace your property, minus depreciation and the deductible. Depreciation is a drop in value because of wear and tear or age. If your home is destroyed and you only have actual cash value coverage, you might not be able to completely rebuild.



Coverage for Vacant Houses

Many homeowners policies don't cover damage to your home if it's vacant for a certain amount of time (typically 60 days).

Ask your insurance company or agent how the company defines vacancy and whether it will pay claims on a vacant house. Also ask if the company offers coverage for a home that's vacant for an extended period of time.

Renters Insurance

Ask your company or agent whether your renters policy will cover the personal items you take with you during your deployment. Also, make sure you understand whether you have actual cash value or replacement cost coverage.

Note: If you're shopping for auto, homeowners, or renters insurance, use HelpInsure.com. HelpInsure.com is a free service of TDI and the Office of Public Insurance Counsel. You can compare sample rates provided by insurance companies; view policy coverage comparisons, company complaint indexes, and financial ratings; and learn about discounts.

Health Care Coverage

Military and Employer Health Plans

Active duty personnel, reservists, and National Guard members get military health coverage after 30 straight days of active duty service.



Many reservists and National Guard members have health coverage through their job. They usually continue that coverage while on active duty. Talk with your benefits administrator at work to learn what will happen with your health coverage if you're on active duty. Employers aren't required to pay your premiums while you're on active duty, but some employers will.

Losing Your Employer Health Plan

If you leave your job to join the military, federal law lets you keep the health coverage you had at work for up to 18 months. You can keep your dependents' coverage for up to three years. You must pay the full cost of the coverage.

If your employer stopped your health coverage and you return to the company immediately after your deployment, federal law requires your health plan to resume your coverage without a waiting period.

Texas law allows you to keep coverage for yourself and your dependents after federal protections end. To continue coverage, you must tell your employer in writing no later than the 60th day after coverage ended.

Cancel and Reinstate an Individual Plan

If you have an individual health care plan, you can cancel coverage while you're on active duty and ask the company to restart it when your service is over. Insurance companies must restart your coverage with no waiting period. You must ask the company to restart your coverage in writing no later than 120 days after you're released from military service. You aren't entitled to reinstatement if you can get group health coverage from an employer.

For more information, call the **U.S. Department of Veterans Affairs** at **1-800-669-8477** or visit its website at **benefits.va.gov**.

Life Insurance

Life insurance helps the people who depend on you for financial support by replacing some or all of your income when you die. If you're single, don't have children, and have no one depending on you for money, you probably only need enough life insurance to settle your estate.



Military Life Insurance

The Servicemembers Group Life Insurance program sells insurance for members of the military and their spouses at low rates. Active duty military personnel, including reservists and National Guard members called to active duty, are automatically insured for \$400,000. If you don't want the coverage, you must reject it in writing.

After you leave the military, you may convert your Servicemembers Group Life Insurance to Veteran's Group Life Insurance or to private insurance with a participating company. Either option will increase your premium because it will reflect the cost of insurance for someone your age. If you're in good health, a better option might be to shop for your own policy. For more information, call **Servicemembers Group Life Insurance** at **1-800-419-1473** or visit **www.insurance.va.gov**.

Deceptive and Misleading Sales Practices

Texas prohibits using deceptive and misleading practices to sell life insurance. Some service members who thought they had bought an investment or savings plan later discovered they actually had bought an expensive life insurance policy with a small death benefit, combined with a side or accumulation fund. Congress has said these side fund products aren't appropriate for most military service members.

Answer the following questions to see if you've been the victim of deceptive or misleading sales practices. If any



of these situations apply to you, file a complaint with TDI:

- Did you get a card from someone or through the mail that offered information about your military or VA benefits, but instead you got a sales pitch for insurance, investments, or a savings plan?
- Did someone offer you free pizza, movie tickets, or some other giveaway to attend a meeting or sales pitch for insurance, investments, or a savings plan?
- Did the sales pitch focus on tax-deferred savings paying a high rate of interest? Did someone ask you how much you could afford to “save” each month?
- Did anyone ask for access to your myPay account to set up payments to a bank or to someone you’ve never done business with?

Buying Life Insurance

If you decide that you need more life insurance than Servicemembers Group Life Insurance provides, compare policies and get price quotes from several companies. A life insurance broker can give you price quotes from several companies during a single visit.

A policy that’s substantially cheaper than another may have fewer features or provide a lower death benefit. A more expensive policy might actually prove to be a better value when you calculate the amount of the death benefit per premium dollar charged. Don’t just decide on price; decide if the features are worth it.

You might save money, particularly on cash value life insurance, if you buy a policy with low commissions and administrative fees. Financial planners who are licensed insurance counselors often sell these policies.

Make sure you understand what coverages are included and any exclusions or limitations. Low-cost term life

insurance is also available through many veterans' association websites. Most private insurance policies exclude coverage for acts of war.



As with any type of insurance, buy only from licensed agents and companies and consider factors other than cost, such as a company's customer service history and its financial stability. You can learn a company's license status and get other information about companies you're considering by calling our Consumer Help Line.

Most Texas policies will give you a free-look period of at least 10 days. During the free-look period, you can cancel the policy for any reason and get a full refund. Use this time to read your policy carefully to be sure the coverage is right for you.

Federal law allows active duty service members to defer insurance premiums and payments on their individual life insurance policies while they're on active duty and for up to two years afterward. Call the **U.S. Department of Veterans Affairs** at **1-800-669-8477** for more information.

Shopping for Coverage

Use these tips when you shop for insurance:

- Get quotes from several companies. Rates vary by company, so it pays to shop around.
- Use HelpInsure.com to shop for auto, homeowners, condo, and renters insurance. You can compare sample rates; view policy coverage comparisons, company complaint indexes, and financial ratings; and learn about discounts.
- Compare “apples to apples.” Be sure the policies you compare have similar levels of coverage. The more features, options, and benefits a policy has, the more it will typically cost.
- Before you buy an insurance policy, ask the agent how the company will handle issues that



might come up while you're deployed. Company guidelines can vary.

- Make sure your company and agent are licensed. It's illegal for an agent or company to sell insurance in Texas without a state license.
- Research your company. An insurance company's financial strength and customer service record can be good indicators of the level of service you can expect. You can learn a company's financial rating, complaint index, and license status by calling the Consumer Help Line.

Professionals in the Military

Insurance Professionals

Insurance agents and brokers are usually required to fulfill continuing education requirements. The commissioner of insurance has waived these requirements for Texas-licensed agents and brokers who can't complete continuing education because of their military service.

Agents and brokers also don't have to pay a fine to renew a license that expired during the service period.

Professionals with Liability Insurance

Doctors, lawyers, and some other professionals can ask in writing that their insurance company suspend their professional liability policy while they're on active duty. Federal law requires insurance companies to cancel the coverage and to reinstate it if a service member requests reinstatement within 30 days of return.

Service members don't have to pay premiums during the cancellation and could get money back if they've already paid the premiums. If you cancel your liability coverage, you won't have any liability protection while the coverage is canceled.

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