

INSURANCE

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A Message from the Director....



Bruce R. Ramage

**Department of Insurance
Receives Its Fifth
Accreditation Award**

During last month's National Association of Insurance Commissioners (NAIC) winter national meeting in National Harbor, Maryland, the NAIC Financial Regulation Standards and Accreditation Committee voted to award continued accreditation to the Nebraska insurance department.

The Department's initial accreditation award was received in December, 1992. Accredited insurance departments undergo a comprehensive, independent review to ensure they continue to meet baseline financial solvency oversight standards. Accreditation standards require state insurance departments to have adequate statutory and administrative authority to regulate an insurer's corporate and financial affairs, as well as the necessary resources to carry out that authority.

To remain accredited, an accreditation review must be performed at least once every five years with interim annual reviews. If necessary, management letter comments may be provided to the state and interim follow-up reviews may be required. The Department's fifth accreditation award demonstrates its success in meeting the rigorous standards of the NAIC Financial Regulation Standards and Accreditation Program.

I'm proud of the Department's outstanding efforts and hard work that it takes to have continuously met the accreditation standards since the inception of the program. By continuously meeting these standards, the Department is helping to ensure that insurance consumers are well protected through proper financial solvency monitoring of insurance companies.

FRAUD DIVISION

New Investigator Joins Staff

Gus Hitz joined the Insurance Fraud Prevention Division (IFPD) on August 6, 2012, as an insurance fraud investigator. Gus has 20 years of law enforcement experience and looks forward to using his investigative skills to work with the division in the ongoing fight against insurance fraud. Prior to joining the IFPD, Gus was employed as an instructor with the Nebraska Law Enforcement Training Academy in Grand Island, Nebraska, and previously worked for the Lancaster County Sheriff's Office.

2012 Insurance Fraud Statistics

The Insurance Fraud Prevention Division (IFPD) received **634** case referrals regarding potential violations of the Nebraska Insurance Fraud Act during 2012. Of the referrals received, 310 (49%) were submitted through the National Insurance Crime Bureau and 170 (27%) were submitted via the National Association of Insurance Commissioners' online fraud reporting system. The remainder of the referrals were primarily submitted by victims or concerned consumers.

Actual or **potential** monetary losses, exceeding **\$4.5 million**, were reported for 41% (260) of the cases. The IFPD investigated the following types of insurance fraud cases during 2012:

- Property/Casualty = 400 Cases (63%)
- Life/Health = 171 Cases (27%)
- Agent or Internal Fraud = 58 Cases (9%)
- Other Fraud = 5 Cases (1%)

Upon completion of a case investigation, the IFPD makes a determination to close the case unfounded, insufficient evidence for prosecution, or sufficient evidence to forward the information to a prosecutor for consideration in filing a criminal violation of the Nebraska Insurance Fraud Act. Before sending a case for a prosecutor's review, the IFPD prepares an investigative summary report outlining the circumstances of the investigation.

2012 Cases Sent for Criminal Prosecution: 22 cases; 18 suspects involved

2012 Convictions: 25 cases; 20 suspects involved

Cases referred to the IFPD for investigation had venue in 56 Nebraska counties. Douglas, Lancaster, and Sarpy Counties accounted for 49% of cases (310 cases).

2012 Court Ordered Restitution: 17 cases; \$18,438,207.96

Fraud Cases

United States District Court - District of Nebraska, 4:10CR-03129

United States of America v. Stella M. Levea, James P. Masat, Kenneth W. Mottin

Stella Levea and James Masat, principals of First Americans Insurance Service, Inc., located in Grand Island, Nebraska, recently pled guilty to mail fraud in a scheme that defrauded over 250 investors out of \$29 million. Kenneth Mottin, also associated with First Americans Insurance Service, had previously pled guilty to mail fraud. Law enforcement agencies involved with this criminal investigation included the Federal Bureau of Investigation, the Nebraska State Patrol, and the Insurance Fraud Prevention Division. In September, Judge Richard Kopf sentenced all three to prison and restitution exceeding \$16.6 million.

United States District Court - District of Nebraska, 8:12CR-300

United States of America v. Thomas Schropp

Thomas Schropp, president and director of Schropp Industries, Inc., doing business as PK Manufacturing Corporation, was indicted in federal court on September 12, 2012, for six felony counts as a result of a fire that occurred at PK Manufacturing located in Washington County, Nebraska. Mr. Schropp submitted an insurance claim seeking over \$4 million in damages.

Dodge County Court, CR12-490

State v. David P. Goaley

David Goaley was charged in Dodge County Court with one count of a fraudulent insurance act, a Class III felony. Mr. Goaley subsequently pled guilty to the amended charge of a Class I misdemeanor. On November 13, 2012, Judge Kenneth Vampola sentenced Mr. Goaley to 30 days in jail, 18 months' probation plus costs, and a written apology to the victim.

Douglas County District Court, CR10-9076262

State v. Mark E. Rose

After serving time in Iowa for robbery, former insurance agent Mark Rose was charged in Douglas County District Court with five felony counts of insurance fraud for pocketing clients' premiums. In September, pursuant to a plea agreement, Mr. Rose pled guilty to three counts of insurance fraud and will be sentenced on January 23, 2013.

Douglas County District Court, CR11-580

State v. Gerald R. Ladd

Gerald Ladd was charged in Douglas County District Court with one felony count of insurance fraud. Mr. Ladd was the owner/operator of a technology business in Omaha, Nebraska. Mr. Ladd was accused of diverting money from employees that was supposed to pay health insurance premiums.

Douglas County District Court, CR12-839

State v. Austin J. Adams

Austin Adams quickly reinstated his automobile policy after becoming involved in an accident. He then attempted to mislead his insurance company by providing a bogus date of loss. Mr. Adams was charged with one count of a fraudulent insurance act in Douglas County District Court. Mr. Adams pled no contest to an amended charge.

Douglas County Court, CR11-20892

State v. Elizabeth M. Johnson

Elizabeth Johnson was charged in Douglas County Court with one felony count of insurance fraud.

Fraud Cases (continued)

Douglas County Court, CR11-23763

State v. Derek T. Burmeister

Derek Burmeister was charged in Douglas County Court with one felony count of insurance fraud after submitting a bogus claim to his insurance company.

Douglas County Court, CR11-23764

State v. Shanda L. Burmeister

Shanda Burmeister was charged in Douglas County Court with one felony count of insurance fraud after submitting a bogus claim to her insurance company.

Douglas County Court, CR12-11375

State v. David A. Jorgensen

David Jorgensen was charged in Douglas County Court with one Class IV felony relating to a claim he filed with his insurance company. Mr. Jorgensen alleged his vehicle had been stolen when, in fact, it had not. Mr. Jorgensen pled guilty to an amended Class I misdemeanor and was ordered to pay a \$500 fine plus court costs.

Lancaster County Court, CR12-7952

State v. Booker T. Holloway, III

Booker T. Holloway, III was charged with one felony count of a fraudulent insurance act when he submitted a bogus invoice to his insurance company in an attempt to collect additional claim proceeds pursuant to an automobile collision claim. Mr. Holloway pled no contest to an amended charge, a Class I misdemeanor. On July 26, 2012, Judge Timothy Phillips sentenced Mr. Holloway to 184 days in jail, a \$500 fine, plus prosecution costs.

MARKET CONDUCT DIVISION

Staff Update

Matt Odle has joined the Market Conduct Division as a Market Conduct Examiner. Matt comes to the Department with experience as an insurance producer and will be assisting with producer investigations as well as Market Conduct examinations.

Market Conduct Examinations Completed in 2012

Ability Insurance Company

American Family Life Assurance Company (AFLAC)

Washington National Insurance Company

LIFE & HEALTH DIVISION

Interest Rate on Death Proceeds

The 2013 interest rate to be paid on death proceeds not paid within 30 days of receipt of proof of loss is 2.1370%.

The 2013 interest rate to be paid on death proceeds not paid within 30 days of receipt of proof of loss is 2.1370%. Neb.Rev.Stat. §44-3,143 requires that interest be paid from the date of receipt of proof of death to the date of payment. Information can also be found on the Department's website at www.doi.ne.gov/lh/rate.htm.

Market Reform—Proposed Rules and Regulations

The Department's January 9, 2013 notice outlines the current understanding of the timelines for filings, which is anticipated to begin in early April, 2013 with an approval requirement of July 31, 2013.

On January 9, 2013, the Nebraska Department of Insurance published a notice regarding Proposed Rules and Regulations Regarding Market Reform to provide guidance on recently proposed rules under the Patient Protection and Affordable Care Act. A copy of the notice which all interested parties are encouraged to closely review can be found on the Department's website at www.doi.ne.gov/notices/notc2013/notice02.pdf.

The notice outlines the current understanding of the timelines for filings, which is anticipated to begin in early April, 2013 with an approval requirement of July 31, 2013. Because of the stringent timeframes established, all filings will be reviewed on a first in, first out basis. We strongly encourage all carriers interested in becoming a Qualified Health Plan (QHP) to offer these products on the exchanges to begin preparing as soon as possible.

Federally Facilitated Exchange Updates on Website

The Department's website will be updated on a weekly basis, beginning on January 14, with relevant data and timelines going forward on the Federally Facilitated Exchange.

In an effort to provide information and guidance, the Nebraska Department of Insurance website will be updated on a weekly basis with relevant data and timelines going forward on the Federally Facilitated Exchange. These updates can be found on the home page of the Department's website located at www.doi.ne.gov—scroll to the bottom of “Recently Added”—click on the Health Care Reform Updates link. This page will show notices, weekly updates and timelines, and links to relevant Health Care Reform events and information that will impact insurance companies and consumers. The weekly updates will begin January 14 and will be updated every Monday morning thereafter.

PROPERTY & CASUALTY DIVISION

Filings Submitted

The new year is here—the world did not end on December 21, 2012—and the property/casualty division continues to see and process an interesting assortment of filings. During 2012, 3,912 filings were submitted to our department. A total of 3,954 were processed, which includes carryover filings from 2011. The division continues to run under 30 days on review of most filings.

Please contact our company admission staff about amending the certificate of authority if the line being submitted is not on the company's license.

Reminders to Filers

Use of Correct Line of Insurance - As filings are submitted, please make sure that the correct line of insurance is being used. Our “lines” of insurance can be found in Neb.Rev.Stat. §44-201—each clearly defines what should fall under that category. If the line being submitted is not included on the company's certificate of authority, it will be necessary to contact our company admission staff about including that line on the license. Please do not automatically choose a line under which to submit a filing. It may be helpful to check the SERFF Type of Insurance (TOI) to ensure the appropriate classification number on your SERFF filing has been included.

Since Nebraska statute allows a plus/minus 40% rating flexibility to most commercial lines, it does not have to be filed with us.

Subjective Scheduled Rating - As many of you know, Nebraska did away with all subjective scheduled rating several years ago pursuant to Neb.Rev.Stat. §44-7512. At that same time, we implemented Neb.Rev.Stat. §44-7509, which allows a plus/minus 40% rating flexibility to most commercial lines. Since this is allowed by statute, it does not have to be filed with us. This allows the insurance carrier to vary the filed rate upward/downward by 40% without including the previously required justification in the file.

Please include the percentage amount of the increase and the reason it is necessary when you submit to the Department.

Use of Consent to Rate - We continue to encourage the use of Consent to Rate in situations where you feel the rate filed—even with the addition of the 40% rating allowed in §44-7509—still does not result in a rate that justifies the exposure. Please include the percentage amount of the increase and the reason it is necessary when you submit to the Department.

Contact information for each analyst can be found on the Department's website.

Contact Information for Staff - The name, phone number and e-mail address for each member of the Property Casualty Division, along with the lines of insurance each handles, is on the Department's website at www.doi.ne.gov/pc/email.pdf. On occasion, lines will be moved to other staff members at which time the change will be updated on the website. Please feel free to call or e-mail any staff member with questions regarding the filing review process.

CONSUMER AFFAIRS DIVISION

Assistance Provided to New Jersey in Aftermath of Superstorm Sandy

During the past two months, state department regulators worked cooperatively through the National Association of Insurance Commissioners (NAIC) to coordinate efforts to assist New Jersey and other Eastern Seaboard residents in the aftermath of Superstorm Sandy. The NAIC set up a consumer assistance call center at the NAIC's Central Office in Kansas City for use by state regulators who were able to assist.

The center was initially staffed by regulators volunteering from Nebraska, Iowa, Kansas, and Missouri. Two of our department's consumer affairs investigators and one department attorney were three of the volunteers who traveled to the NAIC offices in Kansas City to help field calls and respond to residents' needs. Volunteers in the call center worked directly with the public, performing such tasks as responding to general inquiries as well as collecting claims information, which was then transmitted to the New Jersey Department. The overflow call center in Kansas City handled over 930 phone calls.

The NAIC praised the volunteers who gave their time and energy to assist New Jersey residents affected by the storm stating, "The collective effort and state contributions truly demonstrate the cooperative spirit among the NAIC members and validate the continued strength and value of the system of state-based insurance regulation."

The Department offered three volunteers to assist New Jersey residents through a call center set up by the NAIC in Kansas City.

The overflow call center in Kansas City handled over 930 phone calls.

PRODUCER LICENSING DIVISION

Agency License Renewal Process

Agency licenses will expire on April 30, 2013.

All agency renewals are available online at **www.nipr.com**.

Agencies may also be renewed by returning the following to the Department **no later than March 15, 2013**:

- A check in the amount of the license fee (refer to the renewal form for the amount due).
- The completed renewal form.

Adding or Deleting a Designated Producer For An Agency

Adding or deleting a name from the license may be done while renewing online or by submitting Form 9002A with the renewal form. The person added must hold a Nebraska producer license.

Change of Address

If the agency address has changed, the change of address may be made at renewal. However, for each licensed producer associated with the agency, an address change must be submitted to change the individual's business address.

Questions regarding the renewal process may be directed to the Producer Licensing Division at 402-471-4913 or via email to **doi.licensing@nebraska.gov**.

New Appointment Renewal Process in 2013

Nebraska will process all appointment renewals electronically through the National Insurance Producer Registry (NIPR). NIPR has posted an announcement with details and directives on key information, payments, transaction fees, and fees charged by other states for retaliatory purposes. A copy of the announcement can be obtained from the NIPR website located at **<https://pdb.nipr.com/html/renewalsNE.htm>**.

Any questions regarding the renewal process may be directed to NIPR Customer Service at 1-855-674-6477 or **customerservice@nipr.com** or to the Nebraska Department of Insurance at 402-471-4913 or **doi.licensing@nebraska.gov** prior to April 30, 2013 for disputes regarding appointed persons and entities.

LEGAL DIVISION

Use of National Accrediting Entities

Under the Health Care Professional Credentialing Verification Act, specifically Neb.Rev.Stat. §§44-7001 et seq., and the Quality Assessment and Improvement Act, specifically, Neb.Rev.Stat. §44-7201 et seq. (“the Acts”), the Director of Insurance has the authority to recognize accreditation by one or more nationally recognized private accrediting entities, with established and maintained standards, as evidence of meeting some or all of the requirements of the Acts.

The Nebraska Department of Insurance (“Department”) has determined that an accreditation entity with standards that meet or exceed the requirements of the Acts, may request permission and authority from the Department to execute this function.

A health carrier that has achieved the national accreditation entity approved standards shall file the accreditation certificate and summary report with the Department, and shall be recognized by the Department as having met the requirements of the Acts. The Department retains full authority to enforce the provisions of Neb.Rev.Stat. §§44-7001 to 44-7013 and Neb.Rev.Stat. §§44-7201 to 44-7215 through the complaint process, market conduct, and other enforcement tools available to the Department.

Questions concerning this notice may be directed to Martin Swanson, Health Policy Counsel, at martin.swanson@nebraska.gov.

Proposed Rules and Regulations Regarding Market Reform

The federal government, via the authority under the Patient Protection and Affordable Care Act, has released several proposed rules and regulations regarding market reforms. Under those proposed rules, the states are required to make decisions regarding their respective markets within certain parameters.

The Department seeks comment on those decision points and is sending out this notice to inform the industry regarding the Department’s initial thoughts. The decision points are based on the proposed regulations and are subject to change based upon comment from interested parties or upon any changes in the proposed regulation by the federal government.

If a company plans to file a qualified health plan (QHP) for placement on the federal health insurance exchange, that product will need prior state approval. The federal government is currently working on a template for their filing preference, called the HIOS system. A product will need to be filed in HIOS and in SERFF for both federal and state review. Companies should

monitor the HIOS system for the latest design for the template. It is our current understanding that HIOS will accept filings in early April, 2013. Additionally, the federal government has indicated that a plan needs to be approved no later than the end of July, 2013 for placement on the federal health insurance exchange.

To accomplish this goal, the Department will review filings on a first come, first served basis via the SERFF filing system. The Department expects a high volume of new filings and, due to the existing and proposed statutory and regulatory rules, both state and federal review of these filings will take some time. Companies are encouraged to prepare and file their rates and forms as soon as possible. Initial information from the U.S. Department of Health and Human Services indicates that filings may also be required in their HIOS system. We, along with other states, continue to work with and explore the possibility of using SERFF as the sole filing conduit.

With regard to the QHP filings, companies are reminded that they must adhere to the federal rule regarding essential health benefits. The proposed rule currently indicates that the minimum benefit structure is based upon the largest small group plan sold in Nebraska, which is the Blue Cross Blue Shield Plan Five. As denoted above, the rule is not final and may change once it is formally adopted by the federal government. Please monitor www.healthcare.gov for updates on this and all federal regulations.

The Department is currently reviewing and awaiting the finality of various federal rules and regulations and seeks comments for those areas wherein there is an option for states. For example, if the regulation regarding community rating remains the same as in the proposed rules, the Department proposes to have one geographic rating area. Additionally, the Department proposes to retain the current federal regulatory suggestion of rating for tobacco use of 1.5:1. The Department also seeks comment if this number should be less per allowance under the proposed federal rule. Additionally, the Department is currently seeking comment regarding the pooling of the small group and individual market and the use of family tiers. The Department proposes not to pool small group and individual markets.

With regard to producers, it is important to note that a producer must still be appointed with the company in order to place business with that company. Additionally, the federal exchange will not pay compensation for the sale of products on the federal exchange; rather, compensation will be based on contractual agreements between insurers and producers.

The Department intends to provide information on a weekly basis, when applicable, on our website which is located at www.doi.ne.gov. We would strongly encourage all interested parties to monitor the site for updates and further guidance regarding the health insurance market.

Questions concerning this notice may be directed to Martin Swanson, Health Policy Counsel, at martin.swanson@nebraska.gov. Questions regarding the procedure for filing the products may be directed to Holly Blanchard, Life and Health Division Administrator, at holly.blanchard@nebraska.gov.

Regulation Updates

Amended Regulations

TITLE 210 NEB. ADMIN. R. & REG. 44 - Scope of Coverage to be Offered by the Nebraska Comprehensive Health Insurance Pool

Chapter 44 was amended to refine the benefits for the scope of coverage offered to an insured on the Nebraska Comprehensive Health Insurance Pool's plan. Specifically, the amendment removed the allotted time for coverage of outpatient rehabilitation services provided to cardiac and pulmonary patients and allows service to be provided as medically necessary. The amended regulation was filed with the Secretary of State for adoption on December 26, 2012, with an implementation date of December 31, 2012.

TITLE 210 NEB. ADMIN. R. & REG. 24 - Holding Companies

Chapter 24 was amended to implement the changes resulting from the passage of LB 887. The amendments provide the standard form (Form F) which must be used to make enterprise risk reports. Certain additional information will also be required from parties making applications, filings registrations, or providing notifications (Form A, Form B, or Form D filings). The amendments also will impose specific minimum requirements on agreements for cost sharing services and management services that are executed within an insurance holding company system. The amended regulation was filed with the Secretary of State for adoption on January 16, 2013, with an implementation date of January 21, 2013.

Case Summaries

Buckeye State Mutual Insurance Company v. Richard Humlicek, 284 Neb. 463 (2012)

The Hilderbrand's owned a duplex and insured the building through Buckeye State Mutual Insurance Company with two concurrently issued, identical policies, one for each unit. The identical policies contained a notation that the coverage was for "1/2 of the duplex". A fire in May 2009 damaged the entire structure and the insurer paid the owners' claims under both policies. The insurer then brought this action to determine subrogation rights against the tenants of duplex unit 1292, Richard and Betty Humlicek, who were allegedly negligent in disposing of smoking materials in the garage and thus starting the fire. The insurer seeks to recoup payments made for the damage only in the unit the tenant did not live in.

Buckeye paid the Hilderbrands' claims for damages, including damage to the building, damage to their personal property, and loss of rent. Buckeye then brought a suit against Richard, seeking a declaration that Buckeye was entitled to pursue a subrogation claim against Richard for payments made in relation to the other unit, 1282.

District Court granted Richard's motion for summary judgment, holding that Richard was an implied coinsured with the Hilderbrands under both policies covering the two units of the single duplex structure. Because an insurer cannot subrogate against its own insured, the summary judgment was granted. In addition, the court noted that Richard could reasonably expect that the Hilderbrands would obtain fire insurance for the entire structure. Buckeye appealed the holding.

Subrogation is the right of one, who has paid the obligation which another should have paid, to be indemnified by the other. No right of subrogation can arise in favor of an insurer against its own insured or coinsured for a risk covered by the policy, even if the insured is a negligent wrongdoer. This antisubrogation rule extends to “implied coinsureds”.

Whether an insurer can subrogate depends on whether, under the circumstances, recovery by the insurer against the wrongdoer would be “in effect” recovery from the insured for the risk that the insurer agreed to take upon payment of the premium.

The Nebraska Supreme Court relied on *Tri-Par Investments*, which held that absent an express subrogation agreement to the contrary, a tenant is presumed to be an implied coinsured of the landlord’s insurance policy. In other words, the tenant of a single-family home is an implied coinsured of his landlord’s fire insurance policy, and that the insurer cannot subrogate against the tenant even if they were negligent in starting a fire. This rule provides legal certainty for tenants on whether they need to purchase coverage or not, supports the reasonable expectation of tenants that the landlord will insure the building, and goes along with the idea that landlords will pass along some of the cost of the premiums in the form of rent and the parties will share in some of the protection for which they both are paying.

Buckeye argues this rule does not apply to the facts of this case, specifically to the side of the duplex not rented by the tenant since the units had separate policies. They argued that Richard lacks an insurable interest in unit 1282, that Richard is not in privity of contract with the Hilderbrand, and that Richard could not have had a reasonable expectation that the other unit would be insured for his benefit, or that his rent included payment on the insurance policy for the other unit.

The court held that the rule in *Tri-Par Investments* applies in this case to bar subrogation against a duplex tenant as to both sides of the building, and thus Buckeye is barred from seeking subrogation for unit 1282 from Richard. They can only be granted the right to subrogation where it is necessary for justice and fairness, and the court held it is not fair or just when they are trying to recoup payments for the risk that was purchased by the insured. Without an express agreement otherwise, they have no subrogation rights against unnamed tenants who negligently start a fire.

Actions Taken Against Companies

CAUSE NO.	ALLEGATION	DISPOSITION
C-1996 John Hancock Life Insurance Company (Michigan)	Nebraska participated in the Multi-State Market Conduct Examination led by California	Multi-State Settlement 12/20/2012
C-1997 Shenandoah Life Insurance Company (Virginia)	Order terminating the suspension of its certificate of authority in Nebraska. See previous order in C-1751.	Order Certificate of authority reinstated 1/3/2013

Actions Taken Against Producers

CAUSE NO.	ALLEGATION	DISPOSITION
<p>A-1954 Shanette Wheeler O'Neill, NE</p>	<p>Violated <u>Neb.Rev.Stat.</u> §44-1525(11). Failed to respond in 15 business days.</p>	<p>Consent Order \$250 admin. fine 12/5/2012</p>
<p>NPN - 15889212</p>		
<p>A-1957 Marvin Antonion Smith New Orleans, LA</p>	<p>Violated <u>Neb.Rev.Stat.</u> §§44-1525(11), and 44-4059(1)(b). Failed to respond in 15 business days; violated any insurance law.</p>	<p>Consent Order \$500 admin. fine 10/12/2012</p>
<p>NPN - 5958363</p>		
<p>A-1958 Julie Lynn Etchison Ottumwa, IA</p>	<p>Violated <u>Neb.Rev.Stat.</u> §§44-1525(11), and 44-4059(1)(b). Failed to respond in 15 business days; violated any insurance law.</p>	<p>Order \$1,000 admin. fine; Producer license suspended until fine paid 11/1/2012</p>
<p>NPN - 253987</p>		
<p>A-1959 Douglas E. Inlay Sioux City, IA</p>	<p>Violated <u>Neb.Rev.Stat.</u> §§44-4059(1)(a),(b), & (h), and 44-4061(1). Provided incorrect information on a license application; violated any insurance law; used fraudulent, coercive or dishonest practices; acted as an agent of an insurer without being appointed by the insurer.</p>	<p>Order Producer license revoked 12/5/2012</p>
<p>NPN - 1432836</p>		
<p>A-1960 Michael Ippolito South Hadley, MA</p>	<p>Violated <u>Neb. Rev. Stat.</u> § 44-4065(1). Failed to report revocation of producer license in various states.</p>	<p>Order Producer license revoked 12/5/2012</p>
<p>NPN - 9568283</p>		
<p>A-1961 Connie Samek David City, NE</p>	<p>Violated <u>Neb. Rev. Stat.</u> §§ 44-4059(1)(b) & (h). Violated any insurance law; used fraudulent, coercive, or dishonest practices.</p>	<p>Consent Order \$1,000 admin. fine 12/4/2012</p>
<p>NPN - 7361461</p>		
<p>A-1962 Securities America, Inc. Delmont, SD</p>	<p>Violated <u>Neb.Rev.Stat.</u> §§44-4059(1)(b) and 44-4065(1). Violated any insurance law; failed to report other state action within 30 days of the final disposition.</p>	<p>Consent Order \$500 admin. fine 11/13/2012</p>
<p>NPN - 654151</p>		

Actions Taken Against Producers (cont.)

CAUSE NO.	ALLEGATION	DISPOSITION
A-1963 Ryan Burden Omaha, NE	Hearing requested for reconsideration of denial of application for resident producer license.	Order Producer license granted 12/6/2012
A-1965 Jenifer Grendell Lincoln, NE NPN - 5069339	Violated <u>Neb.Rev.Stat.</u> §§44-4059(1)(h) & (n). Demonstrated financial irresponsibility in the conduct of business in this state or elsewhere; failed to pay state income tax.	Consent Order Producer license revoked 11/13/2012
A-1966 James A. Grendell Lincoln, NE NPN - 3128009	Violated <u>Neb.Rev.Stat.</u> §§44-4059(1)(h) & (n). Demonstrated financial irresponsibility in the conduct of business in this state or elsewhere; failed to pay state income tax.	Consent Order Producer license revoked 11/13/2012
A-1967 Lori Stephens Cordova, TN NPN - 11006266	Violated <u>Neb.Rev.Stat.</u> §§44-1525(11), 44-4059 (1)(b) & (h). Failed to respond in 15 business days; violated any insurance law; demonstrated financial irresponsibility in the conduct of business in this state or elsewhere.	Order Producer license revoked 1/9/2013

Medical Malpractice Surcharge Set for 2013

A hearing was held before the Director of Insurance on November 7, 2012, as required by Neb.Rev.Stat. §44-2830, to consider adjusting the amount of surcharge for 2013. On the basis of the public hearing giving due regard to the size of the existing Fund, the number and size of potential claims against the Fund, the number of participating providers, change in the cost of living, and sound actuarial principles, the Director set the surcharge for the year 2013, effective January 1, 2013, at eighteen percent (18%) for all health care providers.

EXAMINATION DIVISION

Mandatory Quarterly Reporting Required by All Surplus Lines Licensees

Beginning with the 1st quarter 2013 filing, every surplus lines licensee shall be required to make a quarterly filing, irrespective of activity written.

There is now mandatory quarterly reporting by all surplus lines licensees. The Nebraska Department of Insurance no longer allows an exemption from filing to those licensees who have zero activity. Every licensee is required to make a quarterly report.

Each surplus lines licensee is reminded to indicate the ten-digit licensee number on the quarterly filing. Nebraska no longer uses the old eight-digit licensee numbers that had an AS or YS prefix. Please visit <http://www.doi.ne.gov/appointments/search/search.htm> to find the ten-digit licensee number.

Each surplus lines licensee is reminded to utilize the latest quarterly reporting form available at http://www.doi.ne.gov/surplus_lines/sl_index.htm. There is no change in the reporting form(s) for 2013, although many filers have been utilizing older versions which did not capture all the necessary information and disclosures.

At the present time, Nebraska only accepts paper versions of the quarterly report. Nebraska does not have an electronic filing option for surplus lines filers.

Financial Examinations Completed During Fourth Quarter, 2012

BHG Life Insurance Company (Qualifying exam)
Magellan Behavioral Health of Nebraska, Inc. (Qualifying exam)

Financial examination reports become public documents once they have been placed on official file by the Department. The most current report of financial examination can now be found on the Department's website at www.doi.ne.gov. Copies can be obtained from the Department at a cost of \$.50 per page.

