

INSURANCE

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A Message from the Director....

Hospital Indemnity or Other Fixed Indemnity Policies



Bruce R. Ramage

On October 9, 2014, the Department issued company bulletin CB-132. The bulletin is intended to provide guidance regarding the Department's implementation and enforcement of the recently released rules and guidance from the federal government regarding hospital indemnity or other fixed indemnity policies.

The federal rule and CB-132 apply only to hospital indemnity or other fixed indemnity insurance policies sold in the individual market. Neither of them apply to any other type or category of insurance that are listed separately as excepted benefits in the federal Public Health Service Act; e.g., disability income, specified disease insurance, accident insurance, etc., regardless of whether benefits under such coverage are paid as a fixed dollar amount.

For policies issued with an effective date beginning **on or after** January 1, 2015, the insurer must include in the initial insurance application a one-time written attestation that the purchaser has minimum essential coverage as defined by the rules and subsequent guidance issued by the federal government. The insurer shall not be required to confirm continuous major medical coverage by the purchaser.

For policies issued with an effective date **before** January 1, 2015, that do not require an application as a condition of renewal but that are guaranteed renewable or non-cancellable and only condition renewal on the timely payment of premiums, the aforementioned requirements do not apply. The federally mandated language and attestation are only applicable on an application form. If an insured is required for any reason to fill out a new application form, the federal mandates of attestation and disclosure contained in the application must occur.

A full copy of CB-132 can be found on the Department's website at **www.doi.nebraska.gov/bulletin/cb132.pdf**.

LIFE & HEALTH DIVISION

Handling Policyholder Calls About Rate Increases

Policyholders are being told to contact the Department because it is responsible for approving a rate increase.

Please consider this a helpful reminder to all long-term care (LTC) carriers who are currently issuing or servicing LTC business, e.g. requesting rate increases for their “book of business.”

For the past twelve months, the Department has been responding to a number of consumer inquiries/complaints dealing with one specific question, “Why are you allowing my company to raise my long-term care rates?” The fact that we are receiving these inquiries/complaints is not the core of the problem.

While the Department approves a rate increase, the increase is the direct result of the carrier’s request to increase premium rates.

The troubling part about this scenario is that many of the complainants are being referred to the Nebraska Department of Insurance (Department) by the LTC carrier. Policyholders are being told to contact the Department because it is responsible for approving the increase. And while that statement is essentially true, the rate increase was the direct result of the carrier’s request to increase premium rates.

Please ensure that policyholders are provided with a comprehensive explanation as to why the rate increase is necessary and all options that are available to the policyholder.

In an effort to minimize this “approach” to resolving policyholder dissatisfaction, it is requested that carriers review their internal procedures, both in terms of the written message about a premium increase as well as to verbal responses given to questions. Please ensure that policyholders are provided with a comprehensive explanation as to why the rate increase is necessary and **all** options that are available to them.

It is very important that your policyholders understand that their premium increase is likely justifiable and may be critically necessary.

It is very important that your policyholders understand that their premium increase is likely justifiable and may be critically necessary.

Any questions or comments regarding this issue may be directed to Stephen King, Life & Health Division Administrator at **stephen.e.king@nebraska.gov** or to Jane Francis, Consumer Affairs Division Administrator at **jane.francis@nebraska.gov**.

PROPERTY & CASUALTY DIVISION

Staff Updates

Some staff changes in the division have taken place following the September retirement of Bev Anderson. After 24 years with the Department, she has been greatly missed by individuals both inside and outside of the Department.

- **Connie Van Slyke**, who had served the Department as an insurance analyst for 20 years, accepted the division administrator position on July 1.
- **Craig Palik** has been with the division two years and has accepted additional analyst duties with a promotion effective August 6.
- **Julie Sullivan**, who has accepted an analyst position, will be joining the division effective December 1.

Lines of Insurance Assigned to Staff

If you want to contact the Property/Casualty Division staff about a particular line of insurance, a listing showing the lines of insurance assigned to the staff member can be found on our website at www.doi.nebraska.gov/pc/email.pdf. This listing also includes the email addresses and phone numbers.

Availability of SERFF Filings

As of October, 2014, the Property/Casualty Division has received 4,112 filings for review. Of these filings, final action has been taken on 3,670.

Filings are available to the public once final action has been taken. Please remember that it is best to call for an appointment if you wish to review on the public computer in our office to ensure that a computer will be available. The computers in our office can be used between 8:00am-5:00pm, Monday through Friday.

Some staff changes and the lines to which each is assigned have taken place since the retirement of Bev Anderson.

A listing showing the lines of insurance assigned to each staff member can be found on the Department's website.

It is best to call for an appointment if you wish to review a filing between the hours of 8:00am and 5:00pm on the public computer in our office.

CONSUMER AFFAIRS DIVISION

Electronic Transmission of Consumer Complaints

The Consumer Affairs Division is now transmitting complaint information electronically.

The Consumer Affairs Division is now transmitting complaint information electronically. If you have not already done so, please send an email with your NAIC number and the name of your compliance contact along with his/her email address, fax number and direct-dial phone number to division staff at **DOI.ConsumerAffairs@nebraska.gov**.

Please send an email with your NAIC number and the name of your compliance contact along with his/her email address, fax number and direct-dial phone number to division staff.

To protect consumers' privacy, the division is using the State of Nebraska Securemail System when emailing complaint information. Companies are asked to respond in the same secure format, using the "Reply" button in the Securemail message. Questions about the electronic complaint process may be directed to **DOI.ConsumerAffairs@nebraska.gov**.

Communication Between Insureds and Beneficiaries

The division receives calls from individuals searching for lost life insurance nearly every week.

Every week, almost without fail, the division receives calls from individuals searching for lost life insurance. They frequently reference conversations with their deceased loved ones, who reportedly assured them life insurance benefits would be available to cover final expenses, funeral costs, etc. Because there is no central database of information available to beneficiaries, we can only offer suggestions to aid in their search. We've compiled these suggestions in a Consumer Alert titled, "Searching for Lost Life Insurance," that can be found at **www.doi.nebraska.gov/brochure/conalert/out06156.pdf**.

Please consider sending existing policyholders a periodic reminder with premium billing statements or with annual statements encouraging them to make sure their beneficiaries have all of the information they need—before a claim arises.

The division is requesting the aid of insurance companies and insurance producers in efforts to proactively address the "lost life insurance" problem. If you are not already doing so, please consider sending existing policyholders a periodic reminder with premium billing statements or with annual statements encouraging them to make sure their beneficiaries have all of the information they need—before a claim arises.

It is also a good recommendation to keep beneficiary information up-to-date.

PRODUCER LICENSING DIVISION

Continuing Education Transcripts

Producers may track completed continuing education courses at www.statebasedsystems.com by clicking on "Print Your Education Transcript". Education providers are required to upload all approved continuing education courses online within 10 days from the course date.

Duration of License

Initial individual producer licenses are issued to expire the last day of the month in the licensee's birth month in the first year after issuance in which the licensee's age is divisible by two.

As such, individuals born in even numbered years renew their licenses in their birth month of the even numbered years and individuals born in odd numbered years renew their license in their birth month of the odd numbered years. For example, if an individual applies for a producer license on October 24, 2014 and they were born on June 1, 1975, then the license will expire on June 30, 2015. The license will then begin a two-year term and expire on June 30th of each odd year. There are no continuing education requirements for a producer's first renewal period.

Please direct any questions to Jason McCartney at jason.mccartney@nebraska.gov.

LEGAL DIVISION

Actions Taken Against Producers

CAUSE NO.	ALLEGATION	DISPOSITION
A-2003 Karen Driscoll Omaha, NE NPN - 17260086	Hearing requested for reconsideration of denial of application for resident producer license.	Order Producer license granted 7/2/2014
A-2005 Russell Akio Van Belle Omaha, NE NPN - 6811434	Violated <u>Neb. Rev. Stat.</u> §§ 44-4059(1)(b), 44-4059 (1)(h), 44-8106(1), 210 Neb. Admin. Code Ch. 19 §§ 006.01, 012.01, 012.01B, 012.01C, and 012.01D. Violated any insurance law; used fraudulent, coercive, or dishonest practices; violated rules in place with respect to the replacement of existing life insurance annuities; violated the Nebraska Unfair Insurance Trade Practices.	Consent Order \$1,700 admin. fine 8/27/2014

Actions Taken Against Companies

CAUSE NO.	ALLEGATION	DISPOSITION
C-2098 Red Rock Insurance Company (Oklahoma)	Order of Conservatorship entered by Company's state of domicile.	Order Certificate of Authority Revoked 8/7/2014
C-2086 Terra Administrators, Inc. (Florida)	Violated <u>Neb.Rev.Stat. § 44-5814(1)</u> . Failed to file the required annual report.	Order Certificate of Authority Suspended 7/14/2014

Excess Liability Fund Surcharge Hearing Set for November 10

Pursuant to the Nebraska Hospital-Medical Liability Act, the Director of Insurance is to adjust the amount of the surcharge provided for under Neb.Rev.Stat. § 44-2829 on January 1 of each succeeding year to maintain the Excess Liability Fund at a level sufficient to pay all anticipated claims for the next year and to maintain an adequate reserve for future claims.

On Monday, November 10, at 10:00 a.m., the Director will conduct a public hearing concerning the surcharge contribution rates of qualified health care providers to the Nebraska Excess Liability Fund for the year 2015. The hearing will be held at the Department of Insurance, Fifth Floor Conference Room, Terminal Building, 941 O Street, Lincoln, Nebraska.

The notice can be viewed at www.doi.nebraska.gov/notices/notc2014/notice07.pdf.

Proposed Rate Adjustment for Nebraska Comprehensive Health Insurance Pool

Pursuant to Neb.Rev.Stat. § 44-4227, the Department will hold a public hearing on a proposed rate adjustment of the Nebraska Comprehensive Health Insurance Pool premium rates. The purpose of the hearing is to provide an opportunity for public comment on the proposed rate adjustment.

The public hearing has been scheduled for November 7, 2014, at 10:00 a.m., at the Department of Insurance, Fifth Floor Conference Room, Terminal Building, 941 O Street, Lincoln, Nebraska.

The notice can be viewed at www.doi.nebraska.gov/notices/notc2014/notice06.pdf.

Regulation Updates

Company Bulletin

CB-132—HOSPITAL INDEMNITY OR OTHER FIXED INDEMNITY POLICIES

CB-132 was issued on October 9, 2014 to all insurers writing hospital indemnity policies or other fixed indemnity policies sold in the individual market in Nebraska. The bulletin is intended to provide guidance regarding the Department's implementation and enforcement of the recently released rules and guidance from the federal government regarding hospital indemnity or other fixed indemnity policies. CB-132 can be found at www.doi.nebraska.gov/bulletin/cb132.pdf.

EXAMINATION DIVISION

Pre-Need Examinations Completed During 3rd Quarter, 2014

Darli, Inc., dba Kremer Funeral Home
Harman-Wright Mortuary, Inc.
Horner Lieske McBride & Kuhl Funeral & Cremation Service
Kracl Funeral Chapel, Inc.
Jacobsen-Greenway Funeral Home, Inc.
Miller-Levander Funeral Home
Ord Memorial Chapel, Inc.
Pruss-Nabity Funeral Homes, Inc.
Pulverente Monument Company
Reynolds-Love Funeral Home
Tickle Funeral Service, LLC
Thompson Funeral Chapel, LLC
The Arbor Society, Inc.

Financial Examinations Completed During 3rd Quarter, 2014

Blue Cross Blue Shield of Nebraska
Farmers Mutual Fire Insurance Association of Seward County
German Mutual Insurance Company of Dodge County
Washington County Mutual Insurance Company
York County Farmers Mutual Insurance Company

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.nebraska.gov. Copies can be obtained from the Department at a cost of \$.50 per page.

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Department Calendar

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| <u>November 11:</u> | NDOI Closed—Veterans' Day |
| <u>November 27-28:</u> | NDOI Closed—Thanksgiving |
| <u>December 25:</u> | NDOI Closed—Christmas Day |
| <u>January 1:</u> | NDOI Closed—New Year's Day |
| <u>January 19:</u> | NDOI Closed—Martin Luther King Day Observed |