

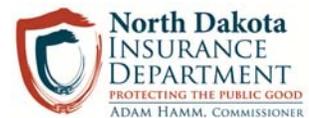


2015 Agent Forums

Adam Hamm, Commissioner
North Dakota Insurance Department

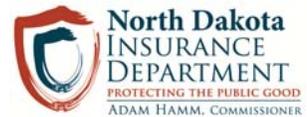
Presentation overview

- ▶ 2015 ND legislative session
- ▶ NAIC's Cybersecurity Task Force
- ▶ Federal issues update (NARAB, TRIA)



2015 legislation

- ▶ SB 2010–Insurance Department appropriation bill
- ▶ Total appropriation request by the Department of a little over \$11 million is a hold even budget from last biennium
- ▶ Did not request any new FTEs
- ▶ The operating expenditure portion of the budget was a 12% decrease from 2013
- ▶ Senate and House passed unanimously



2015 legislation cont'd

- ▶ Principles Based Reserving (PBR) in life insurance
- ▶ Package of two bills—HB 1142 and 1143
- ▶ HB 1142 is the standard valuation law
- ▶ HB 1143 is the standard nonforfeiture law
- ▶ Both bills were sponsored by Representative George Keiser
- ▶ PBR needs 42 states representing 75% of written premium volume to become effective
- ▶ Passed House and Senate unanimously



2015 legislation cont'd

- ▶ HB 1132–Holding Company Systems Model Act
- ▶ Modifies existing ND law
- ▶ Relates to insurers' participation in a holding company system
- ▶ Expands Department's ability to evaluate and access records
- ▶ Needed to be passed for ND to maintain accreditation
- ▶ Passed House and Senate unanimously



2015 legislation cont'd

- ▶ SB 2131 – Own Risk and Solvency Assessment
- ▶ ORSA applies to individual insurers that write more than \$500 million of annual direct written and assumed premium and/or insurance groups that collectively exceed \$1 billion threshold
- ▶ Must conduct annual assessment of risk management framework and solvency
- ▶ Will become an accreditation standard
- ▶ Passed House and Senate unanimously



2015 legislation cont'd

- ▶ SB 2129–Risk Based Capital for Insurers Model Act
- ▶ Strengthened existing ND law for life insurers
- ▶ Now life insurers are treated the same as property and casualty insurers
- ▶ This model is now an NAIC accreditation standard
- ▶ Senate and House passed unanimously



2015 legislation cont'd

- ▶ SB 2130–Credit for Reinsurance
- ▶ Allows for the reduction of collateral that must be posted by non-US insurers
- ▶ Legislation introduced to discourage more federal oversight in insurance
- ▶ Half the states have already passed this model act
- ▶ Should not impact ND domestic companies
- ▶ Passed Senate 46–1 and House 86–1



NAIC Cybersecurity Task Force

- ▶ NAIC established the Cybersecurity Task Force on November 19, 2014
- ▶ Largest committee of the NAIC
- ▶ NAIC assigned me as Chair in January 2015
- ▶ So far in 2015, data breaches of four major insurance companies have been discovered (Anthem, Premera, Care First and Excellus)
- ▶ Close to one out of every three Americans has been impacted by these four breaches



Task Force Charges

The Cybersecurity (EX) Task Force will:

- Monitor developments in the area of cybersecurity
- Advise, report and make recommendations to the Executive (EX) Committee on cybersecurity issues
- Coordinate activities with NAIC standing committees and their task forces and working groups regarding cybersecurity issues
- Represent the NAIC and communicate with other entities/groups, including the sharing of information as may be appropriate, on cybersecurity issues
- Task force work plan in 2015 includes guiding principles, a consumer bill of rights, a data call to the industry and a set of best practices for insurance examiners



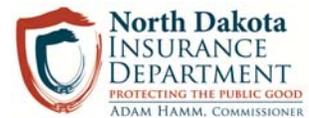
Guiding Principles

- ▶ “Flag in the ground” regarding the role of insurance regulators in cybersecurity
- ▶ Based in part on Securities Industry and Financial Markets Association (SIFMA) Guiding Principles
- ▶ Published a draft set of guiding principles in mid-March, and then adopted a final set of 12 guiding principles on April 16



Consumer Bill of Rights

- ▶ Statement about what consumers can expect from insurers
- ▶ Information about consumer disclosures
- ▶ Information about services provided when a data breach occurs



Collection of Data

- ▶ Worked with the Property & Casualty Insurance (C) Committee

- ▶ Developed Exhibit for the Annual Statement
 - Number of policies written
 - Premium and loss information
 - Market trends



Updating Examination Tools

- ▶ The Financial Condition Examiners Handbook
- ▶ Some basic information reviewed currently
- ▶ Need to update items reviewed



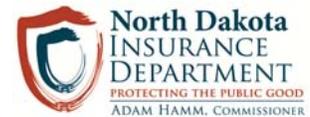
Information Sharing

- ▶ The Financial and Banking Information Infrastructure Committee (FBIIIC)--ND represents all state insurance regulators on FBIIIC
- ▶ The Cybersecurity Forum for Independent and Executive Branch Regulators (Forum)--ND represents all state insurance regulators on the Forum
- ▶ The Financial Services Information Sharing and Analysis Center (FS-ISAC)



NARAB

- ▶ National Association of Registered Agents and Brokers
- ▶ Became federal law on January 12, 2015
- ▶ Establishes non profit corporation through which non resident producers can sell, solicit or negotiate insurance in other states through membership – market access (passport system)
- ▶ Preserves generally state regulatory authority over non resident producer conduct, discipline/enforcement, appointments
- ▶ Protects state licensing and appointment fees
- ▶ Ensures state regulator control of Board
- ▶ Allows for 24-month start-up period



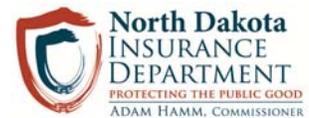
NARAB–how it affects state law

- ▶ Eligible insurance producers may seek non resident authority through NARAB membership rather than state-issued license
 - Eligibility: license(s) not suspended or revoked, criminal history record check, satisfaction of membership criteria
 - Membership decision is a NARAB decision
- ▶ State regulatory authority generally preserved, but
 - State laws, regulations or actions are subject to preemption if they impede activities of, discriminate against, impose different fees upon, or impose non resident CE requirements on association members
 - No state, other than a member's home state, may impose qualifications on association members different from association membership criteria, impose registration requirements (including Secretary of State registration requirements), require association members to submit to criminal history record check as a condition of doing business in that state, or impose separate requirements on association members selling multistate commercial P&C insurance if association member licensed in state where insured maintains principal place of business and contract insures risks located in that state



NARAB- Board composition/organization

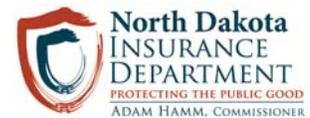
- ▶ **President appoints Board members within 90 days of enactment of legislation, subject to Senate confirmation**
 - **8 state insurance commissioners with political party balance (President requests list of candidates from states through NAIC, and NAIC has 15 business days to respond) – NAIC submitted its list to the President; 1 commissioner designated by President as initial chairperson**
 - **5 industry representatives (3 with P&C producer licensing expertise and experience, 2 with L&H producer licensing and experience) – restrictions on access to confidential information related to complaints, investigations, disciplinary proceedings involving insurance producers**
 - **7 Board members (including 4 commissioners) appointed to initial 2–year term; 6 (including 4 commissioners) appointed to initial 1–year term**
 - **President can remove entire Board (for acting contrary to interests of public or purposes of the act, or failing to perform its duties) or single member (for neglect or malfeasance)**
- ▶ **Board shall hold first meeting not later than 45 days after all initial Board members have been appointed**



NARAB – Board powers

▶ **Board powers generally:**

- Establish and collect membership fees to cover costs of operations
- Adopt, amend or repeal bylaws, procedures or standards
- Establish procedures for providing notice and comment
- Enter into agreements as necessary to carry out duties of association
- Hire employees/professionals and elect or appoint officers, define their duties and qualifications, give them appropriate authority
- Establish personnel policies and programs related to conflicts, rates of compensation, qualifications of personnel
- Borrow money (but not from the federal government)
- Secure start-up funding to be treated as loans to be repaid with interest at market rate



NARAB – Likely first steps

▶ Initial Board responsibilities

- Elect its permanent chairperson
- Incorporate NARAB as DC non profit corporation
- Issue an ethical code of conduct to address permissible and prohibited activities of Board members and association employees
- Adopt procedures for adoption of bylaws and standards similar to federal APA (though NARAB not subject to APA)
- Adopt initial bylaws

Ultimately, the board will establish criteria for NARAB membership



TRIA

- ▶ Terrorism Risk Insurance Act (TRIA)–passed in 2002; reauthorized in 2005 and 2007
- ▶ TRIA requires insurers to make terrorism insurance coverage available and establishes triggers/thresholds that must be met before an insurer is eligible for reimbursement
- ▶ Only certified acts of terrorism are eligible for TRIA coverage (federal government certifies)
- ▶ TRIA expired on December 31, 2014, but thankfully Congress reauthorized it on January 12, 2015, for five years



TRIA

- ▶ Federal government shares in an insurer's losses only if the industry's aggregate insured losses from certified acts of terrorism exceed \$100M
- ▶ Also, an insurer must meet a deductible of 20% of its annual premiums for federal government coverage to begin
- ▶ Once \$100M aggregate loss and 20% deductible are exceeded, federal government covers 85% of losses until the amount of losses totals \$100B
- ▶ After \$100B, there is no federal coverage and no requirement that insurers provide coverage





Producer Licensing Division

Kelvin W. Zimmer
Director of Producer Licensing Division
North Dakota Insurance Department

Legislative update

- ▶ **HB 1384:** Portable electronics insurance (PEI)(new chapter 26.1–26.7). This legislation allows a vendor to hold a limited lines business entity license to offer or sell PEI to the vendor's customers. If the vendor is licensed, the vendor's employees may then offer or sell PEI at each location where the vendor engages in the PE sales under the supervision of the licensee's DRLP. The vendor and the DRLP are ultimately responsible for the actions of all personnel selling PEI under the license and must provide training and keep records for inspections by the Commissioner. Effective July 1, 2015.



Legislative update Cont.

- ▶ **SB 2283:** Travel insurance (new section 26.1–26–54). This legislation creates a limited lines travel insurance producer license and regulates the sale of travel insurance. Effective July 1, 2015.



Agent Licensing Division

- ▶ Two agent licensing specialists
 - Application review and approval
 - Renewal review and approval
 - Agent and agency assistance
 - Continuing education course review and approval
 - Maintaining systems

- ▶ Collaboration with other divisions



Numbers

- Individual:
- ▶ Resident producers: 5,823
 - ▶ Non-resident: 58,463
 - ▶ Surplus lines resident: 50
 - ▶ Surplus lines non-resident: 1,184
- Total: 65,600
- Business Entity:
- ▶ Resident: 872
 - ▶ Non-resident: 5,014
 - ▶ Surplus lines resident: 15
 - ▶ Surplus lines non-resident: 473
- Total: 6,738
- Grand Total: 72,338



N.D.C.C. 26.1-26-13.3

- ▶ Requires finger prints for all first time applicants applying for a North Dakota resident producer license

- ▶ Effective Sept. 1, 2013

- ▶ 1181 prints taken



Reporting Requirements

ADMINISTRATIVE ACTIONS:

- An insurance producer must report to the Commissioner any administrative action taken against his or her license in any other state or United States Territory or any actions taken against him or her by any other North Dakota governmental agency, board or commission within 30 days of the closing of the matter. This report must include an explanation of the action, copy of the order and consent to order or relevant legal documents. Reports can be made via e-mail or [NIPR](#).

CRIMINAL CONVICTIONS:

- Within 30 days after a criminal conviction, an insurance producer must report to the Commissioner any criminal conviction, no matter where it occurred. The report must include an explanation of the conviction, copy of the initial complaint and the order issued by the court and any other relevant legal documents. Reports can be made via e-mail or [NIPR](#).



Commissioner may make examinations and investigations. 26.1-26-48

Whenever the commissioner believes that this chapter has been violated, the commissioner, at the expense of the insurer involved, may examine, at the offices of the insurer or insurance producer, whether located within or without this state, all books, records, and papers of any insured within this state, and may examine under oath, the officers, managers, and insurance producers of the insurer, or the insured, as to the violation.

Noncompliance may constitute administrative action up to revocation of your producer license.



Renewal Reminders

- ▶ Every two years in your birth month
 - ▶ 90 days prior
 - ▶ All CE requirements must be met
 - 24 total hours
 - Must include three hours in ethics
 - ▶ Midnight is the deadline
- There is NO Grace Period



www.nd.gov/ndins/producers



Mobile access





Ethics for Insurance Producers

Presented by Jeff Ubben,
General Counsel
North Dakota Insurance Department

Legislative Update

HB 1144 - Insurance coverage of motor vehicles participating in transportation network company networks (new chapter 26.1-40.1) a.k.a. the "Uber bill" (law became effective April 22, 2015).

This bill requires a transportation network company (TNC) or a participating TNC driver to provide primary insurance coverage from the moment a TNC driver accepts a ride request through the company's online application until the ride is complete (until the passenger has exited the vehicle).



Uber Bill

This insurance policy must provide:

- At least \$1 million of coverage for death, bodily injury, and property damage (coverage must be primary).
- Uninsured, underinsured, and PIP coverage in amounts that meet the minimum requirements under state law.



Uber Bill

During the time period when a driver has the TNC company's application turned on and available for hire, but before the driver has accepted a ride (known as the "application on stage"), the TNC or the driver must provide primary insurance coverage which includes:

- At least \$50,000 per person and \$100,000 per incident for death and bodily injury and at least \$25,000 for property damage.
- **Uninsured, underinsured, and PIP coverage, which is primary coverage, in amounts that meet the minimum requirements under state law.**



Uber Bill

Additional important considerations:

- Concern during the legislative process was over gaps in coverage.
- Check with your carrier to determine coverage.



Bail Bond Bills

SB 2010 – Insurance Department appropriation (26.1–26.6–05). This legislation requires a bail bond agent to monitor the status of bonds and ensure timely return of the collateral security.

A pending administrative rule state to comply with this law, a bail bond agent must check the status of all issued bail bonds at least once every seven days.



Bail Bond Bills

SB 2270 – Fees charged by bail bond agents (26.1–26.6–08). This legislation increases the fees a bail bond agent may charge for a premium, commission, or fee in issuing a bond. The previous limit was 10% of the amount of the bail bond, this law allows up to 20%.

Also provides in addition to the fees noted above, the bail bond agent may also charge for mileage reimbursement at rates which may not exceed rates allowed for state employees.



Title Insurance

HB 1312 – Limitation on title insurance risks (26.1–20–04). This legislation allows a title insurance company to issue a title policy on property located in North Dakota involving a potential policy liability up to 90% of the sum of the company's surplus and its statutory premium reserves.

Previous limit was 50 percent of its paid up capital and surplus if a stock company or 50 percent of its surplus if a mutual company.



Surplus Lines

1. **HB 1146 – SLIMPACT surplus lines repeal (26.1–44)**
2. **SB 2187 – Surplus lines filings (26.1–44–06.1 and 26.1–44–08)**



Professional Ethics

- What are professional ethics?
- What are the duties of insurance producers?
- Why does the Insurance Department care?



Ethical Duties of Producers

Insurance producers have a responsibility to behave in an ethical manner above the standard of conduct required for adherence to laws and rules.



State Regulation of Producers

Failure to comply may result in:

- Fines
- Probation
- Suspension of license
- Revocation of license
- Refusal to continue or issue a license



ADVERTISING/MAILER RULES



Where can I find advertising and mailing rules?

- ▶ Life Insurance - North Dakota Admin Code 45-04-10
- ▶ Accident & Health Insurance - North Dakota Admin Code 45-06-04



Types of advertising covered

Advertisement is broadly defined.
Examples include:

- Printed and published material
- Audiovisual material
- Print, radio and TV content
- Billboards
- Sales aids
- Lead cards
- Form letters
- Sales talks and presentations



Who is responsible for ensuring compliance?

- Both the insurance company and the producer/broker are responsible for ensuring all advertisements comply with the law.
- Responsibility **cannot** be assigned to a third-party.
- If a third-party creates an advertisement, the producer/broker **MUST** review to ensure compliance with laws and regulations.
- Insurers are required to maintain a file of every printed, published or prepared advertisement of its policies.



Non-compliance penalties

- A fine of up to \$10,000 per violation
- Suspension, revocation or non-renewal of your insurance producer license
- Other administrative action allowed under the law.



What are some common violations?

The advertising rules set forth what must be included in the ads/mailers and what cannot be included. The following are some common violations of the advertising rules:

- Failing to include the name of the insurer and the name of the producer or broker.
- Using misleading wording. Example - using wording which gives the impression that a government entity endorses, or is connected with, the product.
- Failing to include the words "life insurance" on advertisements for life products.



What are common violations?

- Improperly using the phrases “non-medical”, “no medical exam required” or similar language.
- Failing to include any reductions, exclusions or limitations on benefit amounts in the ad.
- Putting important or required information in small font.

In addition to the advertising rules found in the in the administrative code, advertisements may not violate other ND laws and regs, for example, rebating laws.



Rebating Case Study #1

Fred has a large insurance agency and he likes to thank his loyal customers. Each winter, he books a hotel conference room and hosts a “Client Appreciation Night”. He pays for a three-course meal, open bar, and a DJ. The average cost of providing the meal, bar, and music exceeds \$50 per person.

Has Fred done anything wrong?



Did Fred put his producer license at risk?

- No, it is a perfectly acceptable business practice to thank your clients in this manner.
- No, because the Insurance Department will not be able to prove the cost of the evening.
- Yes, this would be an illegal rebate.
- None of the above.



Rebating

Statutes governing rebating are found at:

- ▶ N.D.C.C. § 26.1-04-03 (8)
- ▶ § 26.1-04-06 and
- ▶ § 26.1-25-16.



Rebating Discussion

If the cost does not exceed an aggregate retail value of \$50 per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business. N.D.C.C. sections 26.1-04-03(8), 26.1-04-06, 26.1-25-16).



Discussion

- What can be given within the \$50 limit?
- What can't be given in the \$50 limit?
- Conditions on the gift
- "Person"
- Stacking
- What if I make the gift available to everyone?
- Charitable donations



Rebating Case Study #2

Insurance Company B offers a “Safe Driver Discount” on your auto insurance premiums if you have been accident-free for at least three years.



Is this offer considered rebating?

- A. Yes, you cannot provide for a discount of an insurance premium.
- B. Yes, this discount is an illegal inducement for the customer to purchase insurance.
- C. No, so long as it is actuarially justified and has been previously approved by the Department prior to being offered.
- D. No, because rebating laws do not apply to insurance companies.



Is this offer considered rebating?

In order for the Department to determine whether a practice is actuarially justified, the company must submit credible data supporting its practice.

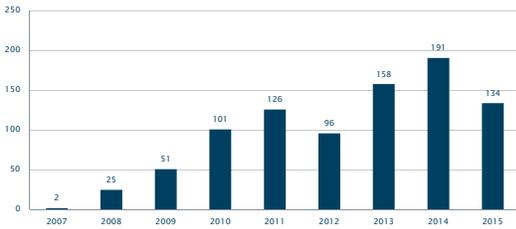


Any Questions on Rebating?



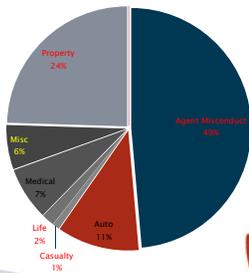
ND Fraud Statistics

Reports to NDID Fraud Unit
(2007 - August 31, 2015)



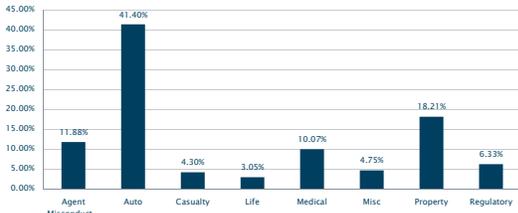
ND Fraud Statistics

Percentage of Actual Loss Amounts
(2007 through August, 2015)



ND Fraud Statistics

Percentage of Fraud Cases
(2007 through August 31, 2015)



Insurance Fraud Overview

- When it costs the insurers, it costs everyone
- \$80 – \$120 billion a year in the U.S.
- \$950 per family per year
- Criminals gain and innocent people pay
- Some victims lose a lifetime of savings
- Health and property are endangered

The massive size of the industry provides more opportunities and bigger incentives for committing illegal activities.



Important Reminder:

A person engaged in the business of insurance and having knowledge or a reasonable belief that a fraudulent insurance act is being, will be, or has been committed **must report it** to the Commissioner. N.D.C.C. § 26.1-02.1-06.

A person who provides non-public personal information to the Commissioner pursuant to N.D.C.C. section 26.1-02.1-06 does not violate the insurance privacy law. N.D.C.C. § 26.1-02-27.



Important Reminder:

Insurance producers must not use fraudulent, coercive, or dishonest practices and must not be incompetent, untrustworthy, or financially irresponsible. N.D.C.C. § 26.1-26-42.



Important Reminder:

- ▶ The agency owner’s license must be revoked if that person is convicted of felony insurance fraud. He or she cannot be in the business of insurance with that type of felony conviction. N.D.C.C. § 26.1-02.1-02.1.
- ▶ Even if he or she isn’t convicted of felony fraud, the license may be revoked, suspended or placed in a probationary status for using fraudulent, coercive, dishonest practices, or for financial irresponsibility. N.D.C.C. § 26.1-26-42



What you need to know about the Fraud Unit

- Licensed Police Officers
- Criminal and regulatory investigations
- Criminal - follow the rules of criminal procedure
 - Miranda
 - Search Warrant
 - Etc.
- Regulatory
- Under the authority of the Insurance Commissioner



What to Expect

- We will do our best to respect your business function and your reputation.
- We will maintain our safety.
- We will rely on you to help us find what we need.
 - Book of Business
 - Specific files
 - Specific documents
- We may conduct a recorded interview with you and/or others in the office.



What to Expect

- Materials obtained are confidential under 26.1-02.1-07.
- We are in search of the truth and we always keep an open mind.



Timothy Brakke
and
Lydia Cavanaugh



September 16, 2012



September 18, 2012

2

IT

*Red - looks ok
van
JD*

of age or older, all regular operators of the vehicles described
who drive these vehicles, even occasionally, are listed



Craig Heinert - October 14, 2010



November 3, 2011 - Filed Claim



Joyce Gierszewski

- Former Agent
- 2012-2014
- Total Paid: \$43,661



Detailed Bill For

Patient Name: Joyce A Gierszewski
Account Class: Inpatient
Attending Physician: _____
Service Date From: 01/30/2014
Service Date To: 02/01/2014

Charges

Adjustments	Post Date	Adj. For	Amount
-------------	-----------	----------	--------

No adjustments on this account.
Total balance: Should pay for both breasts Not only one - 5,753.00



Robert Sackman
T-Bones Steakhouse

- 2009 and 2012 business fire
- Over \$20,000 tax debt
- Potential loss \$170,884



Sackman Continued

- Prepared for months
- Christmas night fire
- Statements made 2 years earlier
- Sued insurance company for not paying



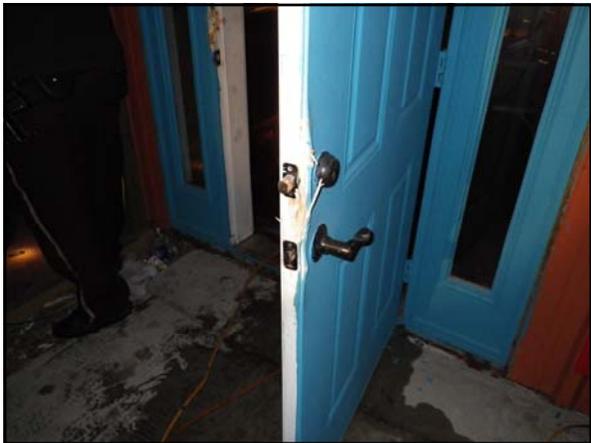
Sackman Continued

- North Dakota Insurance Department
- ATF (Bureau of Alcohol Tobacco & Firearms)
- McLean County Sheriff's Department
- Public











Steps In Analyzing Ethical Issues

Ask yourself:

- Could this decision or situation be harmful to someone?
 - To my client?
 - To me?
 - To the insurance companies I represent?
- Does this decision involve a choice between a good and bad alternative?



Weigh the Options

- What are all of the options for acting?
- Which option leads me to act as the sort of person I want to be?
- Which option will produce the most good and do the least harm?
- Which option best respects the rights of all who have a stake?
- Which option passes your personal "gut" check?



Weigh the Options

Ask yourself: Would I be comfortable telling my mother, a newspaper reporter, or the Insurance Commissioner which option I have chosen?



Any Questions?





Consumer Assistance Division

David Zimmerman,
Consumer Assistance Division Director
North Dakota Insurance Department

Consumer Assistance Division (CAD)

- ▶ Supports the NDID Mission:
 - "... to protect the public good by fairly and effectively administering the laws of North Dakota. ... we will treat all of our constituencies with the highest ethical standards and respect they deserve."
- ▶ CAD focuses on assisting and educating consumers who have insurance issues in P&C, L&H, SHIC, Prescription Connection



Organizational Structure

Consumer Assistance Division	
• Property & Casualty Investigation	• Investigator - Kathy
• Life & Health Investigation	• Investigator - Cydra
• Hotline	• Investigator - Angela
• State Health Insurance Counseling (SHIC) <ul style="list-style-type: none">◦ Prescription Connection	• Investigators - Holly & Heidi



1702 South 12th Street, Bismarck Consumer Assistance Center



- Convenient: drive up to the door
- Accessible parking
- No steps



CAD Process of Investigation

We evaluate for the alignment of 3 elements:



Policy
What is the coverage
Allowed or Excluded



Insurer
What Actions did they
Take on the claim



Statutes
What State Law Allows
Regulatory Authority

If they are aligned; the system worked; teaching is offered

If they are not aligned; something broke down; action results



CAD Case Types

- › There are 3 levels of cases monitored by CAD
 - **Consumer Assistance** – All cases begin at this level and can be elevated if further investigation warrants
 - **Inquiry** – Further research and discussions with focus on resolution
 - **Complaint** – Statute driven level of investigation requiring the company or agent to officially respond



All Cases—2014

- ▶ Consumer Assistance Cases = 6,185
- ▶ Elevated to Inquiry = 3,451
- ▶ Elevated to Complaint:
 - Company Complaints = **141**
 - Agent Complaints = **31**



2014 Company Complaints

Type	Closed	Relief
Auto	65	\$160,879.44
Fire, allied/CMP	4	\$28,459.82
Homeowners	35	\$101,879.26
Life/annuity	5	\$81,629.12
Accident/health	14	\$355,706.26
Liability	13	\$28,910.38
Miscellaneous	5	\$500.00
Total	141	\$757,964.28



Company Complaints—Trend

Year	Closed complaints	Relief
2004	278	\$373,651.94
2005	220	\$437,139.32
2006	205	\$434,564.99
2007	201	\$422,665.85
2008	241	\$521,251.11
2009	236	\$656,361.44
2010	211	\$565,938.69
2011	197	\$1,150,882.61
2012	180	\$626,162.86
2013	169	\$2,560,183.84
2014	141	\$757,964.28

SHIC/Prescription Connection

- ▶ 2014 State Health Insurance Counseling (SHIC) contacts = 9,694
- ▶ Prescription Connection (PC) assisted 8,369 people since inception
- ▶ 2014 PC helped 188 people resulting in a savings of over \$531,989



2015 Part D Enrollment

- ▶ Oct. 15–Dec. 7: can enroll or change Part D and Medicare Advantage plans
 - Premiums, deductibles & formularies change every year
- ▶ Jan. 1–Feb. 15: Disenrollment and enrollment period in original Medicare for Medicare Advantage only



Part D Cost Sharing for 2016

Part D Benefit Parameters	CY 2015		CY 2016	
Defined Standard Benefit				
Deductible	\$320		\$360	
Initial Coverage Limit (Pre-Donut Hole)	\$2,960		\$3,310	
Out-of-Pocket Threshold (To enter catastrophic phase)	\$4,700		\$4,850	
Minimum Cost-sharing for Generic Drugs (Catastrophic Phase)	\$2.65		\$2.95	
Minimum Cost-sharing for Brand Name Drugs (Catastrophic Phase)	\$6.60		\$7.40	
Donut Hole Discount (Brand Name/Generic)	55%	35%	55%	42%



Increased Medicare Product Workload

- ▶ On January 1, 2011 Baby Boomers (born between 1946 - 1964) began turning 65
 - Every day > **10,000** turn 65
 - This will continue every day for 13-14 years
- ▶ 2010 Census placed those 65 years old and older as making up 13% of the population
 - This group is expected to ↑ over 20% in 30+ years



Are we (they) prepared for 65?

- ▶ Social Security provides majority of income for 65% of beneficiaries > 65 years of age
 - For 36% of them it provides ≥ 90% of their income
 - For 24% of them it is their sole source of income
- ▶ Almost half take Social Security when they turn 62 (when 1st eligible)
 - Men = 43% born in 1943-44 < 25%
 - Women = 50% born in 1943-44
 - Those born after 1959 it increases to 30%



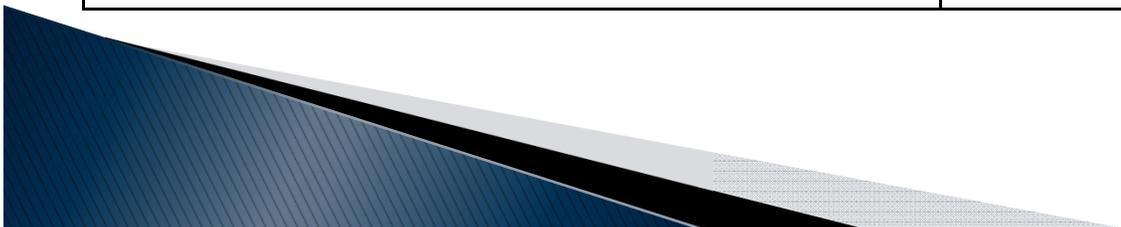
Affordable Care Act

- ▶ Federally Facilitated Marketplace (FFM)
 - Inquiries will be investigated and if FFM related referred to www.healthcare.gov or 1-800-318-2596 (National Call Center)
 - If state laws violated, investigation proceeds
 - Referrals made to agents and navigators



PROHIBITED AGENT/BROKER BEHAVIOR	APPROPRIATE AGENT/BROKER BEHAVIOR
Cannot state that they are from Medicare or use “Medicare” in a misleading manner. For example, they cannot state that they are endorsed by Medicare, are calling on behalf of Medicare, or that Medicare asked them to call or see the beneficiary.	May call a beneficiary who has expressly given permission (e.g., submission of a business reply card or scope of appointment). The permission applies only to the plan or agent/broker the beneficiary requested contact from and specific to the product type(s) selected/requested.
Cannot solicit potential enrollees door-to-door or contact clients to discuss plan options outside of the current parent organization.	May call a beneficiary they enrolled in a plan to discuss plan business, as well as discuss the availability of other plan options/types within the same parent organization.
Cannot send unwanted emails, text messages, or leave voicemails.	May call or visit beneficiaries who attended a sales event if prior permission is given.
Cannot approach beneficiaries in common areas (i.e. parking lots, hallways, lobbies, sidewalks).	May initiate a phone call to confirm an appointment. The scope of the appointment may be changed with appropriate documentation.
Cannot conduct sales activities in healthcare settings except in common areas. Improper areas include waiting rooms, exam rooms, hospital patient rooms, dialysis centers and pharmacy counter areas.	Can conduct sales activities in common areas of healthcare settings. Appropriate common areas include hospital or nursing home cafeterias, community or recreational rooms, and conference rooms.
Cannot make unwanted calls, including contacting beneficiaries under the guise of selling a non-Medicare Advantage (MA) or non-Prescription Drug Plan (PDP) product and allow the conversation to turn to MA or PDP. For example, an agent/broker cannot begin by selling a Medicare Supplement plan and then turn the conversation to MA or PDP products.	Must secure a signed scope of appointment, prior to the appointment. For example, if the beneficiary has completed the scope of appointment form following a marketing/sales event, the future appointment may take place immediately after marketing/sales meeting.
Cannot provide meals to potential enrollees at sales presentation.	May provide refreshments and light snacks to potential enrollees at sales presentations
Cannot conduct marketing or sales activities at an educational event (this includes discussing plan benefits).	May schedule appointments with beneficiaries who live in long-term care facilities only upon request .
Cannot market non-health related products (such as annuities and life insurance) to potential enrollees during MA or PDP sales activities or presentations.	May leave cards behind for clients to give to their friend or family. The referred person has to initiate the contact with the agent/broker.
Cannot offer gifts to potential enrollees worth more than \$15. If a gift is offered, it must be made available to all potential enrollees even if they do not enroll in a plan.	May make sales presentations to beneficiaries without documenting a scope of appointment with each individual, since such documentation is only required for personal/individual sales events. Sign-in sheets are optional at sales presentations to groups.

PROHIBITED AGENT/BROKER BEHAVIOR	APPROPRIATE AGENT/BROKER BEHAVIOR
Don't state from Medicare or use Medicare in a misleading manner. I.e., don't state they are endorsed by Medicare, are calling on behalf of Medicare, or that Medicare asked them to call or see the beneficiary.	May call someone with Medicare who has expressly given permission. The permission applies only to the plan or agent/broker the person requested contact from, for the duration of that transaction, and for the scope of products.
Don't solicit potential enrollees door-to-door .	May call own clients to discuss new plan options.
Don't send unwanted emails, text messages or leave voicemails.	May call or visit someone with Medicare who attended a sales event if the person gave permission.
Don't approach people with Medicare in common areas (parking lots, hallways, lobbies, sidewalks).	May initiate a phone call to confirm an appointment. The scope of the appointment may be changed with appropriate documentation.
Don't conduct sales activities in healthcare settings except in common areas. Improper areas include waiting, exam and hospital patient rooms, dialysis centers and pharmacy counter areas.	May conduct sales activities in common areas of healthcare settings. Appropriate common areas include hospital or nursing home cafeterias, community or recreational rooms, and conference rooms.
Don't make unwanted calls, including contacting people with Medicare under the guise of selling a non-Medicare Advantage (MA) or non-Prescription Drug Plan (PDP) product and allow the conversation to turn to MA or PDP. I.e., an agent/broker can't begin by selling a supplement and then offer an MA or PDP.	Must secure a signed "scope of appointment" prior to the appointment. I.e., provided that the person has completed the scope of appointment form following a marketing or sales event, the future appointment may take place immediately after marketing or sales meeting.
Don't provide meals to potential enrollees at sales presentation.	May provide refreshments and light snacks to potential enrollees at sales presentations.
Don't conduct marketing or sales activities at an educational event (such as discuss plan benefits).	May schedule appointments with people who live in long term care facilities only upon request.
Don't market non-health related products (such as annuities and life insurance) to potential enrollees during MA or PDP sales activities or presentations.	May leave cards behind for clients to give to their friend or family. The "referred" person has to contact the agent/broker directly.
Don't offer gifts to potential enrollees of more than \$15. If offered, it must be made available to all even if they do not enroll.	May make sales presentations to groups of people without documenting scope of appointment with each individual since such documentation is only required for personal/individual sales events.





Product Filing Division

Presented by Chrystal Bartuska,
Product Filing Division Director
North Dakota Insurance Department

Agenda

- ▶ Rate and form filing stats
- ▶ Market Analysis
- ▶ Legislative Updates
 - Property and Casualty
 - Life and Health
- ▶ Extra topics



Filing stats

- ▶ Filings received by NDID:
 - Jan. 1, 2015 to Aug. 31, 2015: 4,684 total
 - 2014 filings: 6,217 total
 - 2013 filings: 6,318 total



Market Analysis

- ▶ Overall changes
- ▶ Website location
 - Communications
 - Studies and Reports



Legislative update

- ▶ Property and Casualty
 - **HB 1073:** Legislative management study of required motor vehicle insurance.
 - **HB 1206:** Special mobile equipment.
 - **HB 1311:** Electronic delivery of P/C insurance notices and documents
 - **SB 2312:** Unconventional vehicles
 - **SB 2105:** Insurance Valuation



Legislative update

- ▶ Life and Health
 - **HB 1035:** Legislative management study of the state's health care delivery.
 - **HB 1378:** Legislative management Management study of the federal Affordable Care Act and the state's benchmark plan and state-based essential health benefits for the 2017 plan year and beyond.

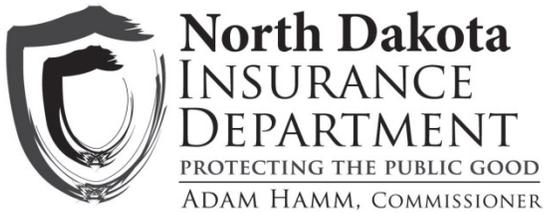


Extra Topics

- ▶ Certificate of Insurance
- ▶ Weather Products
- ▶ Health
 - Small group definition changes
 - Lost a health carrier in ND
 - On/Off Marketplace products



Thank you for your time.



North Dakota Insurance Department
2015 Agent Forums
PARTICIPANT SURVEY

1. Do you feel the information presented:

Was valuable to your profession?

Yes No

Was communicated clearly?

Yes No

Was presented in a manner that was interesting?

Yes No

Other comments or explanation

2. What did you like best about the Agent Forum? (may choose more than one)

Location

Speakers

Topics

Price

CE Credits

Other

Other comments or explanation

3. What did you like least about the Agent Forum?

Location

Speakers

Topics

Price

CE Credits

Other

Other comments or explanation

4. Are there any specific topics you would like covered in the future? If so, which?

5. Please share any other general comments to improve Agent Forums.



CONTINUING EDUCATION COURSE COMPLETION CERTIFICATE
NORTH DAKOTA INSURANCE DEPARTMENT
 SFN 10923 (4-2006)

Agent Copy

NOTICE TO PROVIDERS: Furnish a copy to each agent.

NOTICE TO INSURANCE PRODUCERS: Keep this certificate for your records, do not send it to the Insurance Department unless requested.

Insurance Producer Name (Last, First, MI)			National Producer Number	
Insurance Producer Residence Address	City	State	Zip Code	Telephone Number

Course Title 2015 Insurance Department			
North Dakota Course Number 8587	Ethics Credits 1	Total Credits (including ethics) 3	Completion Date
Course Location See below			
Course Provider North Dakota Insurance Department		Provider Number 195	

Signature of Authorized Training Representative X <i>Heber W. Johnson</i>	Date 9/28/15
Signature of Insurance Producer X	Date

Other Information

Your name and National Producer Number (NPN) must be filled in on the form above.

Please check the Agent Forum attended.

- | | |
|---|--|
| <input type="checkbox"/> Sept. 28 - Jamestown | <input type="checkbox"/> Sept. 30 - Bismarck |
| <input type="checkbox"/> Sept. 28 - Grand Forks | <input type="checkbox"/> Oct. 1 - Minot |
| <input type="checkbox"/> Sept. 29 - Fargo | |



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