



North Dakota Insurance Department

Jon Godfread, Commissioner

BULLETIN 2018-2

TO: Insurance Carriers and Producers Offering Short-Term, Limited Duration Insurance Policies in North Dakota

FROM: Jon Godfread, Commissioner

DATE: September 19, 2018

SUBJECT: Rules and regulations for offering short-term, limited duration insurance policies in North Dakota

The Insurance Department issues this Bulletin to notify all insurance companies and producers offering short-term limited duration insurance policies of rules and regulations for issuing these policies in North Dakota.

On August 3, 2018, the U.S. Department of the Treasury, the U.S. Department of Labor, and the U.S. Department of Health and Human Services issued a final rule amending the definition of short-term, limited-duration insurance for purposes of its exclusion from the definition of individual health insurance coverage.¹ This Bulletin addresses the effect and interaction between the new federal rule and North Dakota law.

Insurance companies interested in issuing these plans are reminded that short-term, limited duration policies must abide by North Dakota law and are subject to regulation by the Insurance Department. The Insurance Department will require any short-term, limited duration policies to be in compliance with N.D.C.C. § 26.1-36.4-02. One renewal may be provided to the original policy term, for a total coverage period not to exceed 12 months. No underwriting will be allowed at the time the policy is renewed.

Product Filing:

The Insurance Department will require that all short-term, limited duration products being offered for sale in North Dakota be filed pursuant to chapter 26.1-30. In order to ensure compliance with recent law changes and this Bulletin, the Insurance Department will also require all previously approved short-term, limited duration policies to be re-filed and re-approved with the Insurance Department prior to being offered for sale. In order for previously approved policies to be in compliance with the federal law and the criteria outlined in this Bulletin, companies will need to have **REDLINED VERSIONS re-filed with the Insurance Department via SERFF by October 8, 2018.**

¹ Short-Term, Limited-Duration Insurance, 83 Fed. Reg. 38212 (August 3, 2018).

Policy Requirements:

- Loss Ratio standards - for all new policies filed on or after the date of this Bulletin the Insurance Department will require a 55% loss ratio.

Required Disclosure:

The following disclosure is required to be on the front cover page of the policy, the certificate of coverage, and the application in large print.

THIS IS NOT A COMPREHENSIVE MAJOR MEDICAL INSURANCE POLICY.

THIS COVERAGE IS NOT REQUIRED TO COMPLY WITH CERTAIN FEDERAL MARKET REQUIREMENTS FOR HEALTH INSURANCE, PRINCIPALLY THOSE CONTAINED IN THE PATIENT PROTECTION AND AFFORDABLE CARE ACT. PLEASE CAREFULLY REVIEW THE TERMS OF YOUR POLICY TO MAKE SURE YOU ARE AWARE OF ANY EXCLUSIONS OR LIMITATIONS REGARDING COVERAGE OF PRE-EXISTING CONDITIONS OR HEALTH BENEFITS (SUCH AS HOPITALIZATION, EMERGENCY SERVICES, MATERNITY CARE, PREVENTATIVE CARE, PRESCRIPTION DRUGS, HABILITATIVE AND REHABILITATIVE CARE, AND MENTAL HEALTH AND SUBSTANCE USE DISORDER SERVICES). YOUR POLICY MIGHT ALSO HAVE LIFETIME AND/OR ANNUAL DOLLAR LIMITS ON HEALTH BENEFITS. IF THIS COVERAGE EXPIRES OR YOU LOSE ELIGIBILITY FOR THIS COVERAGE, YOU MAY HAVE TO WAIT UNTIL AN OPEN ENROLLMENT PERIOD TO OBTAIN OTHER HEALTH INSURANCE COVERAGE.

Application Requirements:

The following questions are required to be included on the STLD applications and all questions must be answered by the applicant prior to issuance:

1. Do you have comprehensive major medical coverage in-force as of the date of this application?
2. Are you aware that this insurance coverage is NOT a comprehensive major medical policy?
3. Why are you purchasing a short-term, limited duration plan?
 - I am not eligible for ACA marketplace tax subsidies.
 - I cannot afford an ACA marketplace plan.
 - I do not use a lot of healthcare, therefore, I don't feel I need a comprehensive major medical plan.
 - Other _____

4. I understand that this policy may not have network doctors and therefore may result in a bill to me for additional charges not covered by a doctor that is out-of-network with this plan. (Applicant must initial this statement).

Marketing Requirements:

Pursuant to N.D.C.C. § 26.1-02-03, all marketing materials related to the offering of short-term, limited duration plans will be required to be filed with and approved by the Insurance Department prior to use. This requirement includes any marketing materials currently being used to be filed with and approved by the Insurance Department via SERFF by October 8, 2018. Any new or future marketing materials used in conjunction with the offering of short-term, limited duration plans are required to be filed with and approved by the Insurance Department for approval going forward from the date of this Bulletin. If there are changes to the marketing materials after they are filed with and approved by the Insurance Department, the insurance company is required under NDCC 26.1-02-03 to file any changes in a redlined version via SERFF within twenty days.

As of the date of this Bulletin, the only sales option available for short-term, limited duration plans is through an appointed producer with a producer's signature and identification number on the application. Direct sales marketing will not be allowed.

If you have any questions regarding this Bulletin, please contact Insurance Commissioner Jon Godfread, Deputy Insurance Commissioner/General Counsel Jeff Ubben, or Product Filing Division Director Chrystal Bartuska at (701) 328-2440.