



2017 Agent Forums

North Dakota Insurance Department

Oct. 2-6, 2017

Agenda

- ▶ **Welcome and Overview**
Jon Godfread
Commissioner
- ▶ **Producer Licensing Division**
Kelvin Zimmer
Producer Licensing Division Director
- ▶ **Ethics for Insurance Producers**
Jeff Ubben
Deputy Commissioner/General Counsel
- ▶ **Consumer Assistance Division**
David R. Zimmerman
Consumer Assistance Division Director
- ▶ **Product Filing Division**
Chrystal Bartuska
Product Filing Division Director
- ▶ **Questions and Wrap Up**



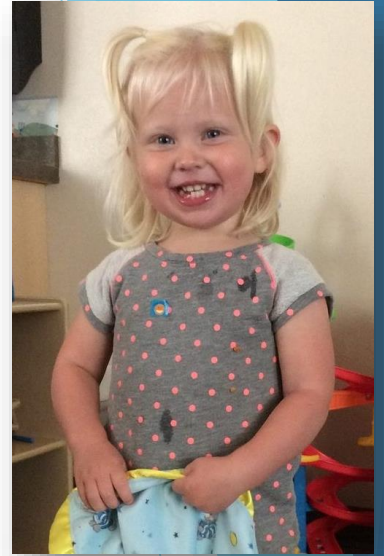
Welcome and Overview

Jon Godfread

Commissioner

North Dakota Insurance Department

About Me



Changes Being Made in the Insurance Department

- ▶ More responsive
- ▶ More engaging
- ▶ More collaborative
- ▶ Involvement in the NAIC

New Insurance Department Facebook Page



Your go-to source for all things insurance!

Biannual Agent Newsletter



Spring Newsletter

www.nd.gov/ndins

June | 2017

Greetings from the Commissioner By Jon Godfread

I'd like to take this opportunity to introduce myself as your new Insurance Commissioner, share with you the direction the Department is moving in and thank you for the great work you do.

Throughout the past five months, I have been focused on shifting our mentality as an agency to being more service-driven in everything we do. We are here to serve North Dakota consumers and producers. Two areas in which we've jumped at the opportunity to further develop the level of customer service we provide include:

- New Facebook page (www.facebook.com/NDInsuranceDepartment) - your #1 accessible, transparent and service-focused resource for everything insurance in North Dakota.
- Crackdown on insurance fraud - the Department is continuing to expand our fraud prosecution program in order to combat a rise in cases across North Dakota. As agents, you are on the front lines and can provide valuable insight. If something doesn't feel right or you



Jon Godfread was sworn in as Insurance Commissioner on January 3.

IN THIS issue

- 1 Greetings from the Commissioner
- 2 Staff Introductions
- 4 2017 Legislative Session Highlights
- 6 Health Care Reform Update
- 7 Brady Retires After 27 Years with NDI
- 8 For Your Information
- 15 Important Dates Coming Up

North Dakota Insurance Department
 600 East Boulevard Ave.
 Bismarck, ND 58505-0320
www.nd.gov/ndins
 800.247.0560

suspect fraud, it is your duty to report this information to the Department and help us combat this growing issue.

As we strive to become more service-driven, I also want to encourage you to reach out to the Department with any questions or concerns you might have. I cannot promise that we will solve every problem but we cannot address issues if we don't know they exist. Just as we are here to serve and protect the consumers of our state, we are also here to work with you, our agents and producers, and to provide you with the tools you need to help serve your consumers. Essentially, our goals are the same in that sense – we wish to provide a great experience to every North Dakota consumer. Together we can make that happen!

Finally, as I mentioned above, I want to thank you for the service you provide to consumers. Insurance is a complex business and North Dakotans rely on you for guidance. You should be proud to be an essential part of an industry that provides peace of mind to its customers. You play a central role in making that happen and I appreciate you for investing your time and energy into the business of insurance. I look forward to working with all of you in the future!

What Will Remain the Same?

The North Dakota Insurance Department Mission:

“It is the mission of the North Dakota Insurance Department to protect the public good by fairly and effectively administering the laws of North Dakota. We are committed to vigorous consumer protection efforts while fostering a strong, competitive marketplace that provides consumers with choices and access to high-quality insurance products and services at competitive prices. In pursuit of our mission, we will treat all of our constituencies with the highest ethical standards and respect they deserve.”

We all have the same goal, a great consumer experience for North Dakota consumers.

What's Going on in D.C.?

- ▶ Health insurance
- ▶ Flood insurance



Producer Licensing Division

Kelvin Zimmer

Producer Licensing Division Director
North Dakota Insurance Department

Producer Licensing Division

- ▶ Two producer licensing specialists
 - Application review and approval
 - Renewal review and approval
 - Producer and agency assistance
 - Continuing education course review and approval
 - Maintaining systems
- ▶ Collaboration with other divisions

Numbers

Individual:

- ▶ Resident producers - 5,823/5,874/5,935
- ▶ Non-resident - 58,463/60,778/63,399
- ▶ Surplus lines resident - 50/51/47
- ▶ Surplus lines non-resident - 1,184/1,259/1,284

Total: 65,600/67,962/70,665

Business Entity:

- ▶ Resident producers - 872/912/924
- ▶ Non-resident - 5,014/5,195/5,431
- ▶ Surplus lines resident - 15/14/11
- ▶ Surplus lines non-resident - 473/490/515

Total: 6,738/6,611/6,881

Grand Total: 72,338/74,573/77,546

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

- ▶ Requires fingerprints for all first time applicants applying for a North Dakota resident producer license
- ▶ Effective Sept. 1, 2013
- ▶ 2,311 fingerprints taken
 - 2016 - 1,761
 - 2015 - 1,181
 - 2014 - 663

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 U.S. 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 on the [NIPR](#) website.

Reporting Requirements cont.

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 on the [NIPR](#) website.

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
- ▶ No more yellow post cards - email notification

*There is **NO** grace period.*

SBS External Tools

- ▶ License Manager
- ▶ Lookup
- ▶ www.statebasedsystems.com

Update Name / Address / Email

www.nd.gov/ndins/producers/resident/update



North Dakota nd.gov Official Portal for North Dakota State Government

North Dakota INSURANCE DEPARTMENT
 PROTECTING THE PUBLIC GOOD
 JON GODFREAD, COMMISSIONER

Jon Godfreed, Commissioner
 Welcome | Bio

Communications Prescription Connection SHIC Health Care Reform Enforcement Compliance Forms Special Funds

CONSUMERS PRODUCERS/AGENTS COMPANIES Google Custom Search

Producers/Agents

Home > Producers/Agents > Resident Producer > Update Name/Address/Email

Update Name/Address/Email

Resident Producer

- Add Line of Authority
- Apply for a License
- Print License
- Renew License
- Letter of Clearance
- Update Name/Address/Email
- Reporting of Actions
- Voluntarily Cancel License
- FAQ
- Nonresident Producer
- Business Entity
- Continuing Education
- Other Licenses
- Miscellaneous

Address changes

Process updated January 21, 2015

Address changes must be submitted in writing within 30 days of changing a residence, business or mailing address. The residence or business address must be a physical street address. A post office box may be used for a mailing address only.

There is no fee for submitting an address change electronically or on paper.

Please submit address changes for individuals electronically through [NIPR](#). You need to provide your actual resident and business addresses and complete the mailing address. Resident addresses are not provided to the public; however, business and mailing addresses are available to the public. All mail from the Department will be sent to the mailing address on record.

For business entities and anyone unable to submit an electronic address change, use the link below to complete an address change notice on paper.

When the license is first issued and after every renewal, you can print your license online one time free of charge. [View information on printing license cards online](#). If you have used your one free print, you can sign up for [SBS Online License Services](#), which allows you to print an unlimited number of licenses for \$5.95 per license per year.

Contact the Department for information on moving from resident to non-resident, or non-resident to resident.

ndcensing@nd.gov

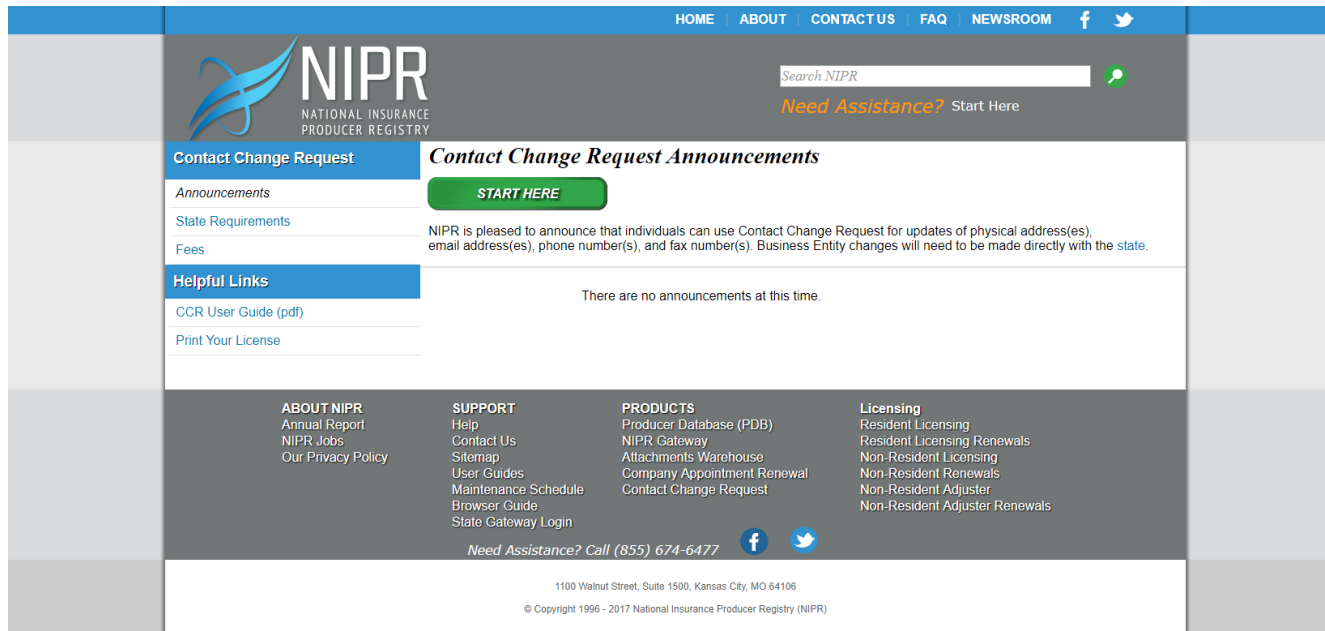
State Capitol, fifth floor
 Dept. 401
 600 E. Boulevard Ave.
 Bismarck, ND 58505-0320

701.328.2440
 701.328.4880 fax
 800.247.0560 toll free
 800.366.6888 TTY line

Quick links

- Forms
- Print License
- Reporting of Actions
- Surplus lines
- Apply for a License
- Renew License
- Resident Producer
- Print License
- Renew License
- Nonresident Producer

Update Name/Address/Email cont.



The screenshot shows the NIPR (National Insurance Producer Registry) website. At the top, there is a navigation bar with links for HOME, ABOUT, CONTACT US, FAQ, and NEWSROOM, along with social media icons for Facebook and Twitter. The main header features the NIPR logo and a search bar. Below the header, the page is divided into a left sidebar and a main content area. The sidebar contains a 'Contact Change Request' menu with sub-links for Announcements, State Requirements, Fees, and Helpful Links. The main content area is titled 'Contact Change Request Announcements' and features a prominent green 'START HERE' button. Below the button, there is a text announcement stating that individuals can use the Contact Change Request for updates of physical address(es), email address(es), phone number(s), and fax number(s). It also notes that Business Entity changes will need to be made directly with the state. A message below the announcement states 'There are no announcements at this time.' The footer contains four columns of links: ABOUT NIPR (Annual Report, NIPR Jobs, Our Privacy Policy), SUPPORT (Help, Contact Us, Sitemap, User Guides, Maintenance Schedule, Browser Guide, State Gateway Login), PRODUCTS (Producer Database (PDB), NIPR Gateway, Attachments Warehouse, Company Appointment Renewal, Contact Change Request), and Licensing (Resident Licensing, Resident Licensing Renewals, Non-Resident Licensing, Non-Resident Renewals, Non-Resident Adjuster, Non-Resident Adjuster Renewals). The footer also includes the address '1100 Walnut Street, Suite 1500, Kansas City, MO 64106', the phone number '(855) 674-6477', and copyright information for 1996-2017.

www.nd.gov/ndins/producers



**North Dakota
INSURANCE
DEPARTMENT**
PROTECTING THE PUBLIC GOOD
JON GODFREAD, COMMISSIONER

Jon Godfread, Commissioner
Welcome | Bio




- Communications
- Prescription Connection
- SHIC
- Health Care Reform
- Enforcement
- Compliance
- Forms
- Special Funds

- CONSUMERS**
 - PRODUCERS/AGENTS**
 - COMPANIES**
- Google Custom Sea

- Producers/Agents**
- Resident Producer
 - Nonresident Producer
 - Business Entity
 - Continuing Education
 - Other Licenses
 - Miscellaneous

Producers/Agents

Home > Producers/Agents

*****ATTENTION RESIDENT PRODUCERS*****

Beginning August 2017, the North Dakota Insurance Department will no longer issue the yellow postcard as a renewal reminder. Moving forward, you will receive your renewal reminder via email. Please make sure your correct email address(es) is listed in your producer record. To update your email address(es), visit www.nidpr.com and click on "Change Address Phone Email." You will then be connected to the "Contact Change Request" section. If you have questions, please contact the NDID Producer Licensing Division at (701) 328-2440 or email us at ndicensim@nd.gov

NOTE: To ensure receipt of important licensing notices / updates, you must maintain your email address. Use NIDPR's Contact Change Request (CCR) to maintain all address and contact information including your email addresses.

- Quick links**
- Forms
 - Print License
 - Reporting of Actions
 - Surplus lines
 - Apply for a License
 - Renew License
 - Resident Producer
 - Print License
 - Renew License
 - Nonresident Producer

- [Search for an Agent, Agency or Company](#)
[Print License](#)
[Print/View Education Transcript](#)
[North Dakota Century Code](#)
[North Dakota Administrative Rules](#)

- Resident**
- [Add line of authority](#)
 - [Apply for a license](#)
 - [Print license](#)
 - [Renew license](#)
 - [Letter of clearance](#)
 - [Update name/address/email](#)
 - [Voluntarily cancel license](#)
 - [Reporting of Actions](#)
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 - [Renew license](#)
 - [Letter of Clearance](#)
 - [Update name/address/email](#)
 - [Voluntarily cancel license](#)
 - [Reporting of Actions](#)
 - [FAQ](#)

- Business entity**
- [Add/remove Designated Responsible Licensed Producer](#)
- Continuing ed**
- [Producer resident requirements](#)
 - [Annuity suitability training](#)

Mobile Access





Ethics for Insurance Producers

Jeff Ubben

Deputy Commissioner/General Counsel

North Dakota Insurance Department

Legislative Update

HB 1112 - Department agent licensing bill:

▶ Bill does four things:

1. Adds definitions of “breach of trust” and “dishonesty” to clarify what crimes are felonies involving dishonesty or breach of trust.
2. Clarifies the Commissioner’s authority to deny, revoke or refuse to renew an insurance producer license where an applicant or licensee has been convicted of one of these felonies.

Legislative Update cont.

HB 1112, cont.:

3. Clarifies that the Commissioner has the authority to deny a license if an applicant is not competent, trustworthy, financially responsible and of good personal and business reputation.
4. Clarifies that these rules outlined above apply to both applications for an insurance producer license and an application to renew an existing insurance producer license (requirements for licensing).

Legislative Update cont.

HB 1112, cont.:

- ▶ Legislation allows the Commissioner to protect consumers from unqualified producers attempting to sell them insurance.
- ▶ Also benefits the insurance producer by preventing unqualified individuals from competing with and working among qualified producers.
- ▶ *Status: Passed (91-0) in the House on Jan. 12. Passed in Senate (45-0) on Feb. 21. Signed by Governor on March 2. Emergency clause carried, so it was effective March 2.*

Legislative Update cont.

SB 2105 - Exempting insurance producers' home address from the open records law:

- ▶ We received requests for contact information for insurance producers from outside parties and we are required by open records law to provide it.
- ▶ The Insurance Department believes an individual has an increased expectation of privacy in their home and in their home address.
- ▶ ***Status: Passed (45-1) in the Senate on Jan. 12. Passed in House (89-0) on March 3. Signed by Governor on April 3, became law Aug. 1.***

Legislative Update cont.

SB 2231 - Air ambulance regulation:

- ▶ Protects consumers from massive, unexpected balance bills by regulating the business of insurance
- ▶ Balance billing issues
- ▶ *Status: Signed by Governor on April 10.*

Legislative Update cont.

SB 2140 - Allows an insurance producer to give certain gifts up to \$100 per person per year (previous limit was \$50 per person per year):

- ▶ *Status: Signed by Governor on March 9, became law on Aug. 1.*

SB 2317 - Would have allowed a producer to charge both a commission and a fee on a transaction so long as the fee was disclosed to the consumer and the consumer consented to the fee in writing:

- ▶ *Status: Failed (13-32) in the Senate on Feb. 17.*

Common Question

Question:

When I'm acting as an insurance producer, may I collect both a commission from the insurance company and a fee from the person I sell to?

Answer:

No. You can only represent one party in a transaction. Collecting fees from both parties to a transaction goes against this concept as it creates conflicting financial incentives for the agent and detracts from the complete loyalty owed to the party being represented by the producer.

N.D.A.G. Op. 99-F-03

Professional Ethics

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

Non-compliance Penalties

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

Advertising and Mailing Rules

Where to find advertising and mailing rules:

- ▶ Life Insurance - N.D.A.C. 45-04-10
- ▶ Accident and Health Insurance - N.D.A.C. 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 the product to ensure compliance with laws and regulations.
- ▶ Insurers are required to maintain a file of every printed, published or prepared advertisement of its policies.

Common Violations

Common violations include:

- ▶ Failing to include the name of the insurer and the name of the producer or broker.
N.D.A.C. 45-04-10-04 (1)
- ▶ Using misleading wording. Example - using wording which gives the impression that a government entity endorses, is supported by or is connected with the product.
N.D.A.C. 45-04-10-04 (2), 45-04-10-05 (3), N.D.C.C. 26.1-04-03
- ▶ Failing to include the words “life insurance” on advertisements for life products.
N.D.A.C. 45-04-10-03 (5)

Common Violations cont.

- ▶ Improperly using the phrases “non-medical”, “no medical exam required” or similar language when in fact some sort of exam or test is required.
N.D.A.C. 45-04-10-03 (3)
- ▶ Failing to include any reductions, exclusions or limitations on benefit amounts in the ad.
N.D.A.C. 45-04-10-03 (7)
- ▶ Putting important or required information in small font or presenting it in an ambiguous fashion so as to be confusing or misleading.
N.D.A.C. 45-04-10-03 (1), N.D.C.C. 26.1-04-03

Common Violations cont.

Keep in mind: In addition to the advertising rules found in the administrative code, advertisements may not violate other North Dakota laws and regulations, for example:

- ▶ The unfair and deceptive acts or practices prohibited laws
N.D.C.C. § 26.1-04-03
- ▶ Our rebating laws
N.D.C.C. §§ 26.1-04-03 (8), 26.1-04-06 and 26.1-25-16

The unfair and deceptive acts or practices laws and rebating laws apply to all lines of insurance.

Common Violations cont.

What does the unfair and deceptive acts or practices law say in regard to advertising practices?

Generally, that a person engaged in the business of insurance may not issue, circulate or otherwise distribute an advertisement containing false or misleading information.

Rebating Case Study #1

Tom has a newer insurance agency and is looking to expand his business. Tom decides to run an advertisement promoting a \$25 gift card to Applebee's restaurant if you obtain an auto insurance quote from him. Tom includes in his ad that “no purchase is necessary” in order to receive the gift card.

Rebating Case Study #1 cont.

Did Tom put his producer license at risk?

- A. No, because the value of the gift card is under the \$100 limit allowed by law.
- B. No, because there is no inducement to purchase insurance from Tom by the giving of the gift card.
- C. Yes, because this practice cannot be actuarially justified.
- D. Yes, this is illegal under the rebating law because obtaining the gift card is contingent upon obtaining a quote for insurance.

Rebating Discussion

If the cost does not exceed an aggregate retail value of \$100 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

However, there are important exceptions to this general rule!

Rebating Discussion cont.

- ▶ What can be given within the \$100 limit?
- ▶ What can't be given within the \$100 limit?
- ▶ Conditions on the gift
- ▶ “Person”
- ▶ Stacking
- ▶ What if I make the gift available to everyone?
- ▶ Charitable donations

Rebating Case Study #2

For every new property quote obtained during Oct. 2017, Insurance Agency B offers to make a \$40 donation to support the purchase of a fire truck for the local fire station. The fire truck fund is a 501(c)(3) non-profit organization.

Rebating Case Study #2 cont.

Is this offer considered rebating?

- A. No, because an insurance producer may make a donation to a 501 (c)(3) nonprofit organization in any amount.
- B. No, because the donation is under the \$100 limit allowed by state law.
- C. Yes, because the donation is contingent upon obtaining a quote for insurance.
- D. Yes, because this practice is not actuarially justified.

Any questions on rebating?

Case Study #3

Ernest is a new agent in a small town, family run agency. Ernest sees that many clients pay their premium to the agency in cash or check, which is deposited into the agency's bank account.

Ernest's paychecks sometimes bounce and several customers have come in lately complaining that they are getting notices of cancellation for nonpayment of premium.

He also overheard the owner of the agency on the phone with several insurance company employees who sound like they're complaining that payments out of the sweep account have also bounced.

Case Study #3 cont.

What should Ernest do?

- A. Find a job at the Insurance Department so his paychecks don't bounce.
- B. Report the situation to the Insurance Department.
- C. Say nothing to anyone and hope this is just a temporary rough patch for the agency.
- D. Tell clients they should find another agency.

Case Study #3 cont.

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 Insurance 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.

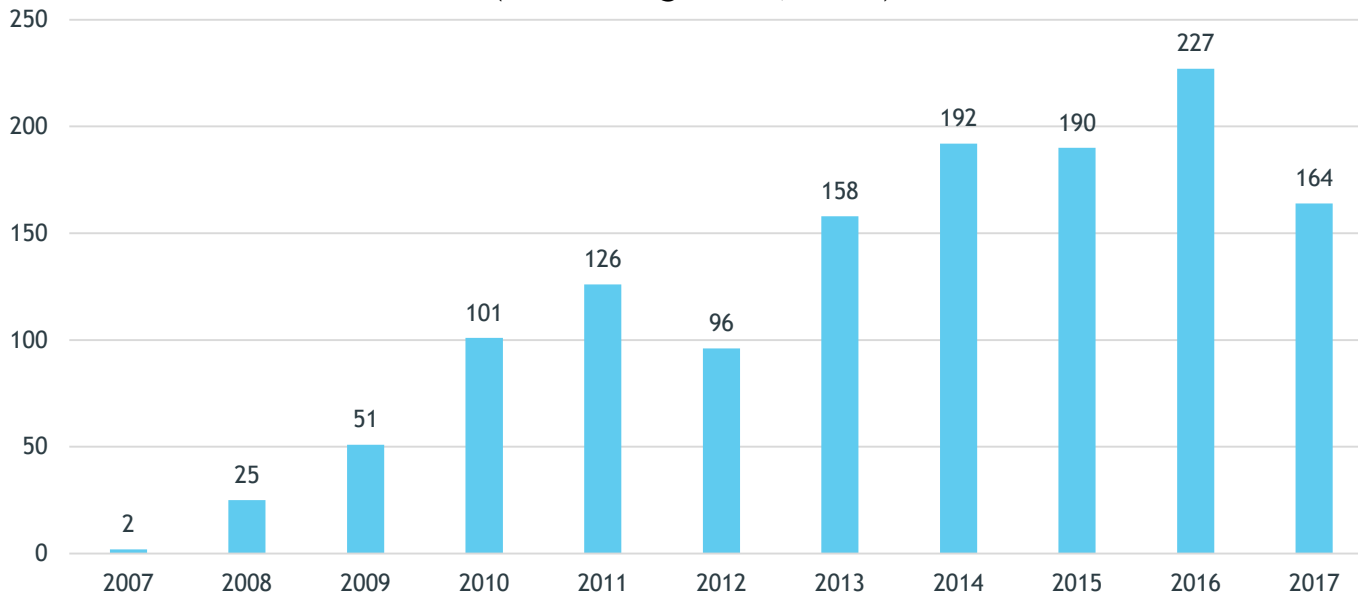
N.D.C.C. § 26.1-02-27

New Administrative Rule

- ▶ A new clarification to the fraud reporting administrative rule became effective April 1, 2017.
- ▶ What does the rule mean when it references “reasonable belief?”
- ▶ Is it “more likely than not” that an act of insurance fraud occurred?
- ▶ If so, you have 60 days to report it to the Insurance Department.

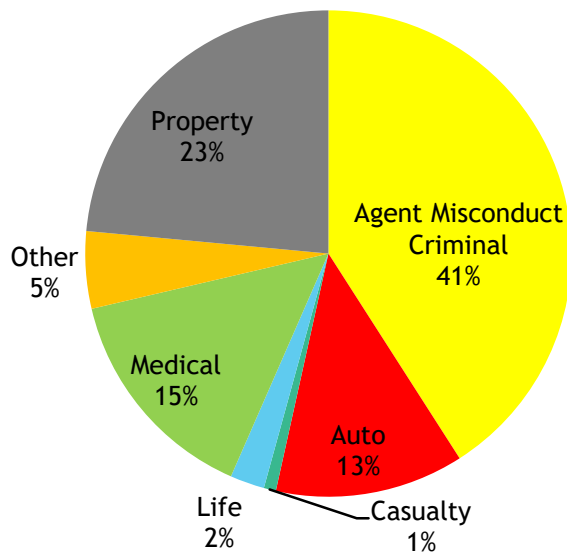
North Dakota Fraud Statistics

Fraud Unit Investigations
By Date Reported
(2007 - August 31, 2017)



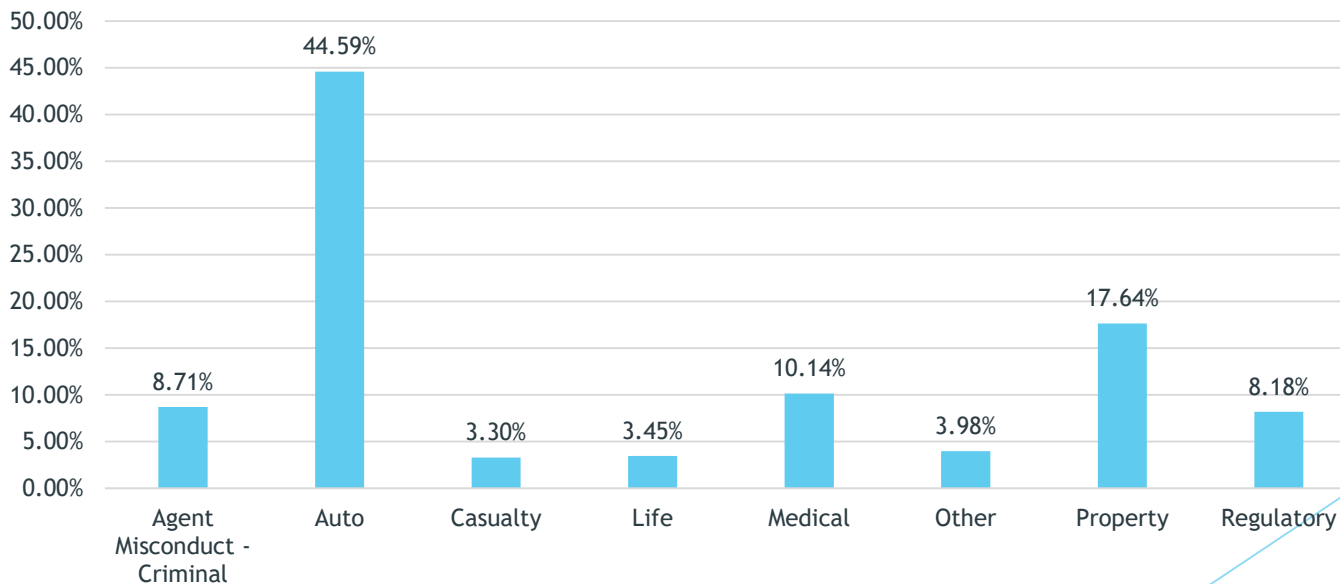
North Dakota Fraud Statistics cont.

**Actual Loss Amounts
By Case Type
(2007 - August 31, 2017)**



North Dakota Fraud Statistics cont.

Fraud Unit Investigations
By Case Type
(2007 - August 31, 2017)



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.

New Insurance Fraud Prosecution Program

- ▶ Insurance Department attorneys partner with county state's attorneys to prosecute cases the Department investigates
- ▶ Currently the program is operating in Burleigh, Morton, Ward, Cass and Stark counties
- ▶ Hope to continue to expand the program in the future
- ▶ We have prosecuted seven cases so far and have been awarded \$5,000 in restitution payments

What You Need to Know About the Fraud Unit

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

Case Study #4

Chrystal is a producer who is helping Kelvin, a long-time, large commercial client, to find coverage at renewal. She is going to request quotes from several insurers.

Kelvin states that he's sure she wants to help him secure the best premium possible and asks her to "downplay" the amount of prior losses he's had when she's giving information for the quotes.

Case Study #4 cont.

This client represents a large part of the agency's business. So large, in fact, that if Kelvin takes his business elsewhere, the agency would have to lay off at least one employee.

If they lose Kelvin's business, other commercial accounts would find out about it and could also leave because they might perceive the agency as incompetent.

Feeling a great deal of pressure, Chrystal provides information to several prospective insurers that doesn't mention several claims that Kelvin's business had over the past few years.

Case Study #4 cont.

Did Chrystal do anything wrong?

- A. No, it is her client who wasn't truthful.
- B. No, the insurer should look out for itself by doing follow up with Kelvin.
- C. Yes, she should have been honest about the client's loss history.
- D. Yes, but it's not really big enough to affect her license.

Case Study #4 cont.

Chrystal has violated the duty of a producer to be honest and trustworthy. A producer's license may be revoked or suspended if the producer has used fraudulent, coercive or dishonest practices, or has shown oneself to be incompetent, untrustworthy or financially irresponsible.
N.D.C.C. § 26.1-26-42(6)

She has also committed insurance fraud, and could be subject to criminal prosecution.

And, don't forget...a person engaged in the business of insurance having knowledge or a reasonable belief that a fraudulent insurance act is being, will be, or has been committed must report it to the Insurance Department.
N.D.C.C. § 26.1-02.1-06

Case Study #5

Question:

May an insurance producer or consultant solicit or accept a loan from a client?

Answer:

No, unless it has been 10 years since the producer negotiated, solicited or sold insurance to that individual.
N.D. A.C. § 45-02-02-14.1

Case Study #5 cont.

This rule does not prohibit accepting loans from:

- ▶ Financial institutions
- ▶ Immediate family members (a spouse, parents, siblings and children)
- ▶ Other loans upon the prior written approval of the Insurance Commissioner

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 R. Zimmerman
Consumer Assistance Division Director
North Dakota Insurance Department

Consumer Assistance Division

- ▶ The Consumer Assistance Division (CAD) supports the Insurance Department 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 property and casualty, life and health, Medicare (SHIC), and Prescription Connection

Organizational Structure

Consumer Assistance Division

• Property and Casualty	• Complaint Investigator - Kathy
• Life and Health	• Complaint Investigator - Cydra
• Hotline	• Investigator - Angela
• State Health Insurance Counseling (SHIC) <ul style="list-style-type: none"> ○ Prescription Connection (PC) 	• Investigators - Holly & Heidi

We've Moved



- ▶ 1640 Burnt Boat Drive in Bismarck
- ▶ Convenient access - drive up to door
- ▶ No steps

CONSUMER ASSISTANCE CENTER

1604 Burnt Boat Drive
Bismarck, ND 58503
(701) 328-2440

The map illustrates the location of the Consumer Assistance Center. It shows Burnt Boat Drive running horizontally. A yellow star icon marks the center's location on Burnt Boat Drive. To the left of the center is a Cracker Barrel restaurant. A road labeled E Divide Ave. branches off from Burnt Boat Drive and runs south. N 4th St. runs north-south, intersecting E Divide Ave. and continuing north. A north arrow is located in the upper right corner of the map area.



CAD Process of Investigation

We evaluate for the alignment of three 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

Consumer Assistance Division Case Types

There are three 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 producer to officially respond

All Cases - 2016

- ▶ Consumer Assistance Cases = 6,152
- ▶ Elevated to Inquiry = 3,432
- ▶ Elevated to Complaint = 129
 - **Company Complaints = 117**
 - **Producer Complaints = 12**

2016 Company Complaints

Type	Closed	Relief
Auto	31	\$34,281.83
Fire, allied/CMP	7	\$1,816,136.80
Homeowners	36	\$136,630.65
Life/annuity	4	\$252,705.48
Accident/health	19	\$93,963.13
Liability	7	\$71,323.33
Miscellaneous	13	\$87,651.64
TOTAL	117	\$2,492,692.86

Company Complaint Trends

Year	Closed	Relief
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
2015	118	\$815,135.27
2016	117	\$2,492,692.86
TOTAL	1,811	\$10,569,238.81

2016 Producer Complaints

Type	Closed	Relief
Auto	4	\$0.00
Fire, Allied/CMP	0	\$0.00
Homeowners	2	\$2,400
Life/annuity	0	\$0.00
Accident/health	4	\$1,499.81
Liability	0	\$0.00
Miscellaneous	2	\$662,422.65
TOTAL	12	\$666,322.46

Producer Complaint Trends

Year	Closed	Relief
2007	32	\$32,647.98
2008	34	\$44,778.30
2009	28	\$34,294.31
2010	24	\$0.00
2011	17	\$104,783.00
2012	25	\$224,381.98
2013	26	\$7,282.91
2014	31	\$31,042.40
2015	32	\$77,402.29
2016	12	\$666,322.46
TOTAL	261	\$1,222,935.63

Consumer Assistance Division Activity

- ▶ Walk-ins = 502
- ▶ Correspondence = 8,765
- ▶ Phone calls in and out = 10,968

State Health Insurance Counseling/Prescription Connection

- ▶ 2016 State Health Insurance Counseling (SHIC) contacts = 8,716
- ▶ Prescription Connection (PC) assisted 8,678 people since inception
- ▶ 2016 PC helped 132 people resulting in an estimated savings of > **\$641,356**

2017 Open Enrollment Events

- ▶ Oct. 15-Dec. 7: Medicare beneficiaries can change their Part D or Medicare Advantage plans
- ▶ Nov. 01-Dec. 15: Marketplace and SHOP plans (ACA) enrollment takes place

Part D Cost Sharing for 2018

Part D Benefit Parameters	CY 2017	CY2018
Defined Standard Benefit		
Deductible	\$400	\$405
Initial Coverage Limit (Pre-Donut Hole)	\$3,700	\$3,750
Out-of-Pocket Threshold (To enter catastrophic phase)	\$4,950	\$5,000
Minimum Cost-sharing for Generic Drugs (Catastrophic Phase)	\$3.30	\$3.35
Minimum Cost-sharing for Brand Name Drugs (Catastrophic Phase)	\$8.25	\$8.35
Donut Hole Discount (Brand Name/ <i>Generic</i>)	60%/49%	65%/56%

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.

To report concerns or specific complaints about possible inappropriate marketing practices, contact 1-800-MEDICARE.

You can also send an email with details to marketing@cms.hhs.gov.



Product Filing Division

Chrystal Bartuska
Product Filing Division Director
North Dakota Insurance Department

Filing Statistics

Filings received by the Insurance Department:

- ▶ Jan. 1, 2017 to Aug. 31, 2017 - 3,918
- ▶ 2016 Filings - 5,508
- ▶ 2015 Filings - 6,519
- ▶ 2016 Approved filings - 5,332
- ▶ 2016 Disapproved filings - 166

Market Analysis

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

Property and Casualty Legislation

- ▶ **HB 1147** - Authority of county mutual insurance companies
- ▶ **HB 1198** - Binders
- ▶ **HB 1247** - Termination of insurance and duplicate property insurance coverage
- ▶ **HB1302** - Property and casualty covered loss

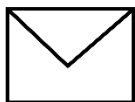
Life and Health Legislation

- ▶ **HB 1286** - Insurable interests in personal insurance
- ▶ **SB 2231** - Air ambulance
- ▶ **SB 2052** - Telehealth

Contact Us:



(701) 328-2440 or (800) 247-0560



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