



# 2018 Producer Forums

North Dakota Insurance Department

# Agenda

- ▶ Department Review and Update

*Commissioner Jon Godfread*

- ▶ Legislative Update

*Commissioner Jon Godfread*

*Deputy Commissioner/General Counsel Jeff Ubben*

- ▶ Anti-rebating Discussion

- ▶ Producer Licensing Update

*Deputy Commissioner/General Counsel Jeff Ubben*

- ▶ 2019 Legislative Session Discussion



# Department Review and Update

Commissioner Jon Godfread

# Who We Are

## ▶ Consumer Assistance Division

- Provides North Dakota Consumers who have insurance issues or concerns with assistance by conducting detailed investigations.
- State Health Insurance Counseling (SHIC)
  - Provides free, unbiased and confidential health insurance counseling to Medicare beneficiaries. The program will host nine Medicare Part D Annual Enrollment events across the state from Oct. 16-30.
- Prescription Connection
  - Helps low-income North Dakotans find low-cost and no-cost prescriptions drugs by connecting them with prescription assistance programs offered by various pharmaceutical companies. The program assists consumers with the application process and connects more than 95 percent of all applicants to a program.

# Who We Are

## ▶ Producer Licensing Division

- Responsible for the licensing of more than 71,000 individual insurance producers doing business in North Dakota. Insurance producers must comply with prelicensing exams, background checks and continuing education requirements.

# Greg Nelson



- ▶ New Producer Licensing Division Director as of Oct. 22
- ▶ Department Special Investigator for the past seven years
- ▶ Has a Bachelor of Arts in Management from the College of St. Scholastica
- ▶ Experienced in providing court room testimony
- ▶ Enjoys being outdoors, fishing and jiu jitsu

# Who We Are

## ▶ Product Filing Division

- Reviews policy forms and rate requests to ensure policy language complies with all North Dakota laws, properly reflects the benefits provided by the policy and is not deceptive or misleading. For most types of insurance, this division evaluates the premium rates companies propose to charge to assure that the premiums are not excessive, inadequate or unfairly discriminatory.

# Who We Are

- ▶ **Company Licensing and Examinations Division**
  - Monitors the financial strength of insurance companies licensed to do business in North Dakota.
  - As of Dec. 31, 2017, there were a total of 2,293 insurance entities licensed to do business in North Dakota, including 30 domiciled companies.
    - From July 1, 2015-June 30, 2017, 14 financial exams were completed on domiciled companies.
    - The Department has newly licensed 50 companies selling property and casualty, title and life insurance since July 1, 2015.
    - The Department has revoked eight company licenses since July 1, 2015.



# Who We Are

## ▶ Legal Division

- Provides legal counsel to the Department, investigates insurance fraud and related offenses, investigates and enforces laws governing insurance producers and insurance companies, litigates administrative actions, and researches and prepares proposed legislative bills and administrative rules.

## ▶ Administrative Division

- Responsible for oversight of Department budget, accounting, IT and general operations. In addition, this division oversees public relations, human resources and the internal policies and procedures for the Department.

# Who We Are

## ▶ Special Funds Division

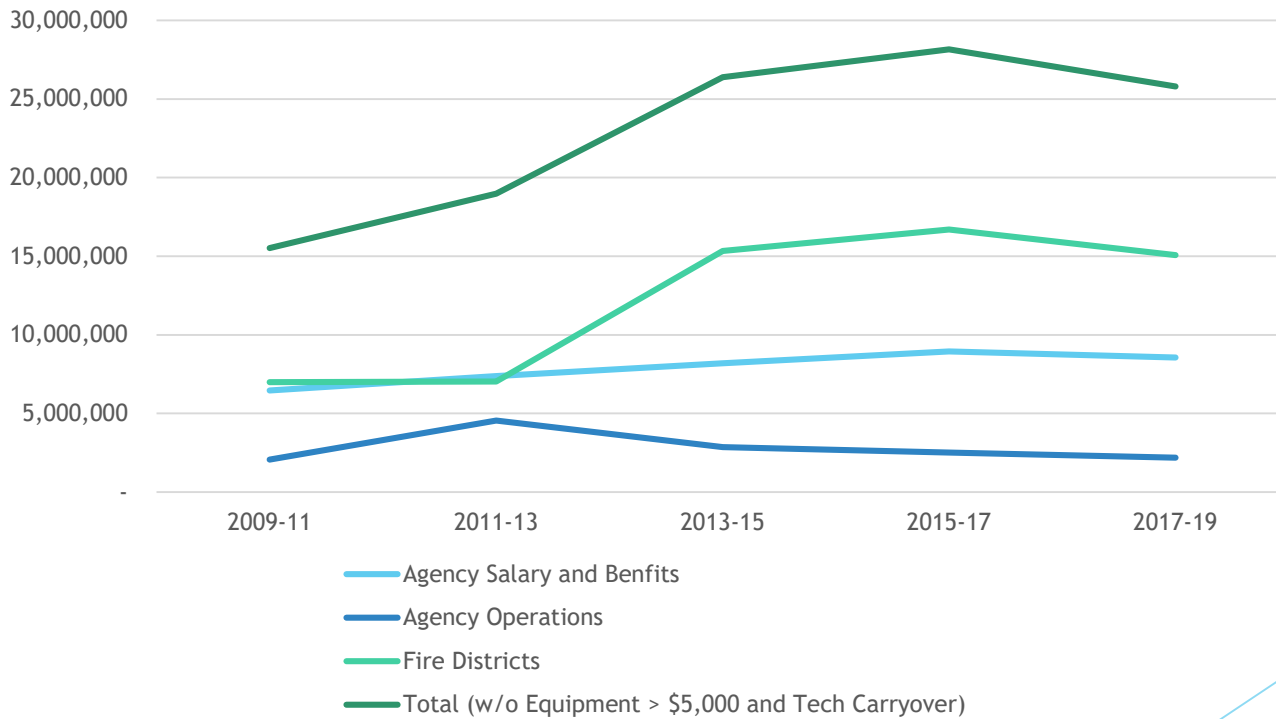
- Fire and Tornado Fund
  - Provides low-cost insurance coverage to North Dakota government entities and political subdivisions for their buildings and contents - currently serves 1,164 policy holders with a combined insurance value of \$14 B.
- State Bonding Fund
  - Provides blanket fidelity bond coverage to North Dakota government entities and political subdivisions in the event of employee theft of property and money - currently serves 3,002 bond holders with a combined insured value of approx. \$800 M.

# Who We Are

- ▶ Special Funds Division cont.
  - Petroleum Tank Release Compensation Fund
    - Provides contamination clean-up coverage and third party liability coverage to petroleum tank owners. Currently 1,713 registered sites pay an annual registration fee for approx. 6,000 tanks.
  - Boiler and Pressure Vessel Inspectors
    - Ensures that all boilers in North Dakota are inspected annually or biannually depending on the type and use of the boiler. We inspect all new boilers for proper installation. There are approx. 11,200 active boilers in North Dakota. The Department inspects 5,124 and the remaining are inspected by private insurance carriers.

# Where We Are

Insurance Department Appropriations



# Special Funds Division Proposal

- ▶ Move Fire and Tornado Fund and State Bonding Fund to the North Dakota Insurance Reserve Fund (NDIRF).
  - NDIRF is a not-for-profit organization owned by its members.
  - All political subdivisions are eligible for membership to NDIRF.
- ▶ The Department regulates the insurance industry and should not be in the business of providing insurance.
- ▶ NDIRF provides similar coverage to other political subdivisions. There are currently laws in place that don't allow NDIRF to provide insurance for the state.
- ▶ NDIRF has 18 individuals on staff to administer to local government whereas the Department only has 3 staff members.

# Special Funds Division Proposal

- ▶ Move Petroleum Tank and Boiler Inspection to Department of Environmental Quality
  - These functions do not fit within our defined mission and purpose and would be better served under the Department of Environmental Quality.

# Looking Ahead to Reinvention

- ▶ Department Website - Web Chat
  - New website launching on Jan. 1, 2019
  - Speaking with consumers about how they would like to communicate
- ▶ State Capitol Office Location
  - Company Licensing and Examinations Division moving to the 5<sup>th</sup> floor state capitol office location.

# Association Health Plans

- ▶ The Final Rule was issued on June 19, 2018.
- ▶ North Dakota has regulations in place (updated Multiple Employer Welfare Arrangement (MEWA) rules)
- ▶ Important dates regarding the expansion of Association Health Plans (AHPs):
  - Sept. 1, 2018 - All associations (new or existing) may establish a fully-insured AHP
  - Jan. 1, 2019 - Existing associations that sponsored an AHP on or before the date the Final Rule was published may establish a self-funded AHP
  - April 1, 2019 - All other associations (new or existing) may establish a self-funded AHP



# Association Health Plans

- ▶ Important to note - Associations looking to form an AHP should ensure they are fully compliant with the nondiscrimination provisions in the regulations, which ensure that AHPs cannot discriminate on the basis of a health factor, or keep certain individuals or employers out of the AHP due to health conditions.
- ▶ AHPs are not for everyone or every employer, however, they are worth looking into.

# Short-term, Limited Duration Plans

- ▶ Short-term, limited duration insurance is a type of coverage primarily designed to fill gaps in coverage that may occur when an individual is transitioning from one plan or coverage to another plan or coverage.
- ▶ Exempted from the Affordable Care Act (ACA) and is not subject to provisions within the ACA.
- ▶ Final Rule was issued Aug. 1, 2018 (went into effect Oct. 1, 2018)
  - Changes the definition of Short-term, limited duration insurance to policies that:
    - Are less than 12 months in length
    - May be renewed for up to 36 months
    - Contain certain disclosure provisions

# Short-term, Limited Duration Plans

- ▶ Does not trump state law
- ▶ Current North Dakota Law:
  - 26.1-36.4-02. Definitions. As used in this chapter, the definitions in section 26.1-36.3-01 apply, unless the context otherwise requires. In addition:
    - "Insurer" means any insurance company, nonprofit health service organization, fraternal benefit society, or health maintenance organization that provides a plan of health insurance or health benefits subject to state insurance regulation.
    - "Policy" means any health benefit plan as defined in section 26.1-36.3-01, whether offered on a group or individual basis. The term does not include short-term major medical policies offered in the individual market.
    - "Short-term", except as required by the Health Insurance Portability and Accountability Act of 1996, means a policy or plan providing coverage for one hundred eighty-five days or less.
- ▶ Policies are limited to no more than 185 days
- ▶ Current state law is silent on renewal options

# Short-term, Limited Duration Plans

- ▶ Bulletin 2018-2: Rules and regulations for offering short-term, limited duration insurance policies in North Dakota issued on Sept. 19, 2018
  - Allows one renewal
  - Companies must file new plans or refile any existing plans with the Department
  - Requires additional disclosures to consumers
  - Requires additional questions on initial application
  - Requires marketing materials to be approved by the Department prior to distribution
  - Ensure that these plans are only available from an appointed and licensed insurance agent

# State Innovation Study

- ▶ Narrowed down to four main options:
  - Invisible high-risk pool outside of the Comprehensive Health Association of North Dakota (CHAND)
  - Standard reinsurance waiver
  - State-based plans (ie. Idaho)
  - Combination of a high-risk pool option and state-based plans



# Legislative Update

Commissioner Jon Godfread

Deputy Commissioner/General Counsel Jeff Ubben

# Legislative Update

## ▶ Department Bills

- Discount Med Plans
- Surplus Lines Rewrite
- Insurance Fraud/SOL Amendment
- Corporate Governance
- Life and Health Insurance Guaranty Association Model Act
- Short-term, Limited Duration Plans
- Health Insurance Study Legislation
- Certificate of Insurance Exemptions/Clean-up

# Legislative Update

## ► Industry Bills

- County Mutual Code Rewrite
- Privacy Policy
- Time Statute
- NDPERS Self Insurance
- Commission/Fee Bill
- Insurance Adjuster Licensing





# Anti-rebating Discussion



# Producer Licensing Update

Jeff Ubben

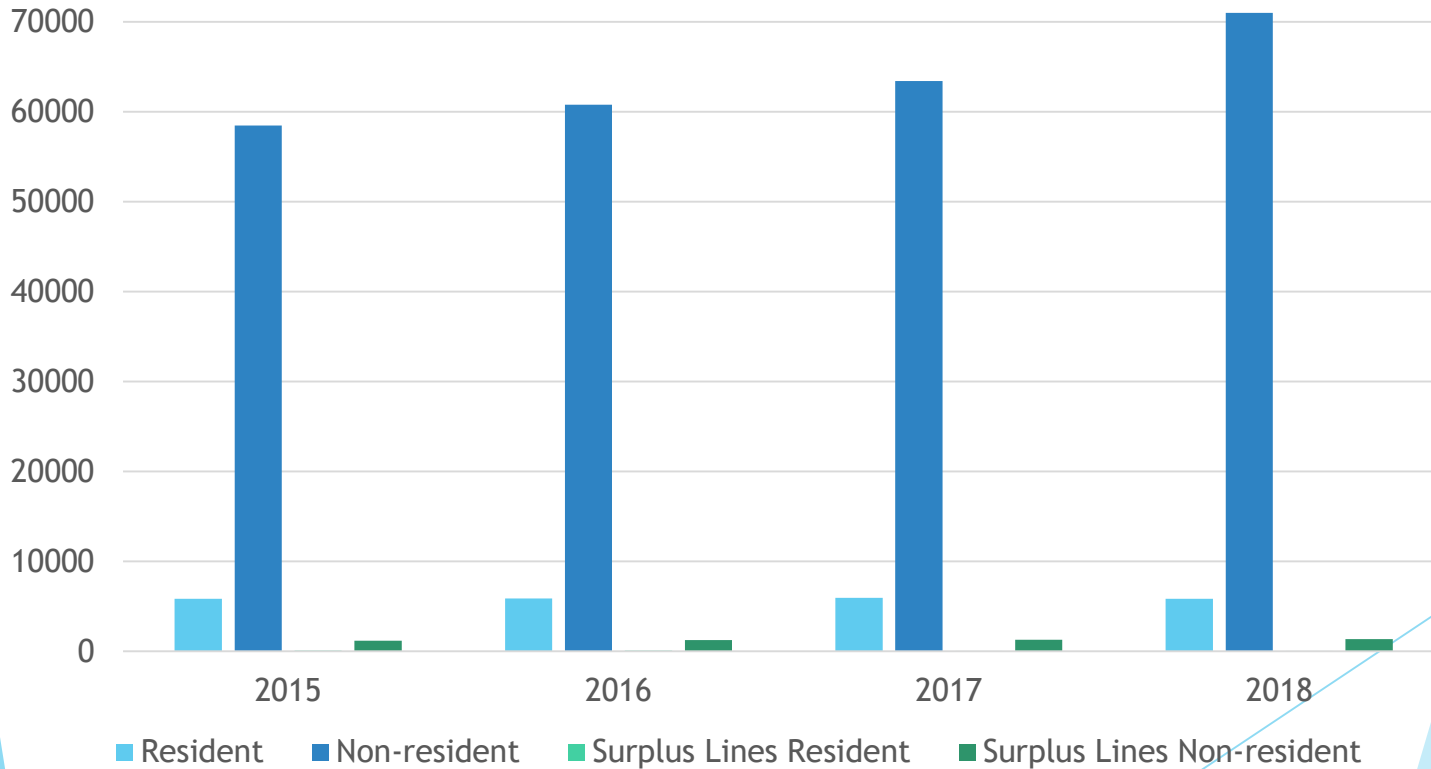
Deputy Commissioner/General Counsel

# Producer Licensing Division

- ▶ Two Producer 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

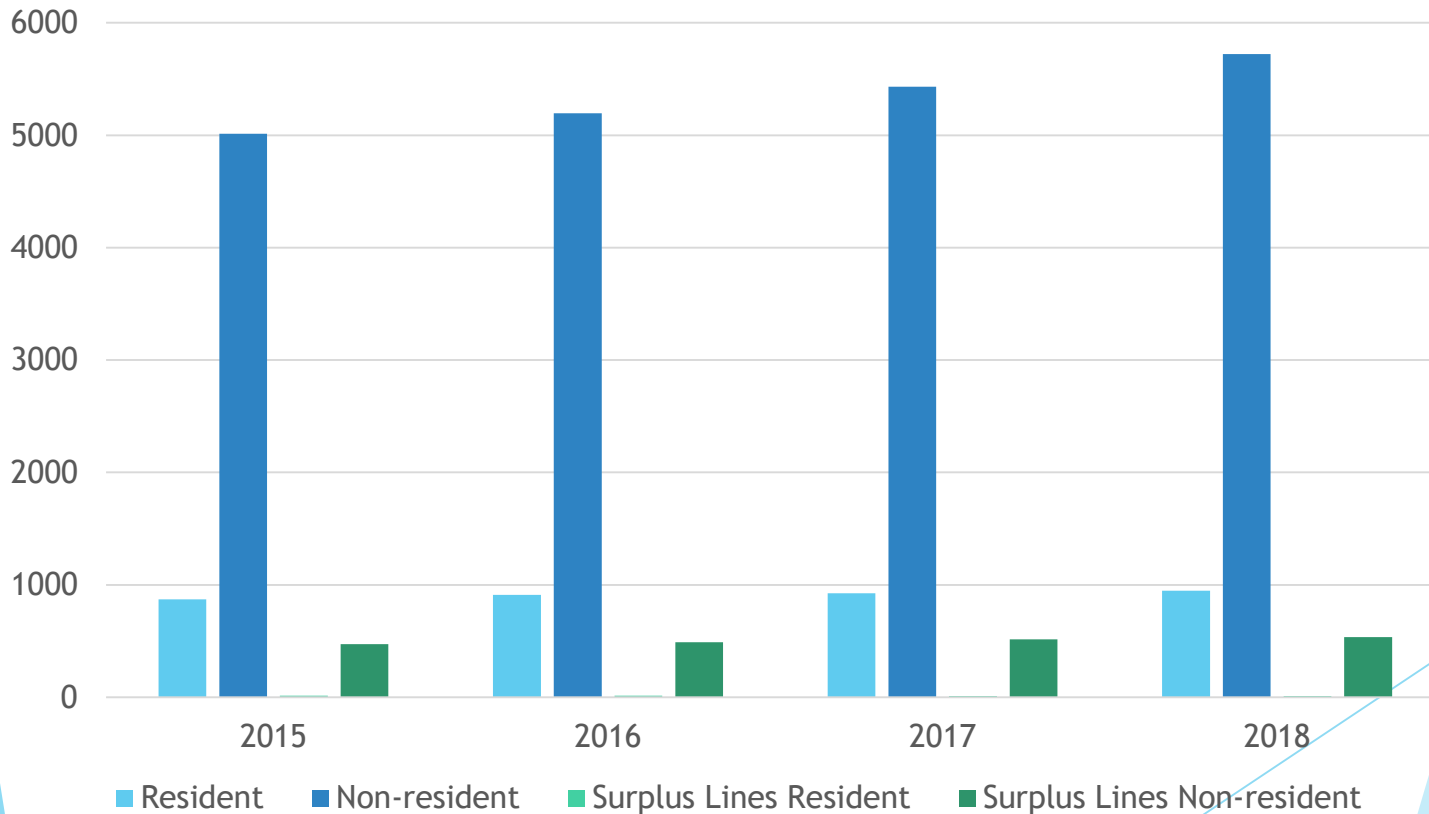
# Numbers

## Individual



# Numbers

## Business Entity



## 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
- ▶ 2,915 prints taken
  - 2017 - 2,311
  - 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 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.

# Renewal Reminders

- ▶ Every two years during your birth month
- ▶ 90 days prior
- ▶ All CE requirements must be met
  - 24 total hours
  - Must include three hours in ethics
- ▶ Deadline is midnight
- ▶ Now sending email reminders
- ▶ There is NO grace period



# SBS External Tools

- ▶ Visit [www.statebasedsystems.com](http://www.statebasedsystems.com) to use:
  - License Manager
  - Lookup



**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
- Training
- Other Licenses
- Producer Newsletter
- Veteran Licensing Exam
- Fee Reimbursement
- Miscellaneous

Home > Producers/Agents

### Producers/Agents

[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](#)  
[FAQ](#)

#### Business Entity

[Add/remove Designated Responsible Licensed Producer](#)  
[Apply for a license](#)  
[Print license](#)  
[Update name/address/email](#)  
[Voluntarily cancel license](#)  
[FAQ](#)

#### Other Licenses

[Auto/car rental](#)  
[Bail bond](#)  
[Consultant](#)  
[Life settlements](#)  
[Managing General Agent](#)  
[Surplus lines](#)  
[Third Party Administrator \(TPA\)](#)  
[Title licensing](#)  
[FAQ](#)

#### Nonresident

[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](#)  
[FAQ](#)

#### Continuing Ed

[Producer resident requirements](#)  
[Annuity suitability training](#)  
[Flood insurance](#)  
[Long-Term Care Partnership training](#)  
[Print/view education transcript](#)  
[Provider/course lookup](#)  
[FAQ](#)  
[Provider general information](#)  
[Provider login](#)  
[FAQ](#)

#### Miscellaneous

[Agent forums](#)  
[Company appointment list](#)  
[Company producer appointments](#)  
[Croc hail insurers](#)  
[Fee schedule](#)  
[Forms](#)  
[Health care reform](#)  
[List request](#)  
[Request for Letter of Clearance](#)  
[FAQ](#)

For more information, contact us

### Quick links

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

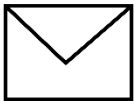


# 2019 Legislation Session Discussion

# Contact Us



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