



Producer Licensing Division

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

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 / **5,874**
 - ▶ Non-resident: 58,463 / **60,778**
 - ▶ Surplus lines resident: 50 / **51**
 - ▶ Surplus lines non-resident: 1,184 / **1,259**
- Total: 65,600 / **67,962**

Business Entity:

- ▶ Resident: 872 / **912**
 - ▶ Non-resident: 5,014 / **5,195**
 - ▶ Surplus lines resident: 15 / **14**
 - ▶ Surplus lines non-resident: 473 / **490**
- Total: 6,738 / **6611**
- Grand Total: 72,338 / **74,573**

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
- ▶ 1768 prints taken
 - Last year: 1181
 - 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](#).

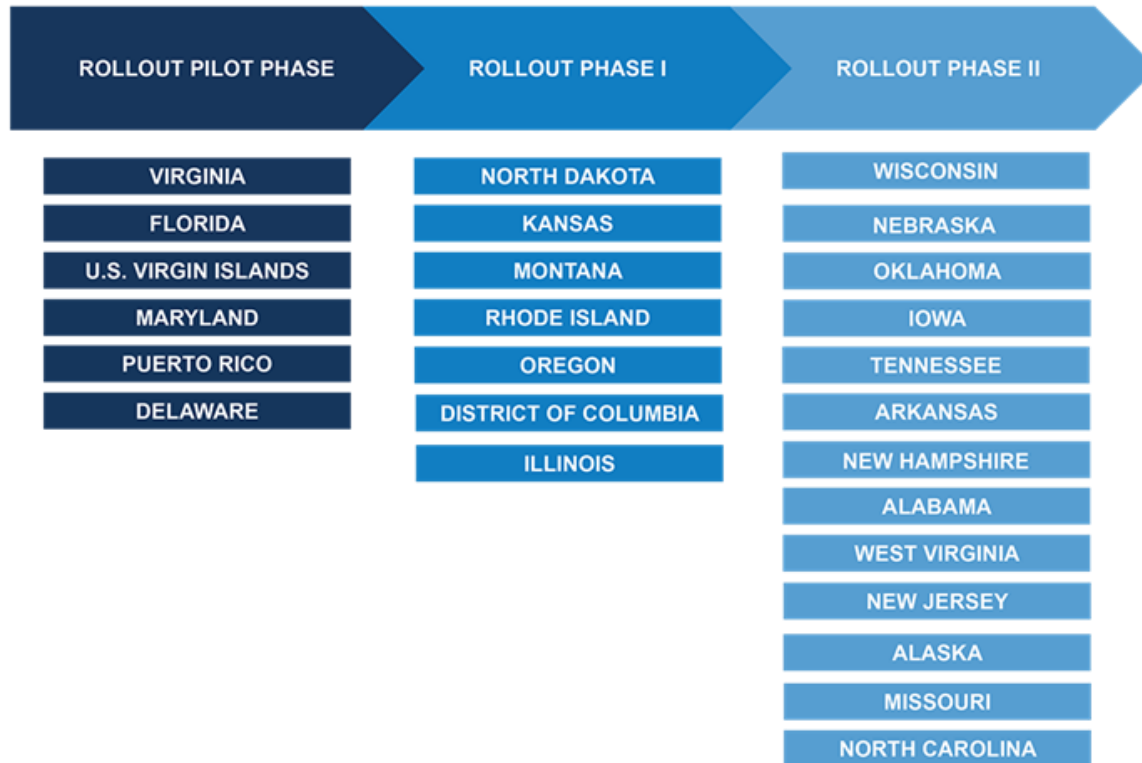
Renewal reminders

- ▶ Every two years 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

SBS external tools

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

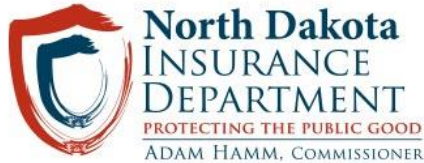
SBS 2016 update



SBS 2016 update

JURISDICTIONS & SERVICES IMPLEMENTED IN SBS 2016												
	Producer	Company	Consumer Services	Enforcement	Market Exam	EHR	Arbitration	SHIP/PC	Revenue	Licensee External Services	C.E.	Fraud
VA						✓						
FL			✓	✓	✓							
VI	✓	✓	✓	✓								
MD	✓								✓	✓		
PR	✓	✓								✓	✓	
DE	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	
ND	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓

www.nd.gov/ndins/producers



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

Adam Hamm, Commissioner

Welcome | Ask Adam | Bio



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

CONSUMERS

PRODUCERS/AGENTS

COMPANIES

Google™ Custom Search



Producers/Agents

Resident producer
Nonresident producer
Business entity
Continuing education
Other licenses
Miscellaneous

Home > Producers/Agents

Producers/Agents

[Search for an agent, agency or company.](#)

Resident

[Add line of authority](#)
[Apply for a license](#)
[Print license](#)
[Renew license](#)
[Request letter of clearance](#)
[Update name/address/email](#)
[Voluntarily cancel license](#)
[FAQ](#)

Nonresident

[Add line of authority](#)
[Apply for a license](#)
[Print license](#)
[Renew license](#)
[Update name/address/email](#)
[Voluntarily cancel license](#)
[FAQ](#)

Business entity

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

Other licenses

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

Miscellaneous

[Agent forums](#)
[Company appointment list](#)
[Company appointment/termination/renewal](#)
[Crop hail insurers](#)
[Fee schedule](#)
[Forms](#)
[Health care reform](#)
[List request](#)
[FAQ](#)

Quick links

[Forms](#)
[Print license](#)
[Print/view transcript](#)
[Print license](#)
[Renew license](#)
[Continuing education](#)
[Apply for a license](#)
[Surplus lines](#)
[Resident producer](#)
[Producer](#)

Mobile access



Consumers	Producers/Agents
Companies	Communications
SHIC	Prescription Connection
Enforcement	Compliance
Health Care Reform	Special Funds
 Search for an agent, agency or company	
News	Calendar
Sign up for email updates	Report fraud



Google™ Custom Search



[View full site](#) 



Ethics for Insurance Producers

Presented by
Jeff Ubben, General Counsel
North Dakota Insurance Department

Professional Ethics

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

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



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

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.



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

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.



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

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. (NDAC 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. (NDAC 45-04-10-04 (2), 45-04-10-05 (3), NDCC 26.1-04-03)
- ▶ Failing to include the words “life insurance” on advertisements for life products. (NDAC 45-04-10-03 (5))

What are common violations?

- ▶ Improperly using the phrases “non–medical”, “no medical exam required” or similar language. (NDAC 45–04–10–03 (3))
- ▶ Failing to include any reductions, exclusions or limitations on benefit amounts in the ad. (NDAC 45–04–10–03 (7))
- ▶ Putting important or required information in small font or presenting it in an ambiguous fashion or intermingled with the text of the ad so as to be confusing or misleading. (NDAC 45–04–10–03 (1), NDCC 26.1–04–03).

What are common violations?

Keep in mind: In addition to the advertising rules found in the administrative code, advertisements may not violate other ND laws and regs, 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.

What are common violations?

- ▶ 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.



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

FINAL Notice for John Doe

Complete and Return

RE: MORTGAGE TIME SENSITIVE
Lender: ABC CNTY BK

Loan Amount: \$6,029,871
Record Date: 5/28/2013

Dear Mr. Doe,

Company records indicate that you have not yet taken advantage of the low-cost Mortgage Protection Plan that is now available, with no physical exam necessary. This is a state-approved plan designed to pay-off your \$6,029,871 mortgage in the case of an unexpected tragedy. Without a plan like this, your family would still have to make the monthly mortgage payments in the event of your death. Your possible benefits include:

- DEATH – Will pay off your \$6,029,871 mortgage in the event of your untimely death.
- DISABILITY – Cash to make your mortgage payments if you cannot work.
- MONEY BACK OPTION – Return of the premiums you've paid if benefits are not used.
- LEVEL PREMIUM – Your premiums are guaranteed to never increase.
- CRITICAL ILLNESS – Will pay a portion of the death benefit if you are diagnosed with a life-threatening covered illness.

For additional information without cost or obligation, plus a free copy of "HOW TO PAY-OFF YOUR MORTGAGE EARLY", call for immediate service at 888-556-7773, or complete the information below and return the ENTIRE LETTER in the pre-paid envelope.

Name	Borrower	Spouse/Co-Borrower
First:	_____	_____
Last:	_____	_____
Date of Birth:	____-____-____	____-____-____
Sex:	Male __ Female __	Male __ Female __
Height:	__ ft. __ in.	__ ft. __ in.
Weight:	____ lbs.	____ lbs.
Smoker:	Yes __ No __	Yes __ No __
Phone:	____-____-____	Cell: ____-____-____
Work:	____-____-____	____-____-____
Preferred Contact:	Borrower __ Co-Borrower __	Preferred Phone: Home __ Cell __ Work __
Signature:	_____	

EXTREMELY AFFORDABLE RATES!

Not affiliated with any lending institution. Information obtained through public records. A licensed insurance agent may contact you. Not all benefits are available in every state. Your licensed insurance consultant can help determine your exact qualifications. For more information, contact the National Mortgage Protection Hotline at 888-556-7773. Licensed office located at 1370 Norwich



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

GOVERNMENT BENEFIT SUPPLEMENT POLICY

Dear _____

We are pleased to announce new Senior Final Expense Insurance Programs to help pay what Social Security does not pay for your final expense. Social Security benefits are only \$255* if you qualify. These programs will pay 100% of all funeral expenses not paid by Social Security, up to \$25,000 for each Senior covered. To see if you qualify, mail this postage paid card today. This is a "FREE" service to you.

Check Benefit Requested: \$3,000 \$5,000 \$7,000 \$10,000 \$15,000 \$25,000 Other _____

Name: _____ Age: _____

Phone: (____) _____

Spouse: _____ Age: _____

Return this card within 5 days to receive a FREE Government Benefits Information Brochure.
Not affiliated with or endorsed by any Government or Medicare program.

SPFE209-2



NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES



BUSINESS REPLY MAIL
FIRST-CLASS MAIL PERMIT NO. 1 LAGRANGE NC

POSTAGE WILL BE PAID BY ADDRESSEE

INFORMATION PROCESSING CENTER
PO BOX 33
LAGRANGE NC 28551-9900



**North Dakota
INSURANCE
DEPARTMENT**
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

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.

Has Tom done anything wrong?

Did Tom put his license at risk?

- A. No, because the value of the gift card is under the \$50 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 an illegal under the rebating law because obtaining the gift card is contingent upon obtaining a quote for insurance.



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.



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

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).

- * **However, there are important exceptions to this general rule!!**

Discussion

- ▶ What can be given within the \$50 limit?
- ▶ What can't be given within the \$50 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 October 2016, 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.

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 \$50 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?

Common 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 agent. See N.D.A.G. Op. 99–F–03.



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

The Climate Corporation case

- ▶ The Climate Corporation (“Climate”) was a non-resident insurance agency which marketed and sold crop insurance products in North Dakota in 2011, 2012, and 2013.
- ▶ The Department received numerous complaints regarding how the product was marketed and sold and the subsequent performance (or lack thereof) of these policies.
- ▶ One of the largest investigations the Department ever conducted.



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

The Climate Corporation case

What were the Department's findings?

- ▶ In the course of enrolling insurance producers to sell Climate's product, Climate used an Insurance Producer Enrollment Form which stated that the producers would be acting as agents of the insureds. However, the producers were acting as agents of Climate as evidenced by:
 - Received a commission.
 - They were given specific training on the product by Climate to sell it to prospective insureds and had to pass tests before being allowed to sell.



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

The Climate Corporation case

- The training materials provided to the agents by Climate gave specific instructions on how to close the sale and how to overcome objections to the sale of the product.
- In some cases the agents made sales presentations to prospective insureds together with personnel from Climate.
- In some cases, the agent offered the Climate product and only the Climate product to prospective insureds.



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

The Climate Corporation case

The Department also learned agents selling Climate's product on behalf of Climate believed Climate was the insurance company.

- Climate referred to itself as “the Company” in its Insurance Producer enrollment form.
- “The Climate Corporation” sounds like a company name as opposed to an agency name.
- Climate was not the company (State National Insurance Company was the insurer).
- This led to issues with agents being properly appointed to sell Climate's products.



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

The Climate Corporation case

Climate's products were misrepresented by its sales presentations and explanatory materials.

- ▶ The manner in which a claim arises under the policy was misrepresented by Climate's sales presentations and marketing materials.
- ▶ The product was marketed and sold using materials which discussed yields, bushels and profits when in reality the product and its contract (i.e. the policy) were based on the occurrence of various weather metrics such as the temperature and rainfall at predetermined gathering stations.



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

The Climate Corporation

Yield, bushels and profits were not determining factors in considering whether an insured incurs loss under the terms of the policy.



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

The Climate Corporation

The Department's investigation also revealed numerous cases of rebating by Climate.

- ▶ Climate reduced or offered to reduce the amount of premium owed with the stated goal of encouraging a future business relationship with the individuals who purchased these policies.
- ▶ Textbook rebating violations!



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

The Climate Corporation

Results of the Investigation:

- ▶ Consent Order issued by Commissioner Hamm on June 13, 2016 providing for the following:
- ▶ Over \$738,000 in relief for approximately 150 North Dakota farmers.
- ▶ \$150,000 fine for The Climate Corporation.
- ▶ Climate has until October 13, 2016 to provide the consumer relief required by the Consent Order.



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

Important lessons to learn from The Climate Corporation case:

1. Know which party you are representing in a transaction and act accordingly. Fact-driven inquiry, take all factors into consideration.
2. Make sure you fully understand the roles of every individual and entity you are working with in a transaction.
3. Know all the terms of the policy you are selling (including the “fine print”) so that you are not marketing or selling the product based on false or misleading information.



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

Multi-state market conduct exams

North Dakota is one of five lead states investigating the practices of the 40 largest U.S. life insurance companies concerning the companies' use of the Social Security's "Death Master File" (DMF) in locating beneficiaries.

Symmetrical use of the DMF vs. asymmetrical use and why this is important

Death Master File exams

To date, the Insurance Department has settled with 27 of the top 40 life insurance companies.

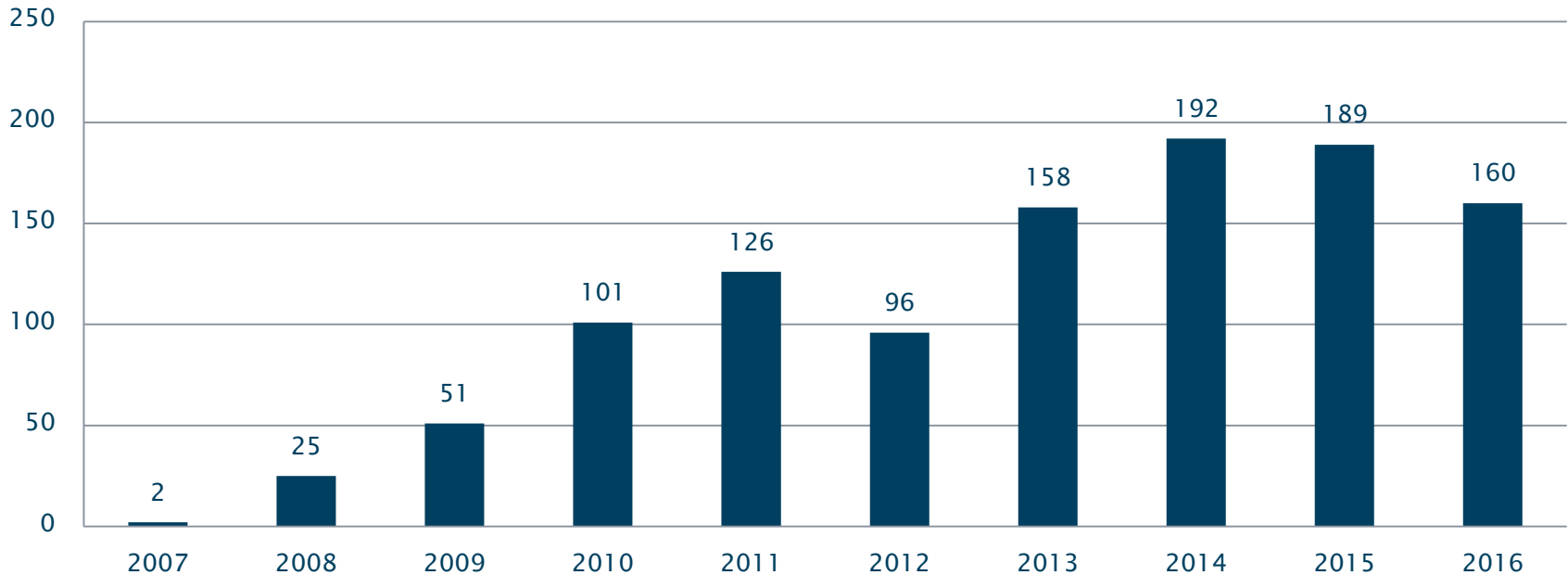
- ▶ Constitutes 78.5% of the market
- ▶ Settlements require life insurers to revise the way they use the death master file to search for beneficiaries.
- ▶ Over \$7 billion in unclaimed property has been returned to consumers nationwide.
- ▶ These exams were recently featured on “60 minutes” under the story headline “Not Paid” – <http://www.cbsnews.com/news/life-insurance-industry-under-investigation/>



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

ND fraud statistics

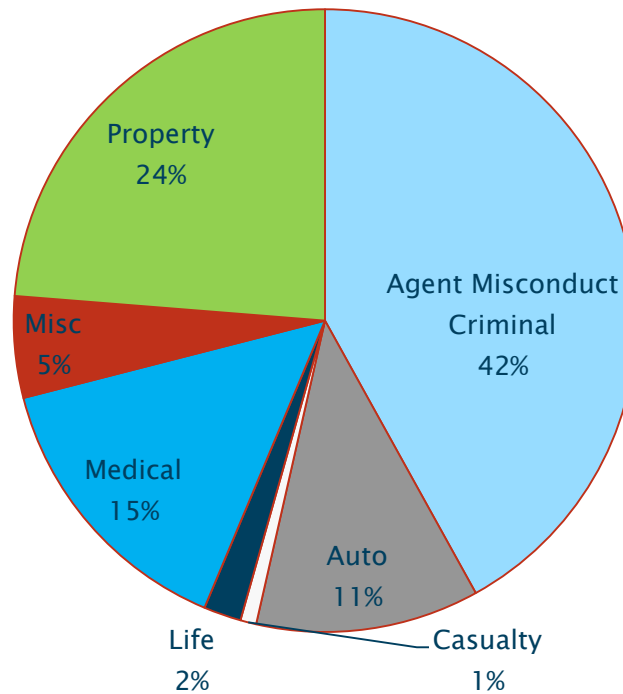
Fraud Unit Investigations By Date Reported (2007 – Sept 1, 2016)



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

ND fraud statistics

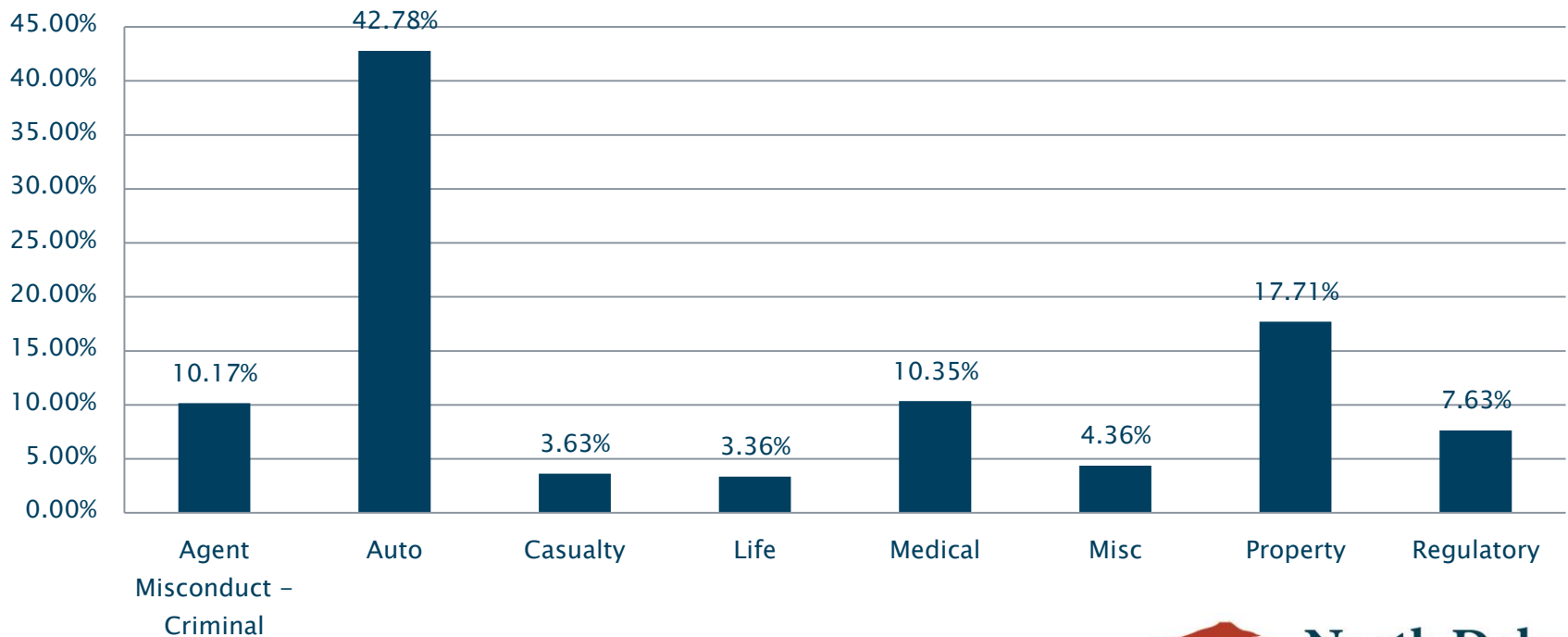
Actual Loss Amounts
By Case Type
(2007 – Sept 1, 2016)



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

ND fraud statistics

Fraud Unit Investigations By Case Type (2007 – Sept 1, 2016)



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

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.



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

New insurance fraud prosecution program

- ▶ Insurance Department attorneys prosecute cases the Department investigates
- ▶ Currently the program is in Burleigh–Morton counties
- ▶ Hope to expand the program in the future
- ▶ Finished prosecuting our first case in June

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.

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



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, 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.



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

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.



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, 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?



Consumer Assistance Division

Presented by 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



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—2015

- ▶ Consumer Assistance Cases = 6,088
- ▶ Elevated to Inquiry = 3,565
- ▶ Elevated to Complaint = 135
 - Company Complaints = 118
 - Agent Complaints = 32



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

2015 company complaints

Type	Closed	Relief
Auto	55	\$55,421.98
Fire, allied/CMP	5	\$1,743.00
Homeowners	23	\$224,861.63
Life/annuity	5	\$337,565.00
Accident/health	18	\$142,584.27
Liability	9	\$51,901.19
Miscellaneous	3	\$1,058.20
Total	118	\$815,135.27



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

Company complaints—trend

Year	Closed complaints	Relief
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
2015	118	\$815,135.27

2015 agent complaints

Type	Complaints Closed	Relief*
Auto	5	\$0.00
Fire, Allied/CMP	0	\$0.00
Homeowners	4	\$0.00
Life/annuity	7	\$64,030.39
Accident/health	9	\$13,371.90
Liability	0	\$0.00
Miscellaneous	7	\$0.00
Total	32	\$77,402.29



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

Agent complaints—trend

Year	Closed Complaints	Relief
2005	44	\$386,861.77
2006	25	\$26,365.65
2007	32	\$32,647.98
2008	34	\$44,778.30
2009	28	\$34,294.31
2010	24	0
2011	17	\$104,783.00
2012	25	\$224,381.98
2013	26	\$7,282.91
2014	31	\$31,042.40
2015	32	\$77,402.99

Consumer Assistance Division Activity

- ▶ Walk-ins to the department = 257
- ▶ Correspondence = 9,635
- ▶ Phone calls in and out = 12,943

SHIC/Prescription Connection

- ▶ 2015 State Health Insurance Counseling (SHIC) contacts = 8,716
- ▶ Prescription Connection (PC) assisted 8,546 people since inception
- ▶ 2015 PC helped 177 people resulting in a savings of > \$709,682



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

2016 Open Enrollment Events

- ▶ Oct. 15–Dec. 7: Medicare beneficiaries can change their Part D or Medicare Advantage plans
- ▶ Nov. 01–Jan. 31: Marketplace and SHOP plans (ACA) enrollment takes place

Part D Cost Sharing for 2017

Part D Benefit Parameters	CY 2016	CY 2017
Defined Standard Benefit		
Deductible	\$360	\$400
Initial Coverage Limit (Pre-Donut Hole)	\$3,310	\$3,700
Out-of-Pocket Threshold (To enter catastrophic phase)	\$4,850	\$4,950
Minimum Cost-sharing for Generic Drugs (Catastrophic Phase)	\$2.95	\$3.30
Minimum Cost-sharing for Brand Name Drugs (Catastrophic Phase)	\$7.40	\$8.25
Donut Hole Discount (Brand Name / <i>Generic</i>)	55% 42%	60% 49%



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

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



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

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
- ▶ Hot topics
 - Property and casualty
 - Shared economy
 - Cybersecurity policies
 - Life and health
 - ACA plans and industry stats
 - Top ACA issues

Filing stats

- ▶ Filings received by NDID:
 - Jan. 1, 2016 to Aug. 31, 2016: 3,696
 - 2015 filings: 6519
 - 2014 filings: 6,217
 - 2015 approved filings: 6272
 - 2015 disapproved filings: 254

Market analysis

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

Hot topics – property and casualty

Shared Economy

- ▶ Home-sharing
- ▶ TNC's

Cyber Security

- ▶ Policies
- ▶ Limits
- ▶ Types

Other updates

Hot topics– life and health

ACA stats and industry numbers

Top four ACA issues

- ▶ Auto enrollments
- ▶ Discrimination Rule
- ▶ Notice of Payment and Benefit Parameters Rule
- ▶ 3 R's



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER