

INSURANCE

Pete Ricketts

Governor

Bruce R. Ramge

Director

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A Message from the Director....

Nebraska Strong—Recovering from the Devastating Flood of 2019



Bruce R. Ramge
Director of Insurance

The devastating flooding and concurrent winter storm in mid-March severely affected Nebraska, with nearly 70 percent of the state's 93 counties under emergency declarations. Many Nebraskans were evacuated from their homes, suffered devastating losses or damages to property, and became stranded with the closure of roads leading to their homes and businesses.

I issued a notice on March 15 to make the insurance industry aware of the severity of the situation in our state. The notice requested that insurers allow leniency following the disaster and urged all insurers, insurance agencies, and insurance producers to consider ways to assist their impacted policyholders. Leniency with due dates, assisting with coverage questions, working through health network matters and pharmacy requirements were all suggested considerations for assisting Nebraskans. I am extremely proud to acknowledge the receipt of so many letters and action plans from insurers outlining their efforts to assist Nebraska policyholders.

As Nebraskans return to their homes, the reality of their devastation becomes clear. Several Disaster Recovery Centers (DRCs) have now opened, with more being set up across the state. Department staff will be visiting the DRCs to answer questions and/or assist policyholders with filing insurance claims.

The Department has developed, "**Resources for Nebraska Flood Victims: Frequently Asked Questions**," that contains many helpful links to use during the recovery process. Feel free to contact the Department's Consumer Affairs Division with any questions at 402-471-2201 or on its consumer hotline at 1-877-564-7323.

Thank you to everyone who has reached out with offers of help to support the Department as we move forward in our efforts to assist Nebraska policyholders.

LIFE & HEALTH DIVISION

Guidance has been issued that allows states the option to extend transitional policies for individual and small group health insurance plans.

Nebraska will allow transitional policies for both the individual and small group health insurance markets to continue until January 1, 2021.

Insurers are advised to monitor CCIIO's website for any subsequent guidance that may be issued on this subject and to follow it accordingly.

If a non-cancer patient is brought in for genetic testing under the pretense that it would be covered by Medicare, this may be a scam and should be avoided.

Extension of Transitional Policies

On March 25, 2019, the Center for Consumer Information and Insurance Oversight (CCIIO) issued guidance that allows the states the option to extend transitional policies for individual and small group health insurance plans to policy years beginning on or before October 1, 2020 provided that all policies end by January 1, 2021. The bulletin from CCIIO can be viewed at <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Limited-Non-Enforcement-Policy-Extension-Through-CY2020.pdf>.

Pursuant to the option provided to the states by CCIIO, Nebraska will allow transitional policies, for both the individual and small group health insurance markets, to continue until January 1, 2021. A carrier is not required to continue to offer the transitional policies and may discontinue them, subject to state and federal rules on discontinuance, at their discretion. The Department advises insurers to continue to monitor CCIIO's website for any subsequent guidance that may be issued on this subject and to follow it accordingly.

As before, all other plans issued after January 1, 2014 must be compliant with the Affordable Care Act (ACA).

Questions concerning the CCIIO guidance may be directed to Martin Swanson, Administrator for Health Policy, at martin.swanson@nebraska.gov, or Laura Arp, Life and Health Administrator, at laura.arp@nebraska.gov. Swanson and Arp may also be reached by calling 402-471-2201.

Seniors Warned of Cheek Swabbing Scam

Director of Insurance, Bruce Rame, issued a press release on March 27, 2019, after receiving multiple reports of groups going to senior living communities, assisted living facilities and senior centers offering to swab the cheeks of seniors for genetic material purportedly for DNA checks for cancer.

If a non-cancer patient is brought in for genetic testing under the pretense that it would be covered by Medicare, this may be a scam and should be avoided.

Individuals should be alert, especially if it is requested that they agree to be billed in the event Medicare does not pay for the service.

The Centers for Medicare and Medicaid Services (CMS) have set forth guidelines as to when Medicare will allow and pay for these services.

Individuals impacted by the recent weather events in Nebraska may be eligible for an extension of time for a special enrollment period for coverage on the health insurance exchange.

Individuals will be required to attest that they meet certain eligibility requirements to qualify.

The release informed Nebraskans to be alert if the entity asking to swab them cannot comply with CMS requirements, especially if they request that the individual agrees to be billed in the event Medicare does not pay for the service.

The Centers for Medicare and Medicaid Services (CMS) have set forth guidelines as to when Medicare will allow and pay for these services. CMS has determined that Next Generation Sequencing (NGS) as a diagnostic laboratory test, when performed in an approved and certified laboratory and when ordered by a treating physician, is allowed when **all** CMS requirements have been met. The requirements can be found on the CMS website at **www.cms.gov/medicare-coverage-database/details/nca-decision-memo.aspx?NCAId=290&bc=ACAAAAAQAAA&**.

Any questions regarding this potential scam may be directed to the Department of Insurance or the SHIIP office. The Department's website for consumer assistance is **doi.nebraska.gov/consumer/consumer-assistance**. The Consumer Affairs Division can also be reached at 402-471-0888 or toll free at 1-877-564-7323. SHIIP can be reached at **doi.nebraska.gov/consumer/senior-health** or toll-free at 1-800-234-7119.

Eligibility for Special Enrollment Period

Individuals impacted by the recent weather events in Nebraska may be eligible for an extension of time for a special enrollment period for coverage on the health insurance exchange.

This opportunity may be applicable to Nebraskans who would have otherwise been entitled to a special enrollment period such as loss of employment, marriage or the birth or adoption of a child. More information about what circumstances would be applicable to the extension of an enrollment period can be found at **www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/8-9-natural-disaster-SEP.pdf**.

Individuals will be required to attest that they meet the following eligibility requirements to qualify:

- They resided in any of the counties that are eligible to apply for "individual assistance" or "public assistance" by FEMA either during the FEMA designated incident period of the emergency or major disaster, or at the time of application for enrollment, and
- They were affected by the emergency or disaster, and that it prevented them from completing enrollment.

Impacted individuals will have up to 60 days from the end of the FEMA incident period to select a new plan or make changes to their current enrollment.

The Department strongly encourages individuals who are considering altering their income statement to discuss the proposed change with a financial or tax advisor before doing so.

*All of the division's guidance documents can be found on the **Department's website** under "Insurers/Property and Casualty Information/Filing Guidance."*

When submitting a rate filing to Nebraska that depends on a complex model, please make sure that all of the required information is included in the filing.

Impacted individuals will have up to 60 days from the end of the FEMA incident period to select a new plan or make changes to their current enrollment. Individuals who think they qualify should contact the health insurance marketplace at 1-800-318-2596 (TTY: 1-855-889-4325).

The Department also reminds Nebraskans that if their income has been impacted by the storms and if they have coverage on the marketplace, they consider contacting the marketplace to adjust their estimated income. Such action may adjust the amount of subsidy received, if any, for payment of a health insurance policy. The Department strongly encourages individuals who are considering altering their income statement to discuss the proposed change with a financial or tax advisor before doing so.

Questions concerning this opportunity may be directed to Martin Swanson at martin.swanson@nebraska.gov.

PROPERTY & CASUALTY DIVISION

Commercial Fire Filing Guidance

Please take time to review the first quarter guidance document, "**Commercial Fire Form and Rate Filing Requirements**". All of the division's guidance documents can be found on the **Department's website** under "Insurers/Property and Casualty Information/Filing Guidance."

Any questions concerning the guidance documents may be directed to Connie Van Slyke at connie.vanslyke@nebraska.gov.

Filing Requirements Found in SERFF

When submitting a rate filing to Nebraska that depends on a complex model, please make sure that all of the required information is included in the filing. These requirements can be found in our SERFF instructions, and will reduce the amount of correspondence on the filing.

PRODUCER LICENSING DIVISION

2019 Appointment Renewal Process

The appointment renewal date begins on May 6, 2019 and ends on July 31, 2019. All appointment renewals must be filed electronically through the National Insurance Producer Registry (NIPR) at www.nipr.com/renWelcome.htm. Invoices will be available through 4:00 PM CDT on July 31, 2019.

The NIPR has posted an announcement with details and directives on key information, payments, transaction fees, and fees charged by other states for retaliatory purposes. The NIPR announcement can be found on the NIPR website at www.nipr.com/renewalsNE.htm.

Questions regarding the renewal process may be directed to NIPR Customer Service at customerservice@nipr.com or by calling 855-674-6477. Questions can also be sent to the Department of Insurance at doi.licensing@nebraska.gov or by calling the Licensing Division at 402-471-4913.

Verifying and Updating Email Addresses

The division has transitioned renewal reminders and expiration notices to an email format. To ensure that you continue to receive all future notifications, please make sure that we have your current email address on file. Email addresses can be verified and updated online at www.statebasedsystems.com.

Education Provider Updates

New Education Provider ID and PIN Numbers

Providers—please log into the State Based Systems (SBS) database to check that your provider address information is accurate. Also, verify your primary contact name and email address is up to date. Important notices are being sent regarding your new ID and PIN numbers.

SBS Offering Webinar for Education Providers

If you are a currently an approved Education Provider in Nebraska and are interested in attending a Webinar to learn how you will sign-up, submit courses, rosters and receive automatic CE approval alerts in the new version of SBS, please register for our next webinar by emailing doi.licensing@nebraska.gov.

The appointment renewal date begins May 6, 2019 and ends on July 31, 2019.

All appointment renewals must be paid online through NIPR by the end of day on July 31, 2019.

Be sure to keep your email address current, as renewal reminders and expiration notices have now transitioned to an email format.

It is important that providers log into the SBS database to verify the primary contact name and email address are current to ensure receipt of notices regarding the new ID and PIN numbers.

The CE course offering notification must be provided at least two weeks prior to the date the course commences.

Beginning January 1, 2019, an approved course for continuing education will be for a four-year period.

Stay abreast of all information posted to our website by signing up to receive an email notification of new postings.

Continuing Education Course Offerings Requested

CE course offering dates and locations need to be updated via **www.statebasedsystems.com**, so that we can better serve the producer and help them find available options in their area. The notification must be provided at least two weeks prior to the date the course commences.

Continuing Education Course Renewal Process Begins

Beginning January 1, 2019, an approved course for continuing education will be for a four-year period. Any course approved prior to January 1, 2019, will expire on January 1, 2020, or four years after the date of approval, whichever is later.

The renewal fee is \$50 per course. Course renewals can be submitted up to 90 days prior to the course expiration date. Course outlines, objective statement, and word count will be reviewed for approval.

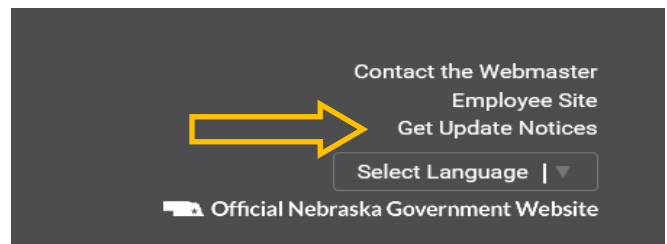
Licensing Division Notifications and Updates

Visit the Department's website at **doi.nebraska.gov** to sign up to receive updates to all producer licensing matters. From our website's home page, scroll down to the lower right-hand corner of the website, and click on "Get Update Notices."

There are four options:

1. Licensing
2. Notices/Bulletins/Regs/Press Releases
3. Newsletters
4. Consumer Alerts & Publications

Choose one or all four of the options to be notified via the email address provided when information is posted to our website.



LEGAL DIVISION

Legislative Summary

In the 2019 legislative session, three bills were introduced on behalf of the Nebraska Department of Insurance. All three have passed on final reading and have been signed into law by Governor Ricketts. A brief summary of this legislation is included below.

LB 159 adopts the latest National Association of Insurance Commissioners (NAIC) amendments to the NAIC Model Life and Health Insurance Guaranty Association Act. Among other minor tweaks, the legislation provide for a fifty-fifty split between health insurer and life insurer assessments for insolvencies involving long-term care policies. This change recognizes the nationwide agreement between health and life insurers on this issue. The bill also makes health maintenance organizations member insurers of the guaranty association. Medicaid business remains excluded from guaranty association coverage. Finally, the legislation clarifies that factored structured benefits sold to a third party are not to be included in guaranty association coverage. This bill included an emergency clause and went into effect March 12, 2019.

LB 380 amends the Nebraska Property and Liability Insurance Guaranty Association Act to bring the act into closer alignment with the National Association of Insurance Commissioners' model act and eases the administration of claims of insolvent property and casualty insurers. Among several more minor uniformity changes, the legislation addresses a specific issue related to large deductible workers' compensation policies where a claim is for less than the deductible amount. Under current law, a claim less than the deductible is not considered a "covered claim" and the guaranty association is unable to pay or otherwise administer the claim. The responsibility then falls back to the employer which hinders prompt payment to the consumer. The changes contained within LB 380 provide the association the authority to pay such a claim then seek reimbursement from the injured worker's employer, consistent with the Nebraska Workers' Compensation Act. These changes will be effective 90 days after the end of the legislative session.

LB 469 amends the Surplus Lines Insurance Act to add provisions to allow for domestic surplus lines insurers in Nebraska. Surplus lines insurance is insurance sold by a non-admitted insurer on the non-admitted market to consumers who cannot find insurance for their risk in the normal admitted market. Because these consumers must seek insurance from a non-admitted carrier, by its very nature such an insurer will be an out-of-state insurer. For a Nebraska insurer to sell surplus lines to Nebraskans under current law, it would be forced to form another insurer in another state and then sell back to Nebraskans. LB 469 seeks to solve this inefficiency and needless regulatory burden by allowing the creation of Nebraska domestic surplus lines insurers that will have the ability to sell surplus lines in all states, including Nebraska. Such an insurer will be subject to all financial and solvency regulation of the Department of Insurance. These changes will be effective 90 days after the end of the legislative session.

Any questions regarding this legislation may be directed to Matt Holman, General Counsel, at matt.holman@nebraska.gov.

Regulation Updates

Regulations Repealed

A public hearing was held on October 11 for the proposed repeal of the following regulations: Chapters 3, 5, 12, 43, 48, 53, and 67. Repeal of the regulations has been approved by the Governor and filed with the Secretary of State with an effective date of February 11, 2019.

210 Neb. Admin. Code § 3: Capital Stock Insurance Companies; Issue and Sale of Stock; Requirements; Agents.

210 Neb. Admin. Code § 5: Surplus Notes; Application to Director; Contents; Expiration of Approval.

210 Neb. Admin. Code § 12: Insurance Consultants Licenses.

210 Neb. Admin. Code § 43: Eligibility Requirements and Selection Criteria for Public Representative to Serve on the Board of Directors for the Comprehensive Health Insurance Pool.

210 Neb. Admin. Code § 48: Regulation to Implement Transitional Requirements for the Conversion of Medicare Supplement Insurance Benefits and Premiums to Conform to Medicare Program Revisions.

210 Neb. Admin. Code § 53: Eligibility Requirements and Selection Criteria for Health Agencies Representative to Serve on the Board of Directors for the Comprehensive Health Insurance Pool.

210 Neb. Admin. Code § 67: Prelicensing Education Requirements.

Actions Taken Against Producers & Agencies

CAUSE NO.	ALLEGATION	DISPOSITION
A-2171 David Wayne Judge Allen, Texas NPN – 9779976	Violated <u>Neb. Rev. Stat. §§ 44-4059(1)(b), 44-4059(1)(d), 44-4059(1)(h), 44-4059(1)(i), 44-4059(1)(o) and 44-4065(1).</u> Violated any insurance law; misappropriated funds; used fraudulent, coercive, or dishonest practices; action against license in other state; failed to maintain license in home state; failed to report action to the Department.	Order License Revoked 2/5/2019
A-2173 Jonathan Schlue Davenport, IA NPN – 16841833	Violated <u>Neb. Rev. Stat. §§ 44-4059(1)(b), 44-4059(1)(e), 44-4059(1)(g), 44-4059(1)(h), and 44-4059(1)(i).</u> Violated any insurance law; intentionally misrepresented terms of an insurance contract; committed insurance unfair trade practice; used fraudulent, coercive, or dishonest practices; action against license in another state. .	Consent Order License Suspended and \$500 fine 2/26/2019
A-2178 Jared Langel South Sioux City, NE NPN - 18803437	Violated <u>Neb. Rev. Stat. §§ 44-4059(1)(b), 44-4059(1)(g), 44-4059(1)(h), 44-4059(1)(i), and 44-4059(1)(j).</u> Violated any insurance law; committed insurance unfair trade practice; used fraudulent, coercive, or dishonest practices; action against license in another state; forged signature.	Consent Order \$1,000 fine 3/11/19

Actions Taken Against Companies

CAUSE NO.	ALLEGATION	DISPOSITION
C-2475 Elite Integrated Benefits Administrator, LLC (Nebraska)	Violated <u>Neb. Rev. Stat. §§ 44-5814(1) and 44-5814(3)</u> . Failed to file the required annual report; failed to pay \$200 filing fee.	Order Suspended Certificate of Authority 3/7/2019

FRAUD DIVISION

Annual Insurance Fraud Conference

Plans are underway for the 19th Annual Insurance Fraud Conference which has been scheduled for Tuesday, **August 6, 2019**. The Insurance Fraud Prevention Division (IFPD) is excited about the new venue for this year’s conference—The Henry Doorly Zoo. The conference brochure/registration will be emailed in late May.

The IFPD has invited speakers and developed a conference program that will prove beneficial to your fraud fighting efforts.

If you would like to receive a brochure, email your request to **DOI.FraudPrevention@nebraska.gov** and use the subject “Conference Brochure Request.” If you attended the 2018 conference, you will automatically receive an email and will not need to request the brochure.

Internal Fraud—It Happens

The Insurance Fraud Prevention Division received a case involving an internal claims handler processing payments for long-term disability policies. As a claims handler, this individual had the ability to log into the insurance company’s internal records management system to process electronic benefit payments for claimants. This same system allowed the claims handler to change bank routing numbers and accounts to which the claim payments were deposited.

From January 2017 through February 2018 the claims handler processed 17 individual transactions resulting in a loss of over \$53,000. All of the payments were directed to the claims handler’s personal accounts, after which he would log back into the company’s system and change the bank routing and account numbers to the claimants. This scheme came to the insurance company’s attention when a claimant questioned a benefit payout for his disability claim.

On January 9, 2019, the claims handler pled no contest to the charge of theft by deception, a Class 2A felony. The claims handler was sentenced to five years’ probation and ordered to pay \$53,632.61 in restitution.

CONSUMER AFFAIRS DIVISION

Prominently Display Company Name/Contact

Insurers are requested to prominently display the company name/contact phone number on their claims settlement explanation letter, with instructions for the insured to contact the company directly with questions or concerns.

Numerous calls are being received from consumers who believe they are calling their insurance carrier directly. The consumers report that the Department's phone number on the explanation of benefits form received from their insurer is the only number they can find to call regarding their questions. Because the investigators do not have access to policyholder information, the Department is unable to assist them and must refer them back to the company.

All insurers are requested to prominently display the company name and contact phone number on their claims settlement explanation letter, with instructions for the insured to contact the company directly with questions or concerns.

As required, the Department's information should be given when there is a dispute, or the consumer needs the assistance of the Consumer Affairs Division. While we are able to assist consumers, we cannot answer questions about specific policies.

Paperless Efforts Ongoing

When responding to an email complaint from the division, the preferred method of response is to attach it to the response email.

The division is continuing its efforts to go paperless in order to save money and resources. When responding to an email complaint from the division, the preferred method of response is to attach it to the response email. Please note that it is not necessary to also send a hard copy of an attachment that has been included with an email response.

Consumer Brochures and Flood Information Available on Website

In preparation of the upcoming severe weather season, and to assist those with losses following the flooding, the Department has the following materials available on its website at doi.nebraska.gov:

- **Before the Storm--Don't Wait Until It's Too Late**
- **After the Storm--The Disaster Claims Process**
- **Home Inventory Checklist**

The National Association of Insurance Commissioners also has a free smartphone app that will help you create a database of your possessions. The app is available for **iPhone** and **Android**.
- **Public Adjusters--What you need to know when navigating the claims process**

EXAMINATION DIVISION

Pre-Need Examinations Completed During First Quarter, 2019

Becker Hunt Funeral Home--A Branch of Meyer Brothers Family Care Funeral Trust, Incorporated
Blasé-Strauser Memorial Chapel, Incorporated
EMM's Courts, Incorporated—dba Shultz-Vogel-Johnson Mortuary; dba Johnson Funeral Home
Evergreen Memorial Park Cemetery
Griffiths-Hovendick Chapel, Incorporated
Higgins Funeral Home
Hitchcock Funeral Home, Incorporated
Hoch Funeral Homes, Incorporated
Pelan Funeral Services, Incorporated
Ramaekers & Sharman, Incorporated dba Gass Haney Funeral Home

Financial Examinations Completed During First Quarter, 2019

American Interstate Insurance Company
Ameritas Life Insurance Corporation
Columbia National Insurance Company
Silver Oak Casualty, Incorporated

Financial examination reports become public documents once they have been placed on official file by the Department. The most current report of financial examination can now be found on the Department's website at www.doi.nebraska.gov. Copies can be obtained from the Department at a cost of \$.50 per page.



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Department Calendar

- April 26: Department Closed - Arbor Day Observed
- May 27: Department Closed - Memorial Day
- July 4: Department Closed - Independence Day
- August 6: Annual Fraud Conference (registration required)
Henry Doorly Zoo

1135 M Street, Suite 300 ♦ PO Box 82089 ♦ Lincoln, NE 68501-2089

Website: <http://www.doi.nebraska.gov> ♦ Phone: 402-471-2201 ♦ Fax: 402-471-4610 ♦ Hours: 8:00-5:00