

INSURANCE

Pete Ricketts

Governor

Bruce R. Ramage

Director

Inside:

MARKET CONDUCT 2

- Complaint Register—Is Your Company Keeping One?

FRAUD 3

- Annual Conference Cancelled
- Detecting Fraud
- Considerations for Establishing an Anti-Fraud Policy
- Teaming Up for Public Awareness
- Court Actions

PROPERTY & CASUALTY 6

- Personal Inland Marine Filings
- Expediting Model-Dependent P&C Filings Submitted After 7-31-20

LIFE & HEALTH 7

- Arp Assumes Health Policy Administrator Duties
- Services for Nebraskans with Medicare

CONSUMER AFFAIRS 8

- Consumer Insights Posted
- New SR22 Process—A Win for All

PRODUCER LICENSING 9

- Appointment Renewal Window Ends
- Exam Testing Information

LEGAL 10

- Staff Update
- Regulation Updates
- Producer Actions

EXAMINATION DIVISION 12

- Pre-Need Exams Completed
- Financial Exams Completed

[Department Calendar](#)

[Back](#)

A Message from the Director....

Don't Overlook Flood Insurance When Assisting Business Clients



Bruce R. Ramage
Director of Insurance

The COVID-19 situation has demanded a great deal of our attention during 2020, making the tragic flooding events of 2019 seem like an event from the distant past. Seeming like a distant memory is probably not the case for individuals and businesses that had to cope with the devastating impact or uninsured losses resulting from those floods.

The Department of Insurance encourages insurance producers and insurers to assist business owners and individuals with evaluating the value of flood insurance. Adequate insurance and flood mitigation are important components of effective risk management and resiliency.

Flood facts to consider include:

- Many businesses never reopen after a flood, usually because they were uninsured and can't financially recover.
- Business owners, as well as homeowners do not have to be located in a flood plain to buy a policy.
- There is typically a 30-day waiting period before a flood insurance policy takes effect.
- It's important to have disaster provisions at the workplace, along with evacuation maps, and a working radio to hear instructions from local authorities.
- Be sure to back up all personal and company data on a regular basis to help ensure you are prepared in case information is lost during a disaster. Keep a copy of your organization's flood insurance policy.

Flood-related information and brochures are available on the websites of the **Nebraska Department of Insurance, National Association of Insurance Commissioners (NAIC), and The National Flood Insurance Program (NFIP).**

MARKET CONDUCT DIVISION

Complaint Register—Is Your Company Keeping One?

Required complaint registers are an important tool for spotting trends and improving business practices.

During recent market conduct reviews, examiners have noticed that insurers are not always maintaining a complete list of complaints on a complaint register.

Required complaint registers are an important tool for spotting trends and improving business practices.

Specific requirements that should be logged in the register are set out in Neb. Rev. Stat. § 44-1525 (9).

Neb. Rev. Stat. § 44-1525 (9) gives specific requirements that should be logged in the register. Requirements include the total number of complaints, the classification by line of insurance, the nature of each complaint, the disposition of each complaint and the time it took to process each complaint. Chapter 21 of the Department’s rules and regulations provides guidance for the format and maintenance of the record.

The definition of a complaint, for the purposes of the company’s complaint register, is a written communication from the consumer primarily expressing a grievance. Verbal grievances and complaints written by an insurance agent on behalf of the insured would not meet the definition. Since the complaint must be written, it would be received by the company through the mail, by fax, email or the company’s website.

Although social media complaints are not required to be logged, market conduct examiners are interested in seeing the efforts put forth to mitigate and resolve these complaints.

The written complaint presents an opportunity for the company to clear up any misunderstandings and with the customer, if warranted. The company’s response may also provide helpful insight during the market conduct examination process.

Complaints are sometimes expressed through social media. Although these complaints are not required to be logged on the complaint register, market conduct examiners are interested in seeing the efforts put forth to mitigate and resolve these complaints.

Questions on maintaining complaint registers may be directed to Reva Vandevorde at reva.vandevorde@nebraska.gov.

FRAUD DIVISION

2020 Annual Conferences Cancelled

The Nebraska Department of Insurance (NDOI) leadership and teammates have been monitoring worldwide developments related to COVID-19. With a number of countries and regions recommending self-quarantine and many agencies strongly advising employees to restrict travel and practice social distancing, the NDOI Insurance Fraud Prevention Division (IFPD) felt that cancelling the 2020 conference was the best course of action.

The IFPD thanks you for your continued support as we look forward to next year. Please be safe, and remember the IFPD is dedicated to assisting the insurance industry, law enforcement agencies, and consumers in the fight against insurance fraud.

Detecting Fraud

Nebraska domiciled companies have reported losses, with attempts involving millions of dollars in schemes pertaining to account takeovers, primarily as it applies to annuity products. Several states, including Nebraska, have also been the victims of unemployment fraud. Washington State alone is estimated to have sustained over \$600 million in losses.

Nationally, schemes involving COVID-19 testing and prevention are commonplace. The viral concerns have also led to opportunities for fraudsters to misrepresent themselves in an attempt to obtain personal identifying information from Nebraska consumers.

You can have an impact. Insurers should be closely monitoring coverage issues, taking into consideration the following:

- How current is the policy coverage?
- Have there been recent changes in coverage that would benefit the policyholder in the event of a loss?
- Is your company reviewing analytics to see what opportunities there may be and how these types of events are affecting your company?
- Are there common indicators?

In some instances, adjusters' and special investigators' jobs have become somewhat more difficult at the same time we are seeing these types of impacts. Communication has become more remote, and electronic correspondence more common, both of which can provide obstacles to completing a thorough claim investigation. If your company uses vendors, you may find they are busier than usual, or perhaps new, unproven vendors are soliciting your business.

During this time, education and training are more critical than ever. Frontline claims representatives and adjusters play a critical role in detecting and preventing fraudulent activity. Many professional organizations provide investigative resources as well as educational materials.

Considerations for Establishing an Anti-Fraud Policy

While the Nebraska Department of Insurance does not require the filing of a fraud plan, it recognizes the importance of reducing operational risks through fraud awareness. As such, the Department would like to provide some guidance to carriers who wish to strengthen their fraud controls by creating and implementing an internal fraud policy.

During a market conduct and/or a financial examination, the Nebraska Department of Insurance may request a carrier to provide a summary of its anti-fraud activities and the corresponding results. Pursuant to Neb. Rev. Stat. §44-5906(8)(a), an anti-fraud summary provided to the Department in the course of an examination conducted under the Insurers Examination Act shall be given confidential treatment by the Department, shall not be subject to subpoena, shall not be made public by any person except to the extent provided in Neb. Rev. Stat. §44-5906(7), and shall not be public records subject to disclosure under public records request outlined in Neb. Rev. Stat. §84-712 to 84-712.09.

Anti-fraud policies outline specific procedures, appropriate to the lines of insurance the carrier writes in Nebraska, with the following suggestions, at a minimum:

- I. Preventing, detecting and investigating all forms of insurance fraud covering insurance that the carrier is authorized to write in Nebraska, including, but not limited to:
 - A. fraud involving the carrier's employees or agents;
 - B. claims fraud; and
 - C. security of the carrier's data processing systems.
- II. Educating appropriate employees on fraud prevention and detection, the Nebraska Mandatory Fraud Reporting Statute, Neb. Rev. Stat. § 44-393, and the carrier's anti-fraud policy.
- III. Informing policyholders about insurance fraud and how to prevent it.
- IV. Encouraging the reporting of suspected incidents of insurance fraud to the Insurance Fraud Prevention Division of the Nebraska Department of Insurance.
- V. Encouraging legal pursuit of restitution for financial loss caused by insurance fraud where appropriate.
- VI. Designating or identifying the person responsible for oversight and implementation of the carrier's anti-fraud policy.

Any questions regarding this establishment of an anti-fraud policy may be directed to the Insurance Fraud Prevention Division at **DOI.FraudPrevention@nebraska.gov**.

Teaming Up for Public Awareness

The Insurance Fraud Prevention Division has teamed up with Nebraska Educational Television (NET) to air a 48-week insurance fraud awareness campaign beginning in 2020. The Coalition Against Insurance Fraud allows members to utilize professionally produced videos for the purpose of educating consumers. This public awareness campaign will emphasize owner give-ups and unscrupulous contractors.

Court Actions

Gage County Court Case CR19-830

State v. Nicole L. Nelson

Nicole Nelson was a licensed insurance agent working at a Beatrice, Nebraska agency when she diverted premiums from their sweep account. Ms. Nelson was charged with one felony count of theft. Ms. Nelson pled no contest to an amended charge, a Class I misdemeanor. Ms. Nelson's sentence included a fine plus court costs.

Hall County District Court Case CR19-54

State v. Debra A. Shriner

Debra Shriner was charged with one count of a fraudulent insurance act, a Class III felony, and one count of false reporting, a Class I misdemeanor. A jury found Ms. Shriner guilty on both counts. Ms. Shriner received a two-year prison sentence along with two years of post-release supervision by the Office of Probation Administration for her part in a scheme to defraud an insurer.

Madison County Court Case CR20-109

State v. Austin R. Freudenburg

On November 23, 2018, Austin Freudenburg experienced a hay bale fire at his residence that damaged a 2005 Pilgrim fifth wheel trailer. After presenting a bill of sale, Mr. Freudenburg collected a limited claim settlement from his insurer for damage to the trailer. The next day Mr. Freudenburg purchased a policy from a different company specifically insuring the fifth wheel trailer. A few months later, Mr. Freudenburg presented a fire loss to his new insurance company that he alleged occurred in March 2019. Mr. Freudenburg presented a bill of sale reflecting a purchase price nearly twice what was shown on the bill of sale provided to the first insurer. During the claim process, the trailer was found to be the same unit damaged in the November 2018 fire. Mr. Freudenburg was initially charged with one felony count of insurance fraud. The charge was later amended to a Class I misdemeanor and Mr. Freudenburg pled no contest resulting in a \$750 fine plus court costs.

Sarpy County Court Case CR19-2821

State v. Michael J. Boettger

Michael Boettger renewed his renter's policy shortly before sustaining a water loss. Mr. Boettger reported over \$10,000 in property loss due to water damage. Mr. Boettger provided photographs of the damaged property. During the claim investigation, it was determined the photograph's metadata had been removed, however, it was found the photographs had been posted to the internet sometime prior to the reported loss. Initially charged with one felony count of insurance fraud, the charge was later amended to a Class I misdemeanor count of false reporting by the Sarpy County Attorney's Office. Judge Robert Wester sentenced Mr. Boettger to six-months' probation and 50 days in jail.

Seward County Court Case CR19-338

State v. Dustin Schaneman

On March 14, 2019, Dustin Schaneman purchased two separate policies insuring two personal watercrafts only to report a loss a few days later. Unfortunately for Mr. Schaneman, an alert adjuster noted images on Facebook showing the boats were already submerged due to area flooding on March 14, 2019. The flooding was confirmed by a city maintenance superintendent. The potential loss for these claims totaled nearly \$10,000. The following day Mr. Schaneman also insured two motor vehicles that were on his property. Once again Mr. Schaneman reported a loss soon thereafter for vehicle damages that were pre-existing. The potential loss for these claims was over \$11,000. Mr. Schaneman was charged with four felony counts of insurance fraud that were all amended to Class I misdemeanors. Mr. Schaneman was sentenced to 10 days in jail for each count and was required to pay restitution for investigative and court costs.

PROPERTY & CASUALTY DIVISION

Personal Inland Marine Form & Rate Filings

The Personal Inland Marine Form & Rate Filing Requirements checklist has been updated and posted to our website. The form and rate filing **checklist** can be found on the Department's website at doi.nebraska.gov under Insurers/Property and Casualty Information/Filing Guidance.

Expediting Model-Dependent P&C Filings Submitted After July 31, 2020

The Nebraska Department of Insurance (Department) has required disclosure of model-dependent rate filings within the System for Electronic Rates & Forms Filings (SERFF) since June 1, 2018. Based upon the Department's experience, reviews of model-dependent rate filings, and the companies' ability to implement are frequently delayed due to the Department's objections to carriers for lack of required filing information.

The initial framework for the filing of rates for property and casualty products can be found in [Neb. Rev. Stat. §44-7508](#) of the Nebraska statutes. A filing may be disapproved by the Department if the carrier fails to adequately respond or provide "all supporting information" within sixty days of the objection. Filers should go to SERFF.com for further detailed filing instructions and requirements, including the definition of "all supporting information" in rate filings for model-dependent property and casualty products. The model-dependent Nebraska [filing requirements](#) can also be found on the Department's website.

The filer should determine whether "supporting information" includes proprietary trade secret(s) before initial submission. Specified Nebraska filing documents can be excluded from public record only if confidential treatment is granted consistent with [Neb. Rev. Stat. § 84-712.05\(3\)](#). A rate filer who requests confidential treatment for specified documents must justify such treatment using one of the two permissible arguments. After the Department grants such treatment in writing, the specified documents may be separated at initial submission from the remainder that will become public information when the filing is closed. The Department suggests the filer review the "Confidentiality Guidelines for Property & Casualty Insurance Filings in SERFF" found in the SERFF Filing Rules for Nebraska.

The Department encourages the utilization of an actuary (ACAS or FCAS) to provide assurance, consistent with actuarial standards of practice, that all required supporting information is clearly set forth in the filing and that the proposed rates are neither inadequate nor unfairly discriminatory under the Nebraska rating law. A carrier that provides such a written actuarial opinion will have its review expedited.

If you have any questions regarding this Notice, please contact Connie Van Slyke, Administrator for Property and Casualty at connie.VanSlyke@nebraska.gov or Gordon Hay, Sr. Casualty Actuarial Examiner, at gordon.hay@nebraska.gov. Both can be reached by phone at 402-471-2201.

LIFE & HEALTH DIVISION

Arp Assumes Health Policy Administrator Duties

With Martin Swanson's promotion to Deputy Director and General Counsel, his former position as Health Policy Administrator was posted, and Laura Arp was hired to fill that role.

Laura will continue to serve as Life and Health Administrator, and Department functions, including health policy and external review, are now the responsibility of the Life and Health Division. Laura's new title is Life and Health Policy Administrator. She can be reached at laura.arp@nebraska.gov.

Services for Nebraskans with Medicare

This summer, Nebraska's local source for Medicare information has unveiled a name change, moving away from SHIIP (Senior Health Insurance Information Program) to SHIP (State Health Insurance Assistance Program). Nebraska SHIP, a division of the Nebraska Department of Insurance, may look a little different, but its mission and dedication remain the same.

Nebraska SHIP services are available to all Nebraskans with Medicare, family members, medical providers and anyone who has Medicare-related questions. Information and services are free, unbiased, and confidential. The community's resource for Medicare education and problem solving is available whether an individual is (1) approaching age 65 and needs guidance on enrolling; (2) currently receiving Medicare and has a question about benefits; or (3) suspecting he/she has been a victim of a Medicare scam or fraud. SHIP is available to help.

The local Nebraska SHIP is available to assist with offices in Beatrice, Grand Island, Kearney, Lincoln, Omaha, Norfolk, North Platte, and Scottsbluff. Nebraska SHIP has a network of 325 volunteer certified counselors who are working throughout the state to answer Medicare questions.

The local office can be reached by calling 1-800-234-7119. More information is available on the Department's website at www.doi.nebraska.gov/ship.

Department functions, including health policy and external review, are now the responsibility of the Life and Health Division.

Nebraska's SHIIP (Senior Health Insurance Information Program) has changed its name to SHIP (State Health Insurance Assistance Program).

Nebraska's SHIP services are available to all Nebraskans with Medicare, family members, medical providers and anyone who has Medicare-related questions.

CONSUMER AFFAIRS DIVISION

Consumer Information Posted to Website

- **Medicare Cost Plans—What are they?**

A Medicare Cost Plan is a type of Medicare health plan that was introduced to Nebraska in 2019. These plans have rules similar to Medicare Advantage Plans but the coverage provided by a Cost Plan works in addition to your Original Medicare coverage. Click [here](#) to see entire document.

- **Special Event Insurance: Hunting for an Event Space?**

When finding the right space for an event, be sure to know all options if the event is cancelled. With many cancelling or postponing their events due to the COVID-19 global pandemic, understanding your coverage is important. Click [here](#) to see the entire document.

New SR22 Process—A Win for All

It is not often that a change in process results in a win for everyone involved, but that is exactly what has happened with the new SR22 process. A joint effort by the Nebraska Department of Motor Vehicles (DMV) and Nebraska Interactive has delivered a cost effective, secure, and fast way for insurance providers to file. This convenient solution eliminates the need to stuff envelopes and wait for the mail to be delivered. With two convenient options to either batch submit (overnight) or file in real time, insurers can see a dramatic reduction in the time it takes customers to get back on the road.

Combined with the option to check reinstatement requirements and pay applicable fees **online**, the length of time it could take to process a reinstatement drops from weeks to minutes. Electronic submission of SR22s means fewer frustrations for customers and fewer phone calls to check on the status of their documents. Removing the need to manually enter information from hard copy filings also reduces processing time for the DMV and helps eliminate errors. The new process truly represents a win for insurers, customers, and the DMV alike.

Feedback from insurers and their customers already using the new process has been extremely positive. To find out more information about individual or bulk filings, please contact ne-support@egov.com or call 402-471-7810.

Consumer information on Medicare Cost Plans and Special Event Insurance Have been posted to the Department's website.

A joint effort by the Nebraska Department of Motor Vehicles (DMV) and Nebraska Interactive has delivered a cost effective, secure, and fast way for insurance providers to file SR22s.

*Combined with the option to check reinstatement requirements and pay applicable fees **online**, the length of time it could take to process a reinstatement drops from weeks to minutes.*

PRODUCER LICENSING DIVISION

Appointment Renewal Window Ends July 31, 2020

The appointment renewal window ends Friday, July 31, 2020. All appointment renewals must be filed electronically through the National Insurance Producer Registry (NIPR) website found at www.nipr.com/renWelcome.htm. Invoices will be available through 4:00 PM CDT on July 31, 2020.

Nebraska-specific renewal information can be found on the NIPR website at <https://nipr.com/products-and-services/nipr-gateway/appointment-renewals/nebraska>.

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 Nebraska Department of Insurance at doi.licensing@nebraska.gov or by calling the Licensing Division at 402-471-4913.

Insurance Exam Testing Information

As the Nebraska test centers re-open and more applicants are using our new remote proctored testing options, make sure to check out the following links to ensure that you have the most current testing information regarding updates to site status, procedures, safety measures, and FAQs.

- **COVID-19 Strategies**: provides the most current information on Prometric's operation status and safety measures.
- **Essential Client Programs List**: provides our current list of essential test programs that are currently eligible to test in the U.S. We will evaluate and update this list on a rolling basis.
- **Site Openings List**: provides a running list of all of our current open/scheduled-to-open sites and their resumption test date. This list is updated daily to reflect any changes in status, and will be evaluated for further additions on a rolling basis.
- **Social Distancing Policies**: provides a detailed look at our standard and social distancing policies and test center procedure modifications that you are expected to follow while at the test center.
- **Test-Taker FAQ**: provides answers to FAQs regarding impacts to an exam.

The appointment renewal window ends Wednesday, July 31, 2020.

All appointment renewals must be filed electronically through the NIPR no later than 4:00 p.m. (CDT) on July 31.

Be sure to check out the links provided for the most current testing information regarding updates to site status, procedures, safety measures, and FAQs.

LEGAL DIVISION

Staff Update

Michael Anderson joined the Department’s legal division in May as a staff attorney. Prior to joining the Department, Michael was employed by the Attorney General’s office in Missouri and also served as an assistant prosecuting attorney and juvenile office attorney for Pemiscot County, Missouri. Michael received his undergraduate and juris doctorate degrees from Creighton University. Michael can be reached at michael.w.anderson@nebraska.gov.

Regulation Updates

Company Bulletin

CB-130 (AMENDED) - FILING GUIDANCE FOR INDIVIDUAL AND SMALL EMPLOYER MAJOR MEDICAL PLANS AND STAND-ALONE DENTAL PLANS IN NEBRASKA

CB-130 (Amended) was issued to provide guidance for filers of individual, small group and stand-alone dental plans (SADP), offered on and off the Federal Facilitated Marketplace, that wish to issue or renew plans in Plan Year 2021. The Centers for Medicare & Medicaid Services (CMS) released amended submission deadlines on May 7, 2020, which supersede the dates CMS published on March 27, 2020 and reflected in CB-130 (Amended), dated April 2, 2020.

Dates that have been adjusted based on the amended CMS submission deadlines issued on May 7 are highlighted in the most recently posted **CB-130 (Amended)**, dated May 15, 2020.

Actions Taken Against Producers & Agencies

CAUSE NO.	ALLEGATION	DISPOSITION
A-2209 Joseph Gargan NPN – 2310612	Violated <u>Neb. Rev. Stat. §§ 44-4059(1) (b), 44-4059(1) (h), 44-1525 (11)</u> . Violated any insurance law; used fraudulent, coercive, or dishonest practices; failed to respond to Department inquiry.	Order License Revoked 6/23/2020
A-2210 Nicole L. Nelson NPN - 8749895	Violated <u>Neb. Rev. Stat. §§ 44-4059(1) (b), 44-4059(1) (f), 44-4059(1) (h), and 44-4065(3)</u> . Violated any insurance law; convicted of a felony or misdemeanor; used fraudulent, coercive, or dishonest practices; failed to report criminal prosecution in any jurisdiction.	Consent Order License Revoked 4/29/2020
A-2211 Twyli Keilstrup NPN – 18974094	Violated <u>Neb. Rev. Stat. §§ 44-4059 (1) (b), 44-4059 (1) (h), 44-1525 (1)</u> . Violated any insurance law; used fraudulent, coercive, or dishonest practices; unfair trade practices.	Consent Order License Revoked 6/29/2020

EXAMINATION DIVISION

Pre-Need Examinations Completed During Second Quarter, 2020

Bates-Gould Funeral Home
Minnick Funeral Services
Nelson-Bauer Funeral Home
Odean Colonial Chapel
WB Funeral Home

Financial Examinations Completed During Second Quarter, 2020

Central States Indemnity Company
CSI Life Insurance Company
Medicare Advantage Insurance Company of Omaha
Mount Vernon Specialty Insurance Company
Mutual of Omaha Insurance Company
Mutual of Omaha Medicare Advantage
Omaha Health Insurance Company
Omaha Insurance Company
Omaha National Insurance Company
Omaha Reinsurance Company
Omaha Supplemental Insurance Company
Preferred Professional Insurance Company
ProSelect Insurance Company
Radnor Specialty Insurance Company
Surety Life Insurance Company
United Casualty & Surety Insurance Company
United Healthcare of the Midlands
United of Omaha Life Insurance Company
United World Life Insurance Company

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 doi.nebraska.gov. Copies can be obtained from the Department at a cost of \$.50 per page.

Congratulations

NDOI Employees of the Quarter



- ☆ Tom Green, Counsel, Legal Division
- ☆ Jillian Boston, Staff Assistant, Exam Division



Department Calendar

September 7: Department Closed – Labor Day

October 12: Department Closed - Columbus Day