

EYE on DOI

North Carolina
DEPARTMENT OF INSURANCE

fall 2011



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Big Changes at the North Carolina Department of Insurance

DOI's Newest Group: Ombudsman Services

A reorganization of the North Carolina Department of Insurance occurred in August 2010, when Insurance Commissioner Wayne Goodwin created the Ombudsman Services Group. OSG is comprised of two divisions—the Seniors' Health Insurance Program and Health Insurance Smart NC—and serves to promote improvements in health insurance consumer assistance for North Carolinians.

"The Department of Insurance has a long track record of helping consumers with questions about Medicare and health insurance," Goodwin said. "Through the Ombudsman Services Group, we are able to further focus and expand our efforts in these areas, as our Consumer Services Division continues to assist people with questions about auto, homeowners, life and other types of insurance."

Carla Obiol, who has worked with the Department of Insurance for over two decades, serves as the Senior Deputy Commissioner of OSG. Obiol was instrumental in growing and developing SHIIP as a resource for Medicare beneficiaries and is now working with staff to build Health Insurance Smart NC into the primary source of health insurance information for people not on Medicare.

"Medicare and health insurance are complex topics. There is an enormous need for free, unbiased information about health care benefits, particularly now, as changes in federal law mean they will continue to evolve," said Obiol.

OSG operates separately from the regulatory divisions of NCDOI, so that its programs can advocate freely on behalf of consumers.

SHIIP: 25 Years Strong

On Sept. 19, 2011, SHIIP celebrated a major milestone—its 25th year of service to North Carolinians. The need for SHIIP's services is only expected to grow, as our state's 65 and older population is anticipated to double over the next twenty years.

SHIIP was established by former Insurance Commissioner Jim Long in 1986 with a staff

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from the **COMMISSIONER'S** desk



Hurricane Irene

In most news outlets and in the minds of many people, Hurricane Irene has long passed. But from an insurance perspective, there are people in North Carolina still in the eye of the storm.

I strongly feel that our agents, adjusters and other insurance professionals are a crucial resource in helping people recover, repair and rebuild. I thank you for your service to your communities during large-scale disasters like Irene, and in the smaller, day-to-day events your clients experience.

The Department of Insurance and I remain hard at work helping with insurance issues related to Hurricane Irene. I have been on the ground in areas where people's homes were damaged or destroyed, and our consumer services specialists have been fielding phone calls from affected policyholders over the last several

months. Many of the complaints we've been hearing have to do with adjusters not following through or not even showing up in the first place. To me, inadequate service is never acceptable, and in times of disaster, it is particularly unsettling.

I personally reached out to the National Flood Insurance Program—which is administered by the Federal Emergency Management Agency—and to private insurance companies to implore them to send claims adjusters back to affected areas of North Carolina to reevaluate and follow up on initial inspections.

In addition, the Department of Insurance coordinated a series of Insurance Assistance Centers in hard-hit communities. These centers gave people an opportunity to meet with our staff specialists and representatives from the National Flood Insurance Program

to ask questions or file complaints. Department of Insurance staff traveled to Pamlico County on Nov. 17 and found that many people with flood losses were wholly unaware that Nov. 23 was the NFIP's deadline for proof of loss. With just days before the deadline and the support of other state officials, I formally requested that FEMA extend the deadline to give North Carolinians a fair chance to file flood claims. I am pleased that the deadline was extended to Jan. 23, 2012.

Times of disaster are when our insurance professionals and our Department of Insurance are truly tested. I thank you for your dedication and professionalism, and, like you, I am devoted to helping North Carolina come out of this crisis.

Wayne Goodwin

Long-Term Care Partnership Continuing Education

In the summer edition of Eye on DOI, the Agent Services Division provided information about revisions to the agent continuing education (CE) requirements for the Long-Term Care Partnership Program. The revisions were effective March 1, 2011, and require companies to ensure that each producer who markets LTCP products receives the training as specified.

Frequently asked questions on LTCP and CE requirements can be found on the DOI's website or by clicking [HERE](#).

Since March, there have been 21 LTCP training courses filed and approved in North Carolina. Information on approved CE providers and CE classes for LTCP education can be found at www.prometric.com.

of three, and by 1991, had expanded into operation in all 100 counties of North Carolina. It's now one of NCDOI's largest divisions and boasts an impressive network of more than 850 trained volunteers and coordinators.

The program provides counseling on Medicare, Medicare supplements, Medicare Advantage, Medicare Part D and long-term care insurance. SHIIP counselors can also help beneficiaries determine if they are eligible for a low-income subsidy for prescription drugs.

Medicare beneficiaries and their caregivers often come to a SHIIP counseling session confused and frustrated, and leave with the relief of having made informed decisions about their benefits.

SHIIP is also making strides in fighting Medicare fraud in North Carolina with the Senior Medicare Patrol program. SMP is a preventive education program that aims to reduce Medicare error, fraud and abuse. Nationwide, an estimated 68 billion dollars of taxpayers' money is lost every year to billing discrepancies, fraud and abuse in the Medicare program, and SMP is dedicated to helping people identify and report such wasteful spending.

Health Insurance Smart NC: An Impressive Start

What SHIIP is to Medicare, Health Insurance Smart NC is to individual or group health plans, self-funded health benefit plans, the state high risk pool (Inclusive Health), the federal Pre-existing Condition Insurance Plan or any other kind of public health coverage.

The program, which builds upon the services of NCDOI's former stand-alone Healthcare Review division, helps North Carolinians better understand their rights and options related to health insurance. It was established with federal grant funding, combined with existing resources from NCDOI.

Smart NC can help consumers:

- File complaints or appeals with their health insurance company.
- Identify enrollment opportunities for health insurance coverage.
- Understand rights and responsibilities regarding health insurance coverage.
- Request an external review if their health insurance claim was denied.
- Learn about health insurance-related issues.



And the program is off to an impressive start. Since April, Health Insurance Smart NC has handled more than 1,600 consumer assistance and external review cases, helping consumers obtain nearly \$785,000 worth of provided services and refunds.

While Smart NC's primary function is to help ease the overwhelming demand for information from the general public, it can also serve as a valuable resource for the agent community. Should an agent feel that he or she is hitting a roadblock in assisting a client with a health insurance issue, they can refer the client to Smart NC.

Health Insurance Smart NC is building community-based partnerships throughout the state that will work with the staff to provide outreach, counseling and enrollment services in every community of North Carolina. Because of its experiences with SHIIP, NCDOI understands that a local, trusted source of information is critical in reaching consumers in our state. The development of Health Insurance Smart NC is critical in the years ahead as new federal reform changes are implemented in the state, and consumers are faced with new health insurance coverage options.

Agent Advisory Committee Updates: A Busy Day in Boone

There was a full agenda as Insurance Commissioner Wayne Goodwin, agents, insurance educators and students came together in Watauga County on Nov. 17.

After starting off the day enjoying a hearty breakfast with more than 30 local fire and rescue personnel, Goodwin and several members of the Agent Advisory Committee headed over to the Appalachian State University campus in Boone.

Once there, the Commissioner delivered a presentation about the North Carolina insurance ratemaking process for the benefit of approximately 50 students from ASU's Brantley School of Risk Management and Insurance. The Commissioner also described the specific and, to some, surprising ways in which the Department of Insurance provides assistance to the state's residents and business owners.

The audience was then introduced to Al Koehler, Director of the Criminal Investigations Division for the Department of Insurance, who provided a riveting presentation about the various ways DOI's 20 sworn law enforcement officers investigate and assist in the prosecution of various types of insurance fraud.

State Sen. Dan Soucek of Boone then joined the Commissioner and AAC members for a luncheon at the home of ASU Chancellor Kenneth Peacock. Also joining them were Brantley Director Dr. David Wood, Assistant Director Greg Langdon and several Brantley students. Two prospective students were also invited to attend the luncheon and committee meeting as special guests of the chancellor.

Once the AAC meeting commenced in the afternoon, Hurricane Irene made an appearance – at least as a topic of conversation – as the Commissioner updated everyone on the status of flood claims and adjusters' issues stemming from the storm. In addition, Roy Foster and Cathy O'Conner from the Department's Agent Services Division addressed the homeowners'



Senator Dan Soucek joined Commissioner Goodwin and several AAC members – along with faculty, students and prospective students of ASU's Brantley School of Risk Management and Insurance – for a luncheon hosted by ASU Chancellor Kenneth Peacock.

protection class issue that came up in March and explained the results of a related ASD audit.

The meeting closed with the Commissioner presenting certificates of appreciation to outgoing Agent Advisory Committee members Jody Brown, Luther Carter Jr., Wade Dunbar, Tommy Frazier, committee chairman Pat Molamphy, and Bo Walker. After receiving his certificate from the Commissioner, Molamphy passed the torch to Linda Willey, an agent from the Nags Head area who will serve as the new committee chair in 2012. If you are an outgoing committee member who was unable to attend the meeting, please keep your eyes out for your certificate, which has been sent to you via the USPS.

To cap off the day's events, Commissioner Goodwin watched students from ASU, the University of North Carolina Charlotte and East Carolina University as they competed in the "2011 Insurance Jeopardy

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Customized Mailing List Requests



SBS Report Generator is a new tool offered by the National Association of Insurance Commissioners' State Based Systems (SBS), whereby external users can purchase a list of licensed producers, adjusters, business entities or bail bondsmen. North Carolina has authorized SBS to offer the information on licensees via this service for a fee payable directly to SBS.

Report Generator allows users to generate and request a list using a variety of search criteria. The user can view the number of records returned and the associated cost of the report, then pay their fee via credit card, view and print the receipt, and download the report. There is also an interface that allows users to retrieve their report at a later date, for a limited time, using unique transaction and PIN codes.

Fields listed in the report include:

- License Number
- Individual Producer Name and NPN
- Business Entity Name and FEIN
- License Type and Status
- License Line of Authority
- First Active Date of License
- Effective Date of License
- Expiration Date of License
- Domicile State
- Resident Status
- Business Phone and Business E-mail (only available if included on license record)
- Full Mailing Address
- Full Business Address

The Report Generator and frequently asked questions about the application are available on DOI's website under **Online Services for Licensees**.

CE Provider Mailing List Requests

Continuing Education (CE) providers are now able to order mailing lists with CE compliance information for the purpose of advertising and promoting North Carolina CE courses. The mailing lists can be requested for agents only, adjusters only, or for all licensees. In addition, the lists can be customized for licensees not yet compliant for CE in the current compliance period, or for both CE-compliant and not yet CE-compliant licensees.

Mailing lists will provide the following fields:

- Name
- National Producer Number
- License Type
- Address Line 1, address Line 2, City, State, Zip code
- E-mail address (only available if included on license record).

Lists will be produced within five business days of the receipt of request and will be emailed to the CE provider. There is a non-refundable fee per list that can be paid by check or credit card to "Prometric." The Request for Mailing List form can be found in the CE Provider Information Packet at www.prometric.com.

Is your individual and/or company's e-mail address on file with NCDOT? If not, click [HERE](#) if you're an individual or [HERE](#) for a company to register a valid e-mail address.

IMPORTANT CONTACT INFORMATION

Agent Services Division

(licensing questions, continuing education, etc.)
www.ncdoi.com/asd or 919-807-6800

Life and Health Division

www.ncdoi.com/lh or 919-733-5060

Property and Casualty Division

www.ncdoi.com/pc or 919-733-3368

Market Regulations Division

www.ncdoi.com/mr or 919-807-6899

Financial Evaluation Division

www.ncdoi.com/fed or 919-733-2205 (Financial Analysis)

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Competition,” sponsored by the North Carolina Surplus Lines Association. Congratulations to the lucky – and apparently very well-informed – UNC Charlotte students who walked away with the championship this year!

The Commissioner is currently working on the roster for next year’s Agents Advisory Committee. The next meeting of the Agents Advisory Committee is scheduled for January and will be held at the Department’s offices in Raleigh.



(Above) Commissioner Goodwin addresses the audience during his visit to the Appalachian State University campus in Boone. (Left) Commissioner Goodwin presented the outgoing Agent Advisory Committee members with certificates of appreciation during the most recent AAC meeting in November.

Procedure Update for Resident Lenders

The services that North Carolina's resident lenders provide help hard-working citizens obtain what they need to sustain their families through unexpected crises and unforeseen financial circumstances. And from recent conversations, Insurance Commissioner Wayne Goodwin has had with members of Resident Lenders North Carolina, it seems that the independent consumer finance industry is currently dealing with some unforeseen circumstances of its own.

Several RLNC representatives met recently with the Commissioner to inform him that many private lenders were struggling with a regulatory burden that was restricting them from assisting consumers with their credit and financing needs. Specifically, lenders felt that they had no avenue to resolve a consumer debt after it had been paid by an insurance company. For example, if a consumer defaulted on a loan, and a residential lender filed a claim with their insurance company to reclaim the money that was lent, there was no way for the consumer to pay back the money once the insurance claim was filed. The result would be that the consumer would still have a black mark on their credit because the residential lender could not accept the payment from them.

After thoroughly investigating the issue, the Commissioner began personal discussions with Joseph Smith of the North Carolina Banking Commission, and after negotiations took place between members of the Banking Commission and Department of Insurance staff, the Banking Commission agreed that lenders may turn over money paid to them by consumers after an insurance company has paid by filing an "other business" exception with the Banking Commissioner.

This will hopefully resolve the issue for residential lenders and allow consumers to effectively repair their credit when they have the opportunity to do so. Commissioner Goodwin is committed to keeping the lines of communication open so that the Department of Insurance can continue to assist the business community and consumers.

Medical Loss Ratio: DOI has concerns about market destabilization

The medical loss ratio standard is a component of the Affordable Care Act that has sparked a great deal of discussion among insurance regulators, insurance professionals and consumer advocates.

As many of you know, starting in 2011, the federal law requires health insurers to spend a designated percentage of premium dollars on medical care and health care quality improvement, rather than on administrative costs. For individual and small group products, the MLR standard is 80 percent; for large group products, the MLR standard is 85 percent. Insurers must pay a rebate to policyholders if they do not meet the minimum MLR.

However, North Carolina has submitted a request to the U.S. Department of Health and Human Services, asking for the individual and small group requirements to be adjusted to 72 percent in 2011, 74 percent in 2012, 76 percent in 2013, and 80 percent in 2014. Department of Insurance experts believe that, if approved, this stepped approach to meeting the standard would prevent a destabilization of the individual market in the state.

There is a real concern that if the smaller health insurance companies are not given a chance to gradually meet MLR requirements, they will not be able to continue doing business

in North Carolina, which would lead to fewer choices for consumers.

Another serious concern is that there is evidence of companies reducing agent and broker commissions because of the MLR standards. This practice not only hurts the livelihoods of the agents and brokers, it will ultimately limit consumers' choices and competition in the individual market.

In November, Insurance Commissioner Wayne Goodwin took a stand on behalf of agents and brokers when he voted in support of a National Association of Insurance Commissioners resolution to urge Congress to remove commissions from the MLR calculation.

He based his decision to support the resolution on credible reports, data and analysis, and maintains that this is a pro-consumer position. Goodwin firmly believes that agents and brokers play a vital role in assisting and educating consumers, and that we must critically examine anything that may reduce consumers' access to their services. There is particular concern that people in North Carolina's many rural communities have continued access to hometown insurance agents who can assist them in making significant coverage decisions.

REGULATORY ACTIONS

June — September 2011

NC License/NPN#	Action	Date of Action
PRODUCERS		
Alma R. Tart License #: 10011361	Voluntary Settlement Agreement Resident Surety Bail Bondsman	6/2/2011
Diana W. Pace License #: 1106444	License Revocation Resident Life, Accident Health Sickness	6/22/2011
Ronnie L. Bidgood License #: 6576491	License Denial Resident Life	6/23/2011
Henry Anderson License #: 15997159	License Suspension Resident Accident Health Sickness	6/24/2011
Cory R. Coleman License #: 15820008	License Suspension Resident Life	6/24/2011
Gregory L. Pittman License #: 14233334	License Suspension Resident Life	6/24/2011
Reginald Robinson License #: 12635452	License Suspension Resident Life, Accident Health Sickness	6/24/2011
Anthony D. White License #: 13335210	License Suspension Resident Accident Health Sickness	6/24/2011
Nadine Roberts License #: 16298963	License Denial Resident Accident Health Sickness	7/8/2011
Dorsey L. Adams Jr. License #: 7490805	Voluntary Settlement Agreement \$250 Resident Life, Accident Health Sickness	7/27/2011
Mark L. Hampton License #: 13559681	License Suspension Resident Life, Accident Health Sickness	7/28/2011
Lester Williams license #: 15934627	License Suspension Resident Accident Health Sickness, Medicare Supplement/LTC	7/28/2011
Kathy S. Fulton License #: 3363142	Voluntary Settlement Agreement \$250 Resident Credit Agent	8/3/2011
Chee N. Yang License #: 8224957	Voluntary Settlement Agreement \$3,750 Resident Life, Accident Health Sickness	8/15/2011
Patty L. Dorman License #: 834977	Voluntary Surrender Resident Life, Accident Health Sickness	8/17/2011
William C. Hall III License #: 6560946	Voluntary Settlement Agreement \$4,500 Resident Life, Accident Health Sickness, Med Supp/LTC	8/17/2011
Matthew R. Gasperson License #: 16257627	License Denial Resident Life, Accident Health Sickness	8/25/2011

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NC License/NPN#	Action	Date of Action
John A. Womack License #: 5592879	Voluntary Surrender Resident Life, Accident Health Sickness	8/26/2011
Todd E. Stubbs License #: 8955262	Voluntary Settlement Agreement \$500 Resident Life, Accident Health Sickness	9/6/2011
Theodore D. Hooton License #: 15101187	Voluntary Surrender Resident Life, Accident Health Sickness, Property, Casualty	9/10/2011
Raymond F. Shapiro License #: 92360	Voluntary Surrender Resident Life, Accident Health Sickness, Med Supp/LTC	9/20/2011
James R. Dupree License #: 2376305	License Denial Property, Casualty, Personal Lines	9/22/2011
BAIL BONDSMEN		
Darryl Stallings License #: 8392493	License Suspension Professional Bondsman	6/23/2011
Teacus J. Sumpter License #: 10007977	Voluntary Settlement Agreement \$350 Surety Bail Bondsman	6/23/2011
Jerel D. Bazemore License #: 10013844	License Revocation Surety Bail Bondsman	6/28/2011
Matthew L. Gregory License #: 12753044	Voluntary Settlement Agreement \$750 Surety Bail Bondsman	6/30/2011
Lonnie D. Hammond License #: 8392518	Voluntary Settlement Agreement \$500 Professional Bail Bondsman; Surety Bail Bondsman	7/6/2011
Wallace E. Brothers License #: 16178407	Voluntary Settlement Agreement \$250 Surety Bail Bondsman	7/6/2011
Paul L. Ward License #: 9269958	Voluntary Settlement Agreement \$250 Surety Bail Bondsman; Bail Bond Runner	7/13/2011
Frankie R. Atkinson License #: 10014169	Voluntary Settlement Agreement \$250 Surety Bail Bondsman	7/21/2011
Derrick J. Atkinson License #: 13114193	Voluntary Settlement Agreement \$250 Surety Bail Bondsman	7/29/2011
Samuel M. Cook License #: 8393827	Voluntary Settlement Agreement \$250 Bail Bond Runner	7/29/2011
Eric L. Jones License #: 10013782	Voluntary Settlement Agreement \$250 Surety Bail Bondsman	7/29/2011
Michael B. Kaufman Jr. License #: 16113963	Voluntary Surrender Surety Bail Bondsman	8/4/2011
Travis J. Parker License #: 15747043	Voluntary Settlement Agreement \$250 Surety Bail Bondsman	8/9/2011
Anthony P. Robinson License #: 15749458	Voluntary Settlement Agreement \$250 Surety Bail Bondsman	8/24/2011

NC License/NPN#	Action	Date of Action
Joseph B. Stevens License #: 10286841	Voluntary Settlement Agreement \$250 Surety Bail Bondsman	8/24/2011
Stephon McQueen License #: 10004735	Voluntary Settlement Agreement \$250 Surety Bail Bondsman	9/13/2011
Maurice Cameron License #: 10013816	Voluntary Settlement Agreement \$250 Surety Bail Bondsman	9/16/2011
Robert M. Ross License #: 10004607	Voluntary Surrender Surety Bail Bondsman	9/20/2011
ADJUSTERS		
Damon Faunce License #: 7113554	License Revocation Nonresident Public Adjuster	6/8/2011
Simeon Keith Morris License #: 15432795	License Revocation Nonresident Public Adjuster	6/10/2011
Paul V. McKenna License #: 11759791	License Revocation Nonresident Public Adjuster	6/23/2011
Guy Sayers License #: 13518415	Voluntary Surrender Nonresident Public Adjuster	6/24/2011
Timothy C. Green License #: 8642086	Voluntary Settlement Agreement \$500 Public Adjuster	7/20/2011

Check out the latest published reports from the Market Regulations Division: www.ncdoi.com/mr

Individuals and business entities can now print their own license through SBS Connect and sign up for e-mail notifications of license status changes. Click **HERE** for quick and easy instructions.