

NCOIL Plans Model on Certificates of Insurance, "Information Only" Notice

Legislators at the July NCOIL Summer Meeting will survey the best use of proof-of-coverage forms and will consider—in what promises to be passionate discussion—a model law with strong implications for agents, property-casualty insurers, and life insurer counterparts. The Property-Casualty Insurance Committee will hear arguments on a proposed *Certificates of Insurance Model Act* during the group's July 17, 8:00 to 9:30 a.m. meeting in Newport, Rhode Island.

The draft model, being developed by NCOIL President Rep. George Keiser (ND), aims to clarify limits on the use of certificate, or evidence, of insurance forms in order to promote a transparent system that discourages fraud and misuse. The proposal (cont. on page 2)



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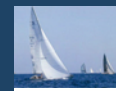
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VERMONT, RHODE ISLAND CHOOSE SLIMPACT, OTHER STATES IN LINE

On May 26 and 27, respectively, Vermont and Rhode Island governors made their states the sixth and seventh to join a historic *Surplus Lines Insurance Multi-State Compliance Compact* (SLIMPACT). Bills in those states—championed by key NCOIL legislators—are part of a fast-growing movement to enact truly effective surplus lines reform.



Rep. Kathie Keenan, VT

Speaking from VT, NCOIL Past President Rep. Kathie Keenan declared, "Six states in three months, with several additional states in queue, represents great success for the new compact. We are glad to join our colleagues from across the country in building towards a critical mass...."

Vermont Senate Finance Committee Chair Sen. Ann Cummings said, "Vermont needs to continue to receive its due share of surplus lines insurance premium taxes, and...a broadly enacted compact will best ensure that Vermont continues to receive monies on insurance exposures in our state...."



Sen. Ann Cummings, VT



Rep. Bill Botzow, VT

Rep. Bill Botzow, chair of the VT House Commerce & Economic Development Comm. added, "In addition to its tax benefits, SLIMPACT will also implement important uniformity...Achieving nationwide foreign eligibility standards—consistent with the 2010 (cont. on page 4)

NCOIL SYMPOSIUMS TO EXPLORE OPTIONS FOR UP-AND-RUNNING EXCHANGES

In back-to-back Summer Meeting symposiums, NCOIL on July 14 will help states prepare for one of federal healthcare reform's heaviest lifts, which is to create new exchanges for individuals and small employers to buy insurance. With a January 2013 exchange deadline looming, legislators and other experts in Newport, Rhode Island, will examine two major hurdles: getting state and federal entities to work together and managing tons of electronic data.

The first session—scheduled from 1:30 to 3:30 p.m. and titled *Against the Clock: How are States Planning Their Health Exchanges?*—will focus on how officials are setting up governing boards and day-to-day management. The event will take a look at ways state agencies—including insurance, health, SCHIP, and Medicaid—can link up with federal entities like Medicare, the U.S. Dept. of Labor, and IRS.

Speakers include Andy Allison (KS) (cont. on page 2)

NCOIL Plans...

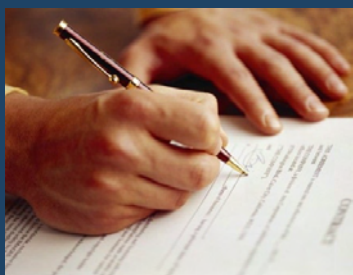
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responds to concerns that agents are being pressured by third parties—such as large companies and government agencies that hire outside contractors—to add possi-



bly misleading third-party contract info to certificates.

The bill—which is being developed to submit in accordance with the 30-day rule for Summer Meeting consideration—currently would **prohibit certificate changes** that give third parties notification rights that the policies themselves do



not. The model would require insurance departments to **pre-approve** all certificate forms, and it would require forms to state that they are for **“information only.”**

Interested parties have been given opportunity to submit amendments to the model that Rep. Keiser will review before releasing language for NCOIL (cont. on page 3)

NCOIL to Assess Unclaimed Life Insurance Benefit Challenges

Legislators this summer will explore concerns about unclaimed life insurance benefits, building on issues raised during last fall’s NCOIL review of life insurer retained asset accounts. Legislators, regulators, and consumers will meet face-to-face at the NCOIL Newport Summer Meeting discuss the merits of allegations that insurers withhold benefits after policyholders die, fail to track down beneficiaries, and don’t turn over unclaimed money to states and find solutions.

On July 14, legislators at an NCOIL-NAIC Dialogue will discuss with regulators their ongoing multi-state efforts—including a 35-state audit of the life insurance industry and hearings held this month in FL and CA—

that aim to resolve unclaimed property concerns. The following day, members of the NCOIL Life Insurance & Financial Planning Committee will assess the issue with insurers and consumers.

Critics of life insurer practices, including certain consumers and regulators, argue that insurers have used a Social Security database for decades to verify annuity owner deaths and thus prevent overpayment of funds. Conversely, they argue, companies have not used the database to learn when unclaimed life insurance proceeds are due to beneficiaries or to state abandoned-property funds. CA and FL regulators are also concerned that some insurers—after an owner’s death—have used unclaimed money to collect their premiums.

During a May 19 FL hearing—in which MetLife and Nationwide responded to such allegations—insurer reps said that less than one percent of benefits go unclaimed. They said industry’s use of the Social Security database has evolved so that deceased policyholders can be checked at least annually and beneficiaries then told of unclaimed life insurance.

Depending on the policy terms, the companies said, they—as a courtesy to prevent forfeiture of a policy when they think an insured is still alive—use the policy’s cash value to pay premiums. The insurers also said that—if they later learn that policyholder has died—they’ll give the beneficiary what the policy was worth at the date of death, plus interest. ■

Health Exchange

on behalf of the National Association of Medicaid Directors (NAMD), Prof. Timothy Jost of Washington & Lee University, John McDonough of Harvard University, Cheryl Smith of Leavitt Partners, Paul Stordahl of United-Healthcare, and Commissioner Susan Voss (IA) on behalf of the National Association of Insurance Commissioners (NAIC). Joel Ario, Director of the Office of Insurance Exchanges with the Centers for Medicaid & Medicare Services (CMS), may also join.

The second symposium, scheduled immediately after from 3:30 until 4:45 p.m., is entitled *Navigating Exchanges: Operational Challenges*

and *Innovator Answers*.

The discussion will probe how technology can seamlessly integrate all data that must run through an exchange. Experts will keep in mind the need for a consumer-friendly approach that makes shopping and determining eligibility easy, as well as look at what third-party vendors might do for states. Officials from Kansas and Maryland—two “early innovator” states getting part of a \$241 million federal grant to build state-of-the art technology systems—will overview their states’ efforts and address how they could



(cont. from page 1)

be used elsewhere.

The second session will feature Bruce Caswell with Maximus, Inc., a third-party vendor that handles Medicaid managed-care enrollment, and Linda Sheppard, Director of the KS Ins. Dept. Accident & Health Division. Invited are Henry Chao, Chief Information Officer at CMS; Dr. Joshua Sharfstein, Secretary of the MD Dept. of Health & Mental Hygiene; and Assem. Herb Conway (NJ), who co-chairs an NCSL Task Force on Healthcare Reform Implementation with NCOIL Treasurer Rep. Greg Wren (AL). ■



NCOIL Seeks Answers on Cross-Border Workers' Comp Issues

Insurance legislators this July will explore concerns regarding workers' comp rules for out-of-state temporary employees—requirements that often cause headaches for employers, insurers, and state regulators—and consider whether guidance is needed to promote uniformity. The Newport Summer Meeting discussion, which also will address state claims reciprocity agreements, will take place at the July 14 Workers' Comp Insurance Committee meeting.

Of particular interest to NCOIL are recent state efforts to verify coverage for temporary out-of-state workers—including efforts in Massachusetts that focus on visiting construction sites and stopping trucks at weigh stations, among other things. Insurers and employers operating in more than one state have begun calling for more clarity and uniformity as regulators work to ensure coverage and protect state comp funds.

NCOIL legislators in Newport will discuss policy options, including a revamp of reciprocity standards, new "temporary" worker definitions, and

national reporting standards, to promote more streamlined, consistent regulation. This exploration follows NCOIL efforts to establish trucking-industry independent contractor standards.

On reciprocity, legislators at the 8:00 to 9:15 a.m. session will review 2006 NCOIL support for a *Model Agreement Between Jurisdictions to Govern Coordination of Claims & Coverage*. The model, by the International Assoc. of Industrial Accident Boards & Commissions (IAIABC), aims to streamline claims for out-of-state injuries, specify covered benefits, and determine a coverage source for injury claims. ■

NCOIL Plans...

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consideration. An amendment now offered would **exempt evidence of insurance forms** used for lending transactions, such as for mortgages that life insurers write as investments, from the bill's "information only" and other requirements.

In the states, nearly all insurance departments have issued **bulletins or informational letters** that advise agents against modifying certificates of insurance, saying that changes violate more general laws banning **misrepresentation of insurance coverage**. Just a handful of states, which acted in the last year or so, have specific legislation or regulation. ■

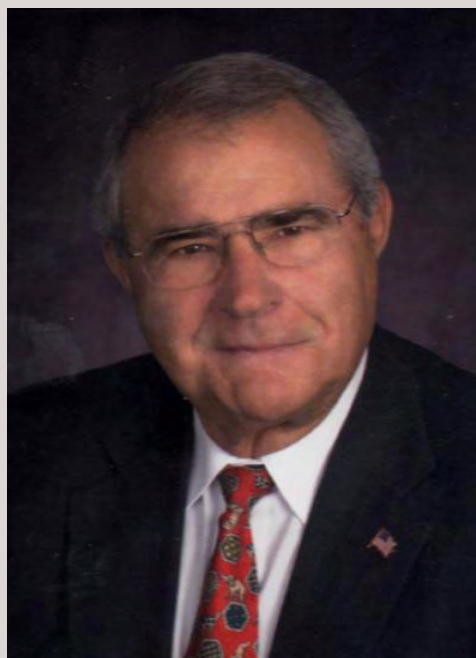
NCOIL REMEMBERS PAST PRESIDENT FRANK WALD

NCOIL mourns the passing of **Past President Rep. Frank Wald**, who died on May 3 after a brief illness.

Frank Wald was a great legislator and a great man who served in the North Dakota House for 30 years, including as Speaker, before retiring and who believed deeply in the purpose and people of NCOIL. During his nearly 25 years at NCOIL, he led as President in 2005-2006, as chair for many years of the International and Workers' Compensation Committees, and as an NCOIL emissary at meetings with legislators and regulators overseas.

A life-long insurance agent who started his very successful firm in a basement, Frank's extensive knowledge of insurance—not to mention unique brand of humor—earned him a special place among NCOIL legislators.

Frank is survived by a wife, eight children & 12 grandchildren.



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NEWPORT, RI
July 14 – 17, 2011
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VERMONT

Dodd-Frank Act—and a simple, single policyholder notice can only be accomplished through SLIMPACT.”

In Rhode Island—where legislation was advanced by NCOIL Past Pres. Rep. Brian Kennedy and by NCOIL leaders Sens. David Bates and William Walaska—Rep. Kennedy said, “We are confident we’ll soon reach the threshold to begin compact commission operations. Once 10 states join SLIMPACT, we believe other states that pursued a wait-and-see approach will quickly follow. Lawmakers from such states—who may have been discouraged by allegations that SLIMPACT would not be operational—may seize the opportunity to align their states with the successful initiative.”

Rep. Kennedy also said, “It is important that we make the transition from adopting SLIMPACT...to implementing the compact as seamlessly as possible. NCOIL, NCSL, and CSG are even now working to-

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gether to get the compact commission up and running...” Kennedy declared that “NCOIL will soon convene Commission members, legislators, and interested parties to develop inaugural rules and tax allocation formulas.”

In addition, Sen. Bates commented, “We have witnessed tremendous progress in the first half of 2011, though Dodd-Frank gave states only 12 short months



Rep. Brian Kennedy, RI

to enact and implement national reform...SLIMPACT passage will prove to Congress that states have heeded its call for uniformity...”

KY, NM, ND, IN, and KS are also SLIMPACT members. As of this writing, AL and TN legislation await governor signatures, a NY bill is advancing, and other states are readying action. ■