



Southwest Region News

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Southwest Chapter: Arizona, California, Colorado, Hawaii, Nevada, New Mexico, Utah

CA Issues Annuity Suitability Regulations

In early March, the California Department of Insurance issued annuity suitability regulations. The regulations were open for 45 days before becoming law. The regulations are substantially similar to the NAIC's Annuity Transactions Model Regulations, adopted by the NAIC in March 2010. The state action came after the National Conference of Insurance Legislators (NCOIL) endorsed the annuity suitability model regulations developed by the NAIC. The new regulations require insurers to establish a system to supervise recommendations and set standards and procedures for recommendations to consumers age 65 and older.

A news release about the regulations may be found online at:
<http://www.insurance.ca.gov/0400-news/0100-press-releases/2011/release037-11.cfm>

Kathryn H. Rowan, Esq.

HI Requires Fingerprints for Producer License Applicants

Effective November 1, 2010, all applicants for an insurance license who are residents of Hawaii must provide a full set of fingerprints for licensing per Hawaii Revised Statutes §§431:9-204 and 431:9A-106(a)(5). This does not affect residents with active licenses. If an individual submits an application for two licenses simultaneously he/she only needs to be fingerprinted once. However, if that individual submits applications on different dates, the applicant will be required to be fingerprinted again. For additional information contact the Licensing Branch, Insurance Division at (808) 586-2788.

The procedures for applicants may be found online at:
http://hawaii.gov/dcca/ins/producers/instructions_insurance_license

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HI Publishes Annual Lists of Motor Vehicle Insurers

Pursuant to Hawaii Revised Statutes 431:10C-210, amended by Act 116, the insurance commissioner shall publish annually notice of a list of all motor vehicle insurers with representative annual premiums for motor vehicle insurance. For 2010, the premium quotations were to be submitted to the commissioner by October 4, 2010, and the listing was made available on the Division's website based on insurer's rates in effect on November 1, 2010. Each insurer who does not transact private passenger auto business in Hawaii must state such exemption in writing and mail to the Rate & Policy Analysis Branch.

For more information contact the Insurance Division's Rate & Policy Analysis Branch at (808) 586-2809 or RPA-datacall@dcca.hawaii.gov.

The worksheets and instructions may be found online at: www.hawaii.gov/dcca/areas/ins/commissioners_memo.

Kathryn H. Rowan, Esq.

NV Relocates Carson City Office

The Nevada Division of Insurance Carson City office has relocated to 1818 E. College Pkwy. Suite 103, Carson city, NV 89706.

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NV Provides Policy Affidavits for Producers

The DMV Nevada Live system verifies insurance on a regular basis through a web-based verification system. The DMV is now providing an affidavit that can be used by duly appointed Nevada insurance agents to verify that a client's policy is in full effect. Agents may now verify that they represent the primary insurance company and confirm uninterrupted insurance coverage by submitting the affidavit to the DMV. Previously, agents were unable to verify the information and had to rely on the main insurance company to do so. Questions may be directed to the DMV team at 775-685-4850.

The affidavit is available on the Division Insurance Web site at <http://doi.nv.gov>.

Kathryn H. Rowan, Esq.

NV Expands Insurance Market Report

The 2001 Nevada Insurance Market report has been expanded to include the major functions by the Nevada Division of Insurance in addition to the concentration on property and casualty market. This report is required to be delivered to the Legislature no later than February 1 of each legislative session year.

The report may be found online at: <http://www.doi.state.nv.us/sinfo/doc/InsuranceMktReportB.pdf>.

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NM Issues P&C Filing Schedule

New Mexico Insurance Bulletin No. 2011-007, issued April 14, 2011, advises all property and casualty insurers of the instructions to complete the "Maximum % Change" and "Minimum % Change" fields in the Property & Casualty Rate/Rule Filing Schedule. This information is required by 13.8.2.8 NMAC for all property/casualty rate filings and rate-related rules filings. The bulletin explains the maximum and minimum percentage changes that a policyholder will experience over all of the renewal cycles during which the rate filing may be in effect as a result of the filing.

For more information, contact Alan Seeley at (505) 827-4307 or at alan.seeley@state.nm.us.

Bulletin 2011-007 may be found online at: <http://www.nmprc.state.nm.us/insurance/pdf/Bulletin2011-007.pdf>

Kathryn H. Rowan, Esq.

NM Issues Medical Loss Ratio Rules

New Mexico Insurance Bulletin No. 2011-006 was issued on April 8, 2011 to all health insurers and health maintenance or managed care organizations in New Mexico to advise them of the state's medical loss ratio requirements (MLR) for individual or group health coverage. The bulletin does not affect any short-term travel, accident-only or limited or specific disease policies. The bulletin also advises of the superintendent's adoption of the federal "Preliminary Justification" filing requirements. Those requirements impact filings for rate increases of 10 percent or greater to determine whether the rate increase is "unreasonable."

The superintendent has adopted the 80 percent MLR contained in the provisions of the Federal Affordable Care Act (ACA) for individually underwritten health care policies, plans and contracts. An MLR of 85 percent will apply to rate filings affecting small and large group markets, as well as the definitions of market classification

contained in the Insurance Code. Effective immediately, all filings that contain a 10 percent or greater rate increase, shall contain the Preliminary Justification.

For questions on coverage and settlement requirements, contact Thomas Bowling, Chief Life & Health Actuary, at (505) 827-8462 or at thomas.bowling@state.nm.us.

The bulletin may be found online at: <http://www.nmprc.state.nm.us/insurance/pdf/Bulletin2011-006.pdf>.

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NM Updates Health Insurance Card Requirements

New Mexico Insurance Bulletin No. 2011-004 requires each health care insurer to provide each subscriber with certain information required by Subsection B of 13.10.13.8 NMAC. This bulletin was issued on March 8, 2011. The superintendent of insurance is now requiring that the following language be included on health insurance cards:

"If you have a complaint about the coverage under your health plan, you may contact: Managed Health Care Bureau, www.nmprc.state.nm.us/mhcb.htm, 1 (888) 4ASK – PRC (7-5772)"

The bulletin may be found online at: <http://www.nmprc.state.nm.us/insurance/pdf/Bulletin2011-004.pdf>.

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UT Addresses Premium Finance Agreements

Utah Bulletin 2011-1 addresses the issue of premium finance companies thinking that it is permissible to obtain complete ownership of a life insurance policy at the time of default of a premium finance agreement. The bulletin advises that at default of the premium finance agreement, the premium finance company may obtain an interest in the life insurance policy that is only equal to the amount of the default. The bulletin references Utah's insurable interest statute, U.C.A. 31A-21-104, which requires that an insurable interest must exist at the effective date of the insurance and also at the later time of procurement of interest in the proceeds. A premium finance company has an insurable interest that is only equal to the outstanding balance of the premium finance agreement, which is a limited insurable interest. Therefore, an insurer may not allow any interest in the contract to exceed the amount for which a person has an insurable interest.

The bulletin may be found online at: <http://www.insurance.utah.gov/docs/bulletins/2011-1Signed.pdf>.

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UT Issues Surrender Charge Schedules for Certain Annuities

Utah Bulletin 2011-2, dated May 2, 2011, clarifies the provisions of Utah law related to allowable surrender charge schedules in various product designs of non-registered, general account contracts which include traditional fixed annuities, index annuities, deposit type annuities, and market value adjustment. The bulletin provides information on the definition of maturity date under Utah law, retrospective and smoothness tests for cash value benefit contracts, information on products with rolling and renewing surrender charges, market value adjustments, bonuses and two tier annuities. Insurers are advised to review all annuity forms currently filed for use to ensure that the forms are in compliance with Utah law.

If the forms are not in compliance, insurers must cease marketing the forms and file new or revised forms in accordance with the filing rule posted at www.insurance.utah.gov/industry.html. Noncompliant forms will be referred to the Market Conduct Division.

The bulletin may be found online at: <http://www.insurance.utah.gov/docs/bulletins/2011-2Signtr.pdf>.

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UT Provides Guidance on Health Insurance Exchange

Utah Bulletin 2011-3, dated May 4, 2011, was issued to provide guidance to insurers and producers on the producer requirements to be authorized to sell products on the Health Insurance Exchange. In order for a producer to be authorized to sell products on the exchange, the producer is required to have an individual producer license, complete the defined contribution market training that includes training on premium assistance, and have a direct individual appointment with all carriers that offer a defined contribution arrangement on the exchange.

Individual producers who do not have direct appointments with all carriers on the exchange, including any that are appointed only through an agency on the exchange, are strongly encouraged to seek direct appointments with all carriers by August 28, 2011. New training courses will be offered by the Office of Consumer Health Services during July and August. Check the office's website and newsletter for date, time, and location. Any carrier offering products on the exchange should grant direct individual appointments to all producers qualified to sell on the exchange.

The bulletin may be found online at: <http://www.insurance.utah.gov/docs/bulletins/2011-3Signed.pdf>.

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EXPERTISE

What I need to manage risk

This year, regulatory changes and market pressures are making managing risk a hot priority for insurance carriers. To stay on top, I need expertise and solutions that make sense. That's why I chose Wolters Kluwer Financial Services. They are the only provider solely focused on financial services — and they understand the unique needs and risks specific to my organization. Their solutions deliver the sound expertise, capabilities and technology that my team needs to get in front of regulatory requirements, improve efficiencies, and transform our efforts into real results. The heat is on and we are ready.

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