

# MAINE STATE LEGISLATURE

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DEPARTMENT OF

Professional &  
Financial Regulation

STATE OF MAINE

- OFFICE OF SECURITIES
- BUREAU OF INSURANCE
- CONSUMER CREDIT PROTECTION
- BUREAU OF FINANCIAL INSTITUTIONS
- OFFICE OF PROF. AND OCC. REGULATION

# 2019 ANNUAL REPORT FROM THE SUPERINTENDENT OF THE MAINE BUREAU OF INSURANCE TO THE LEGISLATURE

Prepared by the Maine Bureau of Insurance  
June 2020

Janet T. Mills  
Governor

Anne L. Head  
Commissioner

Eric A. Cioppa  
Superintendent



Janet T. Mills  
Governor

STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL  
AND FINANCIAL REGULATION  
BUREAU OF INSURANCE  
34 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0034

Eric A. Cioppa  
Superintendent

June 29, 2020

Senator Heather B. Sanborn, Chair  
Representative Denise A. Tepler, Chair  
Joint Standing Committee on Health Coverage, Insurance and Financial Services  
100 State House Station  
Augusta, ME 04333

Re: 2019 Annual Report from the Superintendent of the Maine Bureau of Insurance

Dear Senator Sanborn, Representative Tepler, and members of the Committee:

This letter accompanies the 2019 Annual Report from the Superintendent of the Maine Bureau of Insurance. This report provides an overview of the Bureau of Insurance's structure and includes 2019 industry regulation and consumer assistance data.

If you have any questions concerning this report, do not hesitate to contact me.

Respectfully submitted,

Eric Cioppa  
Superintendent



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## I. INTRODUCTION

States are the primary regulators of the insurance industry in the United States. The Maine Bureau of Insurance (the Bureau) regulates insurance companies, producers and agents, as well as other entities engaged in the business of insurance in the State. The Bureau enforces solvency standards, as well as consumer protections, under the Maine Insurance Code.

The Bureau primarily serves a regulatory function; however, consumer assistance and education are a large part of the agency's mission. Staff members in both the Consumer Health Care Division and the Property and Casualty Division respond to consumer calls and written inquiries and investigate written complaints, to ensure compliance with Maine law. If staff determine that there may be serious violations or a pattern of possible violations, the issue may then be turned over to the Bureau's Market Regulation Unit for further investigation or to the Bureau's legal staff for possible enforcement action.

In 2019, there were 1,342 insurance carriers doing business in Maine. The 18 carriers domiciled in the state received more than \$8 billion in premiums, whereas total Maine premiums for both domestic and foreign insurers was more than \$8.3 billion. Penalties and settlement payments to the State by insurance carriers and producers in 2019 totaled \$110,532. Restitution paid to insured Maine individuals and businesses by carriers, following investigations and hearings conducted by the Bureau, totaled \$2,075,849.

In 2019, Bureau staff continued to play an active role in regulating the health insurance Marketplace established by the federal government's Affordable Care Act (ACA). Following the Bureau's successful Federal Section 1332 Waiver application in 2018, the Maine Guarantee Access Reinsurance Association (MGARA) was relaunched in 2019, which effectively reduced premium rate increases in Maine's 2020 Individual Health Insurance Market. In 2019, the Bureau began work with the Governor's office and the Maine Department of Health and Human Services on ways to similarly reduce premium rate increases in the Small Group Market.

Interstate cooperation and information-sharing are key elements of regulating the national insurance market in a state-based system. The National Association of Insurance Commissioners (NAIC) facilitates this process. The forums and tools offered by the NAIC provide information that is critical to the Bureau's regulatory responsibilities. The NAIC also conducts accreditations of state insurance departments, ensuring that each state's financial regulation is sufficient to oversee its domestic market. The Bureau has been accredited by the NAIC since 1993 and has been an active participant in various NAIC events and working groups. In 2019, Bureau Superintendent Eric Cioppa served as President of the NAIC, having previously served as President Elect in 2018, Vice President in 2017, and Secretary in 2016. He is currently Vice Chair of the NAIC's Financial Condition (E) Committee and Vice Chair of the Financial Stability Task Force. In September 2018, he was also appointed by his peers at the NAIC to serve a two-year term as the state insurance commissioner representative on the Financial Stability Oversight Council (FSOC).

The Bureau also participates in supervisory colleges held by insurer groups' domiciliary states. Regulators whose states are responsible for affiliates of the group and international regulators participate in these colleges, which allow regulators to assess the risks borne by the subject insurance group and the risk mitigation strategies employed. In 2019, the Bureau hosted a supervisory college in relation to a Maine domiciled carrier. Participation in both the NAIC forums and supervisory colleges enhances the Bureau's ability to monitor and proactively address regulatory issues.

## **II. BUREAU OF INSURANCE DIVISIONS AND UNITS**

### **CONSUMER HEALTH CARE DIVISION**

The CHCD is responsible for regulation related to health, Medicare Supplement, disability, long-term care, annuities, and life insurance. Its responsibilities are detailed as follows:

- Investigates and resolves consumer complaints;
- Responds to consumer inquiries;
- Assists consumers in understanding their rights and responsibilities;
- Reviews and approves forms, such as certificates of coverage or summaries of benefits;
- Licenses medical utilization review entities (UREs);
- Provides oversight of the external review process and contracting with independent medical review entities;
- Drafts and reviews regulations;
- Brings enforcement actions against licensed entities when violations occur;
- Reviews managed health care plans for compliance with Maine's provider network adequacy standards;
- Reviews and approves registrations for preferred provider arrangements (PPAs);
- Develops outreach and educational materials;
- Coordinates compliance with the federal Affordable Care Act (ACA), as it pertains to the commercial health insurance market;
- Drafts legislative reports;
- Reviews complaints that include determinations of medically necessary care and complex health questions;
- Conducts outreach to a variety of public and private groups;
- Participates in public-private efforts to improve health payment policy.

CHCD staff answered 3,230 telephone and written inquiries during 2019 as well as 60 requests for constituent assistance from state and federal officials. The most frequent inquiries related to individual health insurance, Medicare Supplement, and claim denials. Staff also responded to 398 written health, Medicare Supplement, disability, annuity, and life insurance complaints.

As part of the complaint investigation process, CHCD staff works to obtain restitution for consumers who have suffered a financial loss due to improperly denied claims, or due to claims which were not paid in accordance with the policy. In 2019, the CHCD obtained restitution of \$1,328,529 for complainants.

In 2019 CHCD reviewed 1,359 insurance contract form filings: 507 were filed for information only; 810 were approved or deemed acceptable; and the balance were either disapproved, withdrawn, or in process at year's end.

| CHCD TOTALS                    | 2015        | 2016      | 2017        | 2018        | 2019        |
|--------------------------------|-------------|-----------|-------------|-------------|-------------|
| Consumer Complaints Received   | 534         | 636       | 514         | 422         | 398         |
| Consumer Inquiries Received    | 3,205       | 3,213     | 2,974       | 2,746       | 3,230       |
| Restitution to Consumers       | \$1,228,971 | \$705,727 | \$1,238,371 | \$1,233,821 | \$1,328,529 |
| Rate and Form Filings Received | 1,752       | 1,607     | 1,467       | 1,395       | 1,359       |

In 2019, CHCD staff held a hearing regarding updates to Rule 850, Health Plan Accountability, and held a stakeholder meeting on Rule 210, Standards for Prescription Benefit Managers. The Division also assisted in issuing seven bulletins providing industry guidance on a range of topics. (The Bureau's rules and bulletins can be viewed online at [maine.gov/insurance/legal/index.html](http://maine.gov/insurance/legal/index.html).)

#### EXTERNAL REVIEWS

The Bureau is currently contracted with three independent external review organizations: National Medical Review, Maximus Federal Services, Inc., and Island Peer Review Organization (IPRO).

In 2019, the CHCD received 26 qualified requests for external review, and 24 of these requests were completed prior to January 1, 2020. Of the 24 completed requests 18 were upheld and 6 were overturned.

Two review requests were expedited based on medical necessity; 1 was upheld and 1 was overturned. They are included in the following data.

17 cases heard were based on medical necessity of treatment:

- 4 mental health/substance abuse treatments
- 1 medication therapy
- 3 genetic lab tests
- 3 air ambulance services
- 6 general treatment decisions.

3 cases were heard based on the treatments being experimental or investigational:

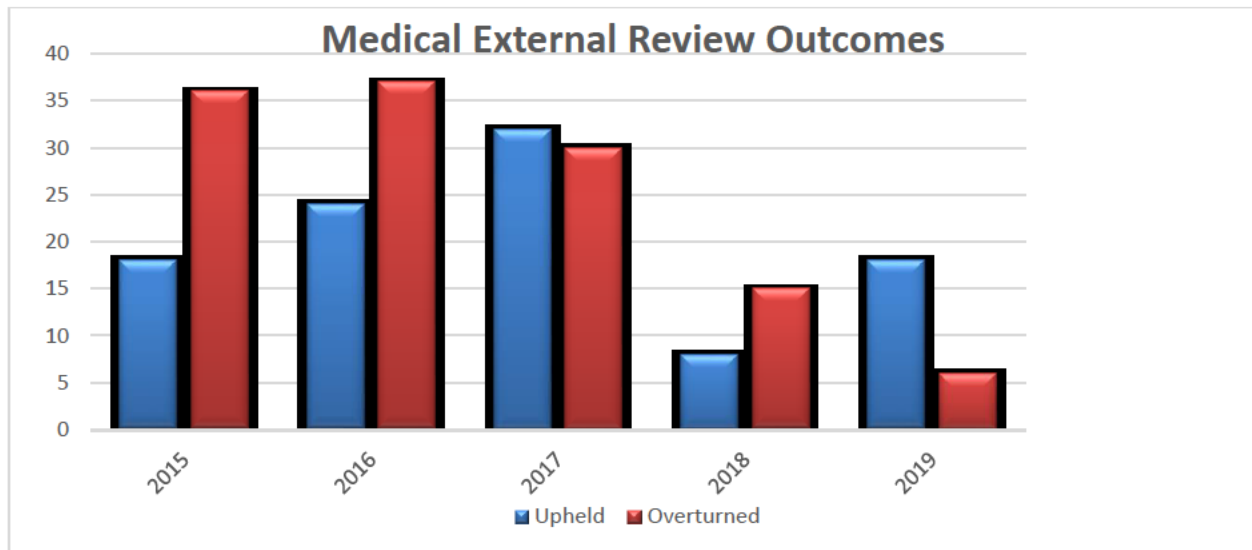
- 2 genetic lab tests
- 1 general treatment decisions

4 cases were heard based on both medical and experimental treatment decisions:

- 2 genetic lab tests, and
- 2 general treatment decisions.

The CHCD received and reviewed additional requests for external review that did not qualify under the statutes, either because the internal appeal process was not utilized prior to requesting external review or because the denial was based on issues other than the validity of the carrier's medical decisions.





NOTE: The increases in external reviews and overturned decisions between 2015 and 2017 was due to increases in review requests for denials of certain labs that are considered experimental or investigational by some carriers.

## LIFE & HEALTH ACTUARIAL UNIT

The Life & Health Actuarial Unit provides actuarial and technical services to Bureau staff involving life and health insurance. Tasks performed by the Unit are outlined below.

- Reviewing and taking appropriate action on rate filings, primarily for individual health, small group health, credit life and health, group and individual Medicare Supplement, and long-term care.
- Providing reserve analysis review of life and health insurance companies.
- Providing technical assistance to insureds, consumers, state agencies, and others on insurance matters.
- Studying proposed mandated benefit legislation as requested by the Legislature to determine the social impact, the financial impact, and the medical efficacy of the proposed mandate.
- Estimating the impact on health insurance premiums of proposed expansions of health care services requiring a certificate of need from the Maine Department of Health and Human Services.
- Assisting the Research and Statistical Unit with the collection of health insurance data:
  - Annual reports on mandated benefits claims experience;
  - Annual supplemental premium reports from health insurers;
  - Annual reports on insured demographics for small group and individual health insurance;
  - Annual reports on claims paid by third-party administrators and by insurers administering employers' self-funded health plans; and
  - Preparation of quarterly "market snapshots" for the small group and individual health insurance markets.

## PROPERTY AND CASUALTY DIVISION

The Property and Casualty Division (P&C) performs three separate functions: review of insurer rate, rule, and form filings; resolution of consumer complaints; and administration of cancellation/nonrenewal hearings.

In 2019, P&C staff answered 2,206, telephone and written inquiries, responded to 228 written complaints, and obtained restitution of \$747,320 for consumers who suffered a financial loss due to improperly denied claims or claims that were not paid in accordance with the policy.

The P&C Division received 2,975 rate and form filings from insurance companies during 2018.

| Property & Casualty Totals     | 2015      | 2016      | 2017      | 2018      | 2019      |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|
| Consumer Complaints Received   | 274       | 254       | 262       | 236       | 228       |
| Consumer Inquiries Received    | 3,209     | 2,794     | 2,754     | 2,240     | 2,206     |
| Restitution to Consumers       | \$261,586 | \$264,048 | \$538,924 | \$342,903 | \$747,320 |
| Rate and Form Filings Received | 3,757     | 3,444     | 3,587     | 2,829     | 2,975     |

The NAIC released two reports<sup>1</sup> in 2019 ranking Maine's personal auto and homeowners lines of insurance as 1<sup>st</sup> and 10<sup>th</sup> most affordable, respectively, in the nation. The reports, based on data from 2017 (the most recent year for which cumulative data was available to the NAIC), indicate that Maine consumers pay less for these types of insurance than do consumers in most other states.

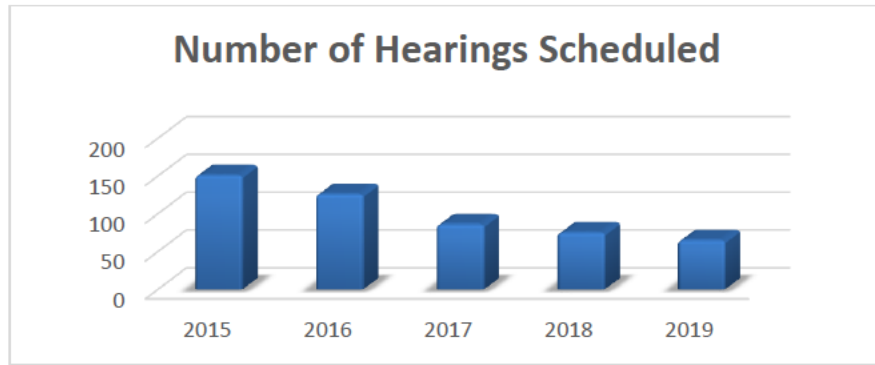
### HEARINGS

When an insurance company issues a notice of cancellation or nonrenewal of a homeowners or personal auto policy, the company must advise the insured of the right to request a hearing contesting the action. There is also a statutory right to request a hearing when a commercial property or liability policy is cancelled prior to its expiration date.

The hearing provides a forum to dispute the reason(s) and requires the Bureau to determine whether the cancellation or nonrenewal was done in accordance with Maine law. The following graph and table show the number of hearings scheduled and those resulting in decisions. In some cases, the insurance company or the insured may cancel the proceeding prior to hearing, which results in no issued decision. The policy will continue if the insurer cancels the hearing and the policyholder chooses to keep the policy. The policy ends if the policyholder cancels the hearing. The reason a policyholder usually cancels is because the policy has been replaced.

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<sup>1</sup> The two NAIC reports are titled *2017 Homeowners Insurance Report* and *2016/2017 Auto Insurance Database Report*.



| Hearing Results               | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------------|------|------|------|------|------|
| Number of Decisions Issued    | 69   | 55   | 32   | 34   | 24   |
| Findings for the Policyholder | 19   | 11   | 13   | 12   | 5    |

#### **WORKERS' COMPENSATION**

The Property and Casualty Division is also responsible for processing all rate, rule, and form filings presented to the Bureau involving workers' compensation insurance, reinsurance for self-insurers, and occupational disability policies. In addition to these filings, the Division assists the actuarial staff with workers' compensation loss cost filings.

The Division also responds to general inquiries regarding workers' compensation premiums and policies, handles complaints regarding workers' compensation insurance rates, rules, and policy cancellations, and conducts research and special projects related to workers' compensation matters. Complaints regarding specific workers' compensation claims are under the jurisdiction of the Workers' Compensation Board. If the Workers' Compensation Board finds a pattern of improper claims handling practices, however, it can refer the matter to the Bureau.

#### **PROPERTY AND CASUALTY ACTUARIAL UNIT**

The Property and Casualty Actuarial Work Unit reviews and approves or disapproves rate filings made by licensed insurance companies and by advisory organizations. The unit's responsibilities are outlined below.

- Reviews rate and rating rule filings;
- Reviews and analyzes loss cost filings by industry advisory organizations that gather experience and file expected loss figures that insurers use to establish rates and rating rules;
- Provides technical assistance to insureds, consumers, state agencies, and others on insurance-related matters;
- Reviews funding and reserves of workers' compensation self-insurance trusts;
- Provides reserve analysis of property/casualty insurance companies; and
- Provides technical assistance to the Superintendent in all aspects of property/casualty and workers' compensation matters.

## LICENSING DIVISION

The Licensing Division is responsible for processing and maintaining license records on insurance producers and business entities (agencies), including issuing and terminating licenses. Additional responsibilities include overseeing the licensing examination process and supervising the continuing education program. Electronic processing of producer appointments, appointment terminations, and non-resident license applications, as well as participation in the national producer database, have made the licensing process more efficient, timely and uniform.

The Licensing Division processed 22,180 new licenses during 2019 for producers, consultants, adjusters, and business entities.

### NUMBER OF NEW INDIVIDUAL LICENSES, 2019

|              | Producers | Consultants | Adjusters |
|--------------|-----------|-------------|-----------|
| Resident     | 573       | 2           | 50        |
| Non-Resident | 18,379    | 0           | 2,538     |
| Total        | 18,952    | 2           | 2,588     |

### NUMBER OF ACTIVE INDIVIDUAL LICENSES, 2019 (AS OF 12/31/2019)

|              | Producers | Consultants | Adjusters |
|--------------|-----------|-------------|-----------|
| Resident     | 7,389     | 37          | 761       |
| Non-Resident | 152,521   | 10          | 17,507    |
| Total        | 159,910   | 47          | 18,268    |

## ALTERNATIVE RISK MARKETS WORK UNIT

The Alternative Risk Markets Work Unit reviews and evaluates applications for workers' compensation self-insurance authority, captive entities, multiple employer welfare arrangements, group self-insurance reinsurance accounts, and the Maine Self-Insurance Guaranty Association. Its mission is to apply the rules and regulations governing these entities in a fair, consistent, and timely manner to assure that these entities remain solvent and that the Maine businesses utilizing alternative risk mechanisms do so effectively and responsibly.

| Number of Self-Insurers for Workers' Compensation | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|------|------|------|------|------|
| Individual Self-Insurers                          | 60   | 59   | 56   | 58   | 57   |
| Group Self-Insurers <sup>1</sup>                  | 19   | 18   | 18   | 18   | 18   |

<sup>1</sup> As of June 4, 2020, this represents 1,241 employers.

## FINANCIAL ANALYSIS DIVISION

The Financial Analysis Division is responsible for the financial regulation of domestic and foreign insurance companies, captive Risk Retention Groups, Health Maintenance Organizations, and surplus lines companies. The responsibilities include ongoing financial review of domestic companies; review of applications for licensure and surplus lines eligibility; review of amendments to certificates of authority, mergers, change of control, redomestications, and name changes. The Division is also responsible for regulating Managing General Agents, Third Party Administrators, Risk Retention Groups, Risk Purchasing Groups, Reinsurance Intermediaries, Viatical and Life Settlement Providers, Service Contract Providers and approved reinsurers in Maine.

### NUMBER OF INSURANCE COMPANIES LICENSED IN MAINE

| Company Type                                 | 2015         | 2016         | 2017         | 2018        | 2019         |
|--|--------------|--------------|--------------|-------------|--------------|
| Property and Casualty Companies              | 697          | 689          | 702          | 713         | 721          |
| Life & Health and HMOs                       | 346          | 345          | 346          | 348         | 346          |
| Fraternal Companies                          | 13           | 13           | 12           | 12          | 12           |
| Surplus Lines Companies                      | 160          | 159          | 162          | 170         | 176          |
| Private Purchasing Alliance                  | 1            | 1            | 1            | 1           | 1            |
| Multiple Employer Welfare Arrangement (MEWA) | 2            | 2            | 2            | 3           | 4            |
| Captive                                      | 3            | 3            | 3            | 3           | 3            |
| Risk Retention Groups                        | 74           | 76           | 75           | 74          | 74           |
| Non-Profit                                   | 2            | 2            | 2            | 2           | 2            |
| Fire Assessment Company                      | 3            | 3            | 3            | 3           | 3            |
| <b>Total</b>                                 | <b>1,301</b> | <b>1,293</b> | <b>1,308</b> | <b>1329</b> | <b>1,342</b> |

### NON-MAINE HEALTH MAINTENANCE ORGANIZATIONS 2019 (MAINE ONLY PREMIUMS)<sup>1</sup>

| HMOs (State of Domicile)                    | 12/31/19 Premium   | 12/31/19 Assets      |
|---|--------------------|----------------------|
| Arcadian Health Plan, Inc. (WA)             | 75,573,176         | 1,246,852,729        |
| Empire Healthchoice HMO Inc. (NY)           | 72,640,051         | 408,659,367          |
| Harvard Pilgrim Health Care, Inc. (MA)      | 430,868,685        | 1,056,552,105        |
| Meridian Health Plan of Michigan, Inc. (MI) | 0                  | 553,470,864          |
| <b>Total</b>                                | <b>579,081,912</b> | <b>3,265,535,065</b> |

<sup>1</sup> Financial statements for HMOs operating in Maine are available at:  
[http://www.maine.gov/pfr/insurance/regulation/insurance\\_companies/financial\\_statements/hmo/financial.html](http://www.maine.gov/pfr/insurance/regulation/insurance_companies/financial_statements/hmo/financial.html)

**DOMESTIC INSURANCE COMPANIES, 2019 (DOMICILED IN MAINE)**

| <b>Maine Domestic</b>                      | <b>12/31/19 Premium<sup>1</sup></b> | <b>12/31/19 Assets</b> |
|--|-------------------------------------|------------------------|
| Aetna Health, Inc.                         | 79,422,648                          | 36,931,518             |
| AMH Health, LLC                            | 0                                   | 6,715,354              |
| Anthem Health Plans of Maine, Inc.         | 1,190,404,743                       | 499,695,483            |
| Casco Indemnity Company                    | 14,063,813                          | 37,877,847             |
| Great Falls Insurance Company              | (93,584)                            | 9,116,278              |
| Maine Community Health Options             | 262,554,620                         | 182,400,876            |
| Maine Dental Service Corp                  | 69,366,796                          | 60,522,903             |
| Maine Employers' Mutual Insurance Company  | 168,802,882                         | 972,479,158            |
| Martin's Point Generations Advantage, Inc. | 455,977,129                         | 126,202,313            |
| Medical Mutual Insurance Company of Maine  | 53,757,493                          | 341,192,015            |
| MMG Insurance Company                      | 210,940,835                         | 313,512,006            |
| Patriot Insurance Company                  | 54,228,017                          | 148,625,181            |
| Patrons Oxford Insurance Company           | 50,322,738                          | 25,707,371             |
| Starmount Insurance Company                | 255,986,521                         | 110,154,995            |
| State Mutual Insurance Company             | 1,985,404                           | 14,306,638             |
| Unum Insurance Company                     | 24,524,121                          | 67,270,050             |
| Unum Life Insurance Company of America     | 5,114,253,395                       | 22,429,844,712         |
| WellCare of Maine, Inc.                    | 33,526,438                          | 14,973,077             |
| <b>Total</b>                               | <b>8,040,024,009</b>                | <b>25,397,527,775</b>  |

**TOTAL 2019 MAINE PREMIUM (ALL LINES, BOTH DOMESTIC AND FOREIGN)**

| <b>Lines</b>         | <b>12/31/19 Premium</b> | <b>12/31/18 Premium</b> |
|----------------------|-------------------------|-------------------------|
| Life/Annuities       | \$1,815,171,205         | \$1,815,821,095         |
| Health               | \$4,096,022,825         | \$3,972,842,887         |
| Property/Casualty    | \$2,371,582,019         | \$2,275,693,055         |
| Title                | \$40,245,090            | \$37,258,176            |
| Risk Retention Group | \$5,187,479             | \$5,187,479             |
| Captive              | UNAVAILABLE             | \$500,000               |
| <b>Total</b>         | <b>\$8,328,208,618</b>  | <b>\$8,107,302,692</b>  |

Note: Above totals do not include written premium of non-admitted excess and surplus lines.

<sup>1</sup> Year-end direct written premium totals are reported on a **national** basis.

**NEW COMPANY LICENSES ISSUED IN 2019 (25 TOTAL)**

| <b>Health Maintenance Organizations</b>                             |   |
|---|---|
| AMH HEALTH, LLC   |   |
| <b>Life and Health Insurance Companies</b>                          |   |
| LIFESECURE INSURANCE COMPANY  |   |
| <b>Property and Casualty Insurance Companies</b>                    |   |
| CGB INSURANCE COMPANY   | PREFERRED EMPLOYERS INSURANCE COMPANY                 |
| CM REGENT INSURANCE COMPANY   | ROCK RIDGE INSURANCE COMPANY                          |
| EMPLOYERS INSURANCE COMPANY OF NEVADA                               | SERVICE AMERICAN INDEMNITY COMPANY                    |
| GLENCAR INSURANCE COMPANY   | STATES TITLE INSURANCE COMPANY                        |
| MIDWEST FAMILY ADVANTAGE INSURANCE COMPANY                          | VAULT RECIPROCAL EXCHANGE                             |
| MIDWEST FAMILY MUTUAL INSURANCE COMPANY                             | VICTORIA FIRE & CASUALTY COMPANY                      |
| <b>Captive</b>  |   |
| PROTEUS CAPTIVES, LLC   |   |
| <b>Risk Retention Groups</b>  |   |
| ATTORNEYS' LIABILITY ASSURANCE SOCIETY LTD., A RISK RETENTION GROUP | COPIC, A RISK RETENTION GROUP                         |
| <b>Eligible Surplus Lines Insurance Companies</b>                   |   |
| ASCOT SPECIALTY INSURANCE COMPANY                                   | LIBERTY MUTUAL INSURANCE EUROPE SE                    |
| ATEGRITY SPECIALTY INSURANCE COMPANY                                | MAPFRE ESPANA, COMPANIA DE SEGUROS Y REASEGUROS, S.A. |
| AXA CORPORATE SOLUTIONS ASSURANCE                                   | MOBILITAS INSURANCE COMPANY                           |
| HOMESITE INSURANCE COMPANY OF FLORIDA                               |   |
| <b>Multiple Employer Welfare Arrangements (MEWA)</b>                |   |
| MAINE CREDIT UNION LEAGUE INSURANCE TRUST                           |   |



## FINANCIAL EXAMINATION DIVISION

The Financial Examination Division examines domestic insurers at least once every five years to ensure soundness of the insurance companies' financial position. All reports of examination are public and can be found on the Bureau's website.<sup>1</sup> Financial statements for Maine-licensed insurance companies can also be found online.<sup>2</sup>

### FINANCIAL EXAMINATIONS COMMENCED IN 2019

| Company                                       | Report Issued           |
|---|-------------------------|
| Starmount Life Insurance Company <sup>5</sup> | October 17, 2019        |
| Martin's Point Generations Advantage, Inc.    | Examination in progress |
| Starmount Life Insurance Company <sup>5</sup> | Examination in progress |
| Unum Insurance Company                        | Examination in progress |
| Unum Life Insurance Company of America        | Examination in progress |

### FINANCIAL EXAMINATIONS SCHEDULED FOR 2020

| Company                          | Financial Period Ending |
|----------------------------------|-------------------------|
| Great Falls Insurance Company    | December 31, 2019       |
| Maine Dental Service Corp.       | December 31, 2019       |
| Patriot Insurance Company        | December 31, 2019       |
| Patrons Oxford Insurance Company | December 31, 2019       |
| State Mutual Insurance Company   | December 31, 2019       |

## MARKET REGULATION UNIT

The Market Regulation Unit is responsible for establishing and monitoring a compliance program for all licensees. This program includes both in-house analysis and on-site examination of licensees. The Market Regulation Unit uses the information available from a variety of sources and performs analysis on selected companies to determine which companies are deemed to be market outliers. Once a company is identified as a market outlier, the Market Regulation staff determines the most effective process for obtaining information from the company in order to identify why the company's results are outside the expected results for the Maine marketplace. The information gathering process could encompass many forms, including a meeting with the company, a data call, interrogatories, or – in select circumstances – a targeted or full scope market conduct examination.

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<sup>1</sup> [http://www.maine.gov/pfr/insurance/publications\\_reports/exam\\_rpts/exams\\_alpha.html](http://www.maine.gov/pfr/insurance/publications_reports/exam_rpts/exams_alpha.html)

<sup>2</sup> [http://www.maine.gov/pfr/insurance/regulated/insurance\\_companies/financial\\_statements/domestic/index.html](http://www.maine.gov/pfr/insurance/regulated/insurance_companies/financial_statements/domestic/index.html)

<sup>5</sup> Starmount Life Insurance Company, a subsidiary of Unum Group, re-domesticated to Maine on December 20, 2018. Its last examination was for the period ending December 31, 2012. Therefore, an examination of the period ending December 31, 2017 was completed to meet statutory requirements. The financial period ending December 31, 2018 is also currently under examination in conjunction with the examinations of related companies within the group.



The examination process typically focuses on the following areas: (1) company operations/management; (2) complaint handling; (3) marketing and sales; (4) producer licensing; (5) policyholder service; (6) underwriting; and (7) claims. Although the unit does not handle individual complaints, it does use complaint data to analyze licensee trends and business practices or patterns. This analysis is often a key factor in determining that a company is a market outlier and requires additional review.

In addition to conducting investigations, market analysis and onsite examinations, the Unit participates in multi-state examinations on behalf of the State of Maine. The State of Maine received payments in 2019 relating to Regulatory Settlement Agreements (RSAs) arising from multi-state examinations of certain companies' practices relating to life insurance policies and annuities and short-term medical plans.

The lead states' examinations and resulting RSAs call for the life/annuity companies to implement business reforms that will promote timely and efficient searches for beneficiaries of their in-force life insurance policies and annuities and lapsed policies, through regular matches of their insureds and annuitants against the Social Security Administration's Death Master File. (Lapsed policy match attempts are required for 18 months.) Other life insurance-related actions were concerned with rating practices and use of advertising material.

The short-term medical carrier and related parties were required to clearly disclose all fees, memberships and optional products, record and retain all sales calls, abstain from sale of short-term medical plans for five years and submit to ongoing audits and regulatory oversight.

During 2019, the State of Maine received \$51,727.39 in payments from these RSAs. The companies examined and the payment amounts were as follows:

#### **2019 Multi-State Market Conduct Settlement Payments**

| <b>Company</b>                                  | <b>2019 Payment</b> |
|---|---------------------|
| Allstate Life Insurance Company*                | \$574.00            |
| Great West Life and Annuity Insurance Company** | \$1,287.00          |
| Protective Life Insurance Company***            | \$965.00            |
| Globe Life and Accident Insurance Company       | \$13,046.26         |
| Health Insurance Innovations, Inc. (HII)****    | \$35,855.13         |
| <b>Total</b>                                    | <b>\$51,727.39</b>  |

\* Allstate Life includes Allstate Insurance Company and American Heritage Life Insurance Company

\*\*Great West includes Great West Life Assurance Company and Canada Life Assurance Company

\*\*\*Protective Life includes West Coast Life Insurance Company

\*\*\*\*Health Insurance Innovations includes Health Plan Intermediaries Holdings, LLC

Enforcement action was also taken in 2019 against the following companies:

**2019 Bureau of Insurance Issued Consent Agreements and Settlement Amounts Received**

| <b>Company</b>   | <b>2019 Payment</b> |
|--|---------------------|
| Aetna Life Insurance Co. & Aetna Health Inc. (A Maine Corp.) | 0*                  |
| American Pet Insurance Company                               | \$25,000            |
| <b>Total</b>   | <b>\$25,000</b>     |

\*The \$150,000 penalty assessed in the 2019 consent agreement was suspended pending a further review of the companies' claims in 2020.

## **RESEARCH AND STATISTICS UNIT**

The Research and Statistics Division has the overall responsibility of creating, maintaining, and monitoring databases used by the Bureau. The objective of the unit is to collect, interpret, and provide data from regulated entities to Bureau divisions and units, other governmental agencies, and the public. Additionally, the unit researches issues for other Bureau divisions and units, serves as liaison between the Bureau and NAIC online applications, and maintains the Bureau's website.

## **ADMINISTRATIVE SERVICES UNIT**

The Administrative Services Unit provides support for all divisions and units within the Bureau. Responsibilities include purchasing, new employee orientation and communication with human resources, travel arrangements and training registrations, copying and distribution of bound and electronic reports, processing and accounting of all Bureau revenue, and public information and consumer outreach support.

### III. APPENDICES

#### APPENDIX A – 2019 OUTREACH EVENTS

The Bureau’s consumer outreach efforts aim to educate Maine individuals and businesses about their rights and responsibilities under Maine’s insurance laws and the federal Affordable Care Act. The Superintendent and other Bureau staff members participate in public forums and events to provide this information, and to ensure that consumers are aware of the services the Bureau offers. The Superintendent and staff also make presentations to industry groups, to help keep them up to date on recent regulations and legislation.

Public speaking and other outreach events in which the Bureau participated in 2019 included:

- American Automobile Association Media Event on *Distracted Driving*, Augusta
- Maine Insurance Agents Association, *Annual Conference*, Portland
- Maine State Chamber *Healthcare Forum*, Augusta
- Southern Maine Agency on Aging *Volunteer Medicare Supplement Training*, Scarborough
- JumpStart *Fostering Financial Education in Maine Schools Conference*, Augusta
- Maine Council for Elder Abuse Prevention *Elder Abuse Summit*, Augusta
- Aroostook Area Agency on Aging *Aging Well Living Well Expo*, Presque Isle
- Eastern Area Agency on Aging *Volunteer Medicare Supplement Training*, Bangor (via Skype)
- Southern Maine Agency on Aging *Volunteer Medicare Supplement Training*, Westbrook
- Seniors Plus *Volunteer Medicare Supplement Training*, Lewiston
- Senior Spectrum *Healthy Aging Expo*, Hallowell
- New England Assoc. of Insurance Compliance Professionals *Annual Conference*, Springfield MA
- University of New England *Maine Geriatrics Conference*, Bar Harbor
- Department of Professional & Financial Regulation, *Military & Veterans Resource Fair*, Augusta
- Maine Life & Health Guarantee Association, *Annual Meeting*, Scarborough
- Mollyckett Festival, Bethel
- BOI Public Informational Mtg, *2020 Individual & Small Group Major Medical Rates*, Gardiner
- Blueberry Festival, Gray
- Wild Blueberry Festival, Machias
- Governor Mills’ *“All In” Health Forum*, Portland (and state-wide via web)
- BOI Stakeholder Mtg, *LD 1504: An Act to Protect Consumers from Unfair Practices Related to Pharmacy Benefits Management*
- Maine General *Healthcare & Hospice Workers Resource Fair*, Waterville
- Maine Association of Health Underwriters *Annual Meeting*, Portland
- Chartered Property Casualty Underwriters *Annual Meeting*, Portland
- Maine Council on Aging *Wisdom Summit*, Augusta
- SHIP Conference *Rule 275 Updates*, Augusta
- Health Care for ME (HC4ME) *Training for Marketplace Navigators/Assistors*, Augusta

- Seniors Plus *Aging Well Living Well Expo*, Newry
- Senior Spectrum/People Plus *Senior Expo*, Brunswick
- Maine Primary Care Association *Annual Conference*, Bar Harbor
- University of Maine *Actuarial Class*, Farmington
- BOI Stakeholder Mtg, *L.D. 1525: An Act To Require Insurance on Motorized Watercraft*, Gardiner
- Governor Mills' Press Conference on *Open Enrollment & CoverME.gov*, Augusta (and statewide)
- Maine Public's *Maine Calling* (ACA Open Enrollment/Individual Marketplace), on air/Statewide
- University of Southern Maine Law Class, *Insurance Law*, Portland
- University of Southern Maine *Fall Job & Internship Fair*, Portland

## **APPENDIX B – PUBLICATIONS AND ONLINE TOOLS**

The Bureau publishes reports on a variety of insurance topics, as required by statute or upon request by members of the Legislature. These are available on the Bureau's website at [www.maine.gov/pfr/insurance/publications\\_reports/index.html](http://www.maine.gov/pfr/insurance/publications_reports/index.html).

To help educate the public on insurance matters that can affect their daily lives, the Bureau publishes, distributes, and posts consumer brochures and online tools in multiple formats.

The Bureau's publications and online tools include:

### **Auto Insurance**

Auto Insurance, A Consumer's Guide  
 Auto Insurance, Making the Claims Process Easier  
 Cancellation or Nonrenewal of Personal Automobile and Property Insurance  
 Credit Information - Understanding How Insurers Use  
 The Sharing Economy: Important Points to Consider Before "Sharing" Your Car or Home  
 Maine Driving Dynamics (Link to Maine Bureau of Highway Safety)  
 Personal Auto Insurance Complaint Comparison  
 Ten Things You Should Know About Buying Auto Insurance  
 Policy Forms Used by the 10 Largest Auto Insurance Groups in Maine  
 Youthful Drivers Guide

### **Commercial Insurance**

Insuring Your Farm-The Basics of Property & Liability Coverage  
 Insuring Your Business-The Basics of Property & Liability Coverage

### **Disability Insurance**

Disability Insurance Guide

## **Health Insurance**

External Review Guide: When Your Health Insurance Carrier Denies Benefits for Health Care Services  
Health, Disability and Long-Term Care Insurance Complaint Comparison  
Health Insurance Appeals Process Guide  
Health Insurance for Small Businesses, A Consumer's Guide  
Health Insurance Tips  
Health Savings Accounts (HSAs) link to information from the US Department of the Treasury  
Hearing Aid Mandate, Effective January 1, 2020  
Individual Health Insurance in Maine, A Consumer's Guide  
Mandated Health Insurance Benefits, History of  
Market snapshot - comparison of individual medical insurers in Maine  
Market snapshot - comparison of small group health insurers in Maine  
Short-Term Health Insurance Plans

## **Homeowners/Renters Brochures**

Cancellation or Nonrenewal of Personal Automobile and Property Insurance  
Credit Information - Understanding How Insurers Use  
Child Care Liability, A Consumer's Guide  
Homeowner Insurance Complaint Comparison  
Homeowners' Insurance, A Consumer's Guide  
Homeowners Insurance, Making the Claims Process Easier  
Homeowners' Inventory Checklist  
From Homeowner to Renter  
Insuring Your Home Business  
Natural Disasters, A Homeowners Insurance Guide (link to Federal Alliance for Safe Homes)  
Ten Things You Should Know About Purchasing Home Insurance  
Policy Forms Used by the 10 Largest Homeowners Insurance Groups in Maine  
The Sharing Economy: Important Points to Consider Before "Sharing" Your Car or Home

## **Life Insurance & Annuities**

Annuities, Ten Things You Should Know About Buying  
Deferred Annuities  
Deferred Annuities, Fixed  
Deferred Annuities, Variable  
Equity-Indexed Annuities: A Complex Choice (Financial Industry Regulatory Authority Investor Alert)  
Life Insurance Information for Military Personnel  
Life Insurance, Ten Things You Should Know Before Purchasing  
Life Settlement Brochure For producers  
Alternative Life Settlement Brochure For producers  
Viatical and Life Settlements, What you Should Know

## **Long-Term Care Insurance**

Long-Term Care Insurance Claim Denial Appeals Process

Long Term Care Insurance and Maine's Long-Term Care Partnership Program, A Consumer's Guide

Long Term Care Partnership Program Approved Policies

Long Term Care Policies Certified for Income Tax Purposes in Tax Years Ending 12/31/1999

Long Term Care Policies Certified for Income Tax Incentives in Tax Years Beginning 1/1/2002

Long Term Care Shopper's Guide (NAIC publication)

## **Medicare/Medicare Supplement**

Are You Eligible for or Do You Have Medicare? (Aggressive Sales Practices)

Medicare Supplement Insurance, A Consumer's Guide (for plans issued beginning June 2010)

Understanding Medicare Enrollment Periods (link to Department of Health and Human Services)

Choosing a Medigap Policy (link to Medicare publication)

## **Workers' Compensation**

Workers' Compensation Insurance in Maine, An Employers' Guide to

Opting Out: A Workers' Compensation Insurance Summary for Executive Officers of Corporations

## **Other**

Pet Insurance

## **Consumer Tools**

- File a complaint
- Glossary of terms
- Cancellation/Nonrenewal Hearing Notices
- Helpful links
- Licensee Lookup
- Affordable Care Act Rate and Form Filings/Rate Hearings
- Individual Health Insurance Rate Calculator
- Small Group Health Insurance Rate Calculator
- E-news subscriber system (GovDelivery)
- Online and printable insurance information

## **Industry Tools**

- Physician Tiering Program Reporting
- Rural Medical Access Program
- Online Company Data Reporting System
- Company licensing forms and information
- Producer and Business Entity licensing forms and information
- Cancellation/Nonrenewal Hearing Notices
- Request for proposals
- E-news subscriber system (GovDelivery)
- Domestic Insurance Company Annual Statements