ADVISORY MEMORANDUM

TO: Prospective and Registered Medical Care Discount Card Suppliers

FROM: John Morrison
State Auditor and Commissioner of Insurance

DATE: April 14, 2006

SUBJECT: Medical Care Discount Card Products Bundled with Insurance Products and/or Motor Service Club Products

The Insurance Department regulates medical care discount cards pursuant to MCA § 33-38-101, et seq. Additionally, the Department regulates insurance, pursuant to the Montana Insurance Code, MCA § 33-1-101, et seq., and motor service clubs, pursuant to the motor service club statutes, MCA § 61-12-301, et seq.

Medical care discount card suppliers must first obtain a certificate of registration from the Department prior to marketing, promoting, selling, or distributing medical care discount cards in Montana. Any medical care discount card supplier whose benefit package includes insurance benefits and/or motor service club benefits must also ensure that these benefits comply with Montana law. Accordingly, if any insurance or motor service club benefits are bundled with medical care discount card benefits, the Department will require proof of compliance with Montana law for the insurance and motor service club benefits before issuing a medical care discount card registration, including, but not limited to, the following.

Insurance Products

✓ Each insurer must have a current certificate of authority to transact insurance in Montana. MCA § 33-2-101. The identity of the insurer issuing coverage must be provided.

✓ The insurance forms must be filed with and approved by the Department prior to issuing coverage. MCA § 33-1-501. In the event that Montanans are covered under a group policy issued to an out of state group policyholder, the certificates of insurance provided to each individual must be filed with and approved by the Department prior to issuing coverage. Copies of the insurance forms along with evidence of filing and approval must be submitted.
Certain insurance rates are filed with and approved by the Department. If applicable to the insurance provided, the Department will request copies of the rate filings and approvals for each.

Properly licensed and appointed insurance producers must solicit, negotiate, sell, and renew the product. MCA § 33-17-101, et seq. A list of all insurance producers, along with their Montana license numbers and verification that each has been appointed with the insurer, must be submitted.

Properly registered third party administrators, if used by the insurers, are collecting premiums and adjusting claims. MCA § 33-17-601, et. seq. A list of the third party administrators being used by each insurer, along with the Montana license numbers of these third party administrators, must be submitted.

Motor Service Club Products

The motor service club company must have a current license to transact a motor service club in Montana. MCA § 61-12-302. The identity of the motor service club company must be submitted.

The motor service club contract, also referred to as a handbook, issued to each individual must have been previously filed with and approved by the Department. MCA § 61-12-308. A copy of the most recent motor service club contract (handbook) along with evidence of filing and approval must be submitted.

Properly licensed motor service club agents must solicit and sell the motor service club product. MCA § 61-12-302. A list of all motor service club agents and their Montana license numbers must be submitted.

For example, if a medical care discount card supplier's benefit package also includes motor service club benefits and insurance benefits, then the registered enrollers soliciting, negotiating, selling, and renewing the medical care discount card benefit package must also be licensed motor service club agents and properly licensed and appointed insurance producers.

Please do not hesitate to contact the Examinations Bureau at (406) 444-2040, if you have any questions regarding this matter.

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