

AGENCY ADVISOR

FALL 2021

Inside THIS ISSUE

LEGISLATIVE DIGEST

- ▶ Senate Bill 363
- ▶ No Surprises Act

LEGAL LOOK

- ▶ Insurance After-the-Fact and Uninsured Drivers

2021 MONTANA INSURANCE SUMMIT

- ▶ Recap
- ▶ Virtual Tickets on Sale

On Our CALENDAR

OCTOBER 11-12

Independent Insurance
Agents Convention
Fairmont Hot Springs

NOVEMBER 17

Economic Affairs Interim
Committee
Montana State Capitol

Commissioner's CORNER



The CSI team has been working diligently to educate our great state about the work this agency does to protect Montanans.

We hosted the 2021 Montana Insurance Summit and had a crowd of 270 industry leaders from across the nation. It was great to see people excited to learn about elder exploitation, cybersecurity, and the regulatory environment in both securities and insurance. I was so pleased to see all the energy in the room.

Together with CSI Deputy Securities Commissioner, Lynne Egan, and CSI staff, I had the pleasure of presenting at Helena's Edgewood Assisted Living. We helped seniors better understand the risks of elder exploitation, what they need to watch for, and how our office can help. We even got to play a little Bingo too!

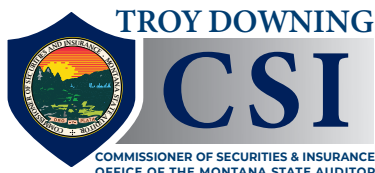
CSI staff has spent time engaging at in-person meetings with stakeholders on insurance and securities issues.

We are reviewing all the agency administrative rules to update and remove any unnecessary regulations. My commitment is to keep our business community active and thriving.

Our door is always open and we would be happy to answer any questions.

Fond Regards,

Commissioner Troy Downing



406.444.2040
840 Helena Ave.
Helena, MT 59601
csi@mt.gov
csimt.gov

Get social with us on

@DowningCSIMT
@CommissionerDowning
@CommissionerDowning

LEGISLATIVE DIGEST

ANNUITY SUITABILITY Senate Bill 363

The 2021 Legislature passed SB 363 amending the Montana Suitability in Annuity Transactions Act. SB 363 substantially adopted the National Association of Insurance Commissioners (NAIC) Model. SB 363 takes **effect on October 1, 2021**.

CSI has adopted new administrative rules to implement certain aspects of SB 363. Rules MAR 6-264 Notice, (Aug. 6, 2021). **The new rules also take effect on October 1, 2021.**

Below summarizes the training requirements for producers who solicit the sale of an annuity product.

Training Requirements

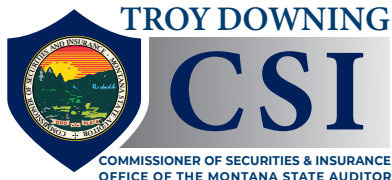
The new law **retained all existing training provisions** while adding certain requirements to them. Producers who sell annuities must be knowledgeable about the product and follow insurer standards on product training.

Under SB 363, a producer who engages in the sale of annuity products **must complete a one-time, four credit training course** approved by CSI. Further, producers with an existing license and who have taken a similar training course under the prior 2017 model act may take an alternative one-time, 1-credit course approved by CSI.

Existing licensees will have a six-month grace period to complete the training requirements. However, new licensees are prohibited from engaging in the sale of annuities until the required four hour training course is completed.



**For questions, call CSI
Licensing at 444.2040.**



406.444.2040
840 Helena Ave.
Helena, MT 59601
csi@mt.gov
csimt.gov

NO SURPRISES ACT

The No Surprises Act prohibits health care providers who are out-of-network (OON) (for the patient) from billing the patient more than a patient receiving the same services from an in-network health care provider in the below three circumstances. The patient receiving an OON provider service may only be billed their applicable in-network benefit/cost sharing amount, when:

- 1 The patient did not choose the provider and services were provided at an in-network facility **OR** the OON provider was ordered by an in-network provider.
- 2 The patient was receiving care during an emergency.
- 3 The patient received services from an air ambulance.

Questions? Please call our
office at 444.2040.

IN-NETWORK

Health care providers who have contracts with issuers or payers where they have agreed to accept lower payments from the insurance company. Member insurance coverage benefits (co-insurance and co-payments) apply to these providers.

OUT-OF-NETWORK (OON)

Health care providers who do not have contracts with issuers or payers and can charge the member the full billed charge. These providers will be paid less by the health insurance and members will pay more out-of-pocket expenses. OON amounts do not accumulate to the member's maximum out-of-pocket.

MAXIMUM OUT-OF-POCKET

Health insurance plans will require members to pay a certain amount out-of-pocket each year. Once that amount has been reached, typically the insurance company will cover all charges for medical care done by in-network providers for the remainder of the year.

SURPRISE BILLING EXAMPLE

You have a scheduled surgery at an in-network hospital with your in-network surgeon. The facility and surgeon bill you \$30,000 for the surgery. Your insurance covers 80% (or \$24,000) of the surgery cost. You are billed the remaining 20% (or \$6,000). Your insurance policy has a maximum out-of-pocket cost of \$8,000 per year annually. Assuming you have met your deductible but have not had any out-of-pocket costs for the year, you would be required to pay the \$6,000 billed because the \$8,000 maximum out-of-pocket has not been met. The anesthesiologist (who bills separately) was OON, so your insurance company only paid 25% of the \$800 billed. You now owe \$600, which will not be applied to your annual maximum out-of-pocket.

The bill from the anesthesiologist is "surprise billing" because you did not choose them to help with your surgery at the in-network facility. Under the No Surprises Act, your health insurance will now have to pay 80% of the \$800 the anesthesiologist billed. You will only owe \$160 to the anesthesiologist, and it will be applied to your annual maximum out-of-pocket for the year. After January 1, 2022, if you receive a surprise bill, contact your insurance company and provider to let them know that you are not responsible for the additional OON billed amount. You can contact the CSI for help filing a complaint by calling 406-444-2040.

COVID VACCINE UPDATE

Montana hospitals continue to be above capacity with COVID patients.

We are proud to work with Blue Cross Blue Shield of Montana, Pacific Source, and Mountain Health CO-OP on a state-wide vaccine initiative.

The latest data shows that when vaccinated you are less likely:

- ▶ To get COVID.
- ▶ To be hospitalized.
- ▶ To end up a fatality as a result of COVID.

Montanans are encouraged to do their part to keep Montana healthcare available to all in need.

Search vaccines.gov,
text your zip code to 438829,
or call 1-800-232-0233 to
find COVID-19 vaccine
locations near you.

5 QUESTIONS TO ASK BEFORE YOU INVEST

Whether a first-time investor or you have been investing for years, there are basic questions you should **always** ask before you commit your hard-earned money to an investment.

- ▶ Is the seller licensed?
- ▶ Is the investment registered?
- ▶ How do the risks compare with the potential rewards?
- ▶ Do you understand the investment?
- ▶ Where can you turn for help?

For more information, call us at 444.2040.



LEGAL LOOK

Nationwide insurance fraud costs consumers billions of dollars per year in increased premiums. In Montana, insurance after-the-fact cases are the most common form of insurance fraud referred to our agency.

INSURANCE AFTER-THE-FACT

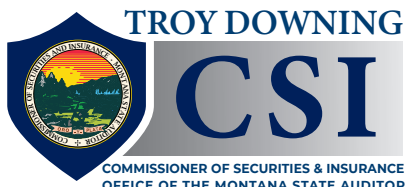
Insurance after-the-fact cases almost always involve an uninsured driver who is involved in an accident and then buys insurance "after-the fact." The driver then lies about the time or date of an accident in order to place the damages in a timeframe covered by the recently purchased policy.

These false claims are typically made through an online claim form or through an oral representation that the insured makes to a claims adjuster shortly after the accident. Most of these cases are referred to our office through the investigative units of insurance companies. Insurance companies discover the fraud when they request basic follow up information and evidence on the timing of a claimed loss through the involved third parties, law enforcement, and repair shops.

Although the benefits at issue in most cases amounts to only a few thousand dollars in any individual case, the frequency of these scams is a significant loss of dollars in the aggregate. This also results in added costs incurred by the insurance company to detect and prevent fraud. These costs are largely passed on to the consumer through increased premiums.

Montana Code Annotated § 33-1-1504 prohibits written, oral, or computer-generated statements made with a motivation to obtain a benefit or payment pursuant to an insurance policy. For cases involving more than \$1,500 in benefits, the CSI pursues as felony criminal prosecutions. The punishment for felony insurance fraud is up to 10 years in prison, \$50,000 in fines, and full restitution. For cases involving less than \$1,500 in benefits, the CSI usually proceeds with administrative action. While administrative actions result in no possibility of jail, fines can reach up to \$25,000.

Commissioner Downing is committed to aggressively pursuing insurance fraud cases in Montana. Since Commissioner Downing took office January 1, 2021, CSI has initiated eleven insurance after-the-fact enforcement actions (both criminal and civil) in jurisdictions across Montana. These cases represent tens of thousands of dollars in losses where restitution will be sought. Commissioner Downing will continue pursuing these cases to ensure fraudsters know if they attempt insurance after-the-fact in Montana, they will be caught and prosecuted.



- ☎ 406.444.2040
- 📍 840 Helena Ave.
Helena, MT 59601
- ✉ csi@mt.gov
- 🌐 csimt.gov

Montana INSURANCE SUMMIT

MONDAY, SEPTEMBER 27, 2021



Oklahoma Commissioner Mulready & Commissioner Downing



Keynote Speaker Kirstie Ennis



Dale Dixon,
BBB Northwest+Pacific



Governor Greg Gianforte



Commissioner's Panel

The 2021 Montana Insurance Summit was a huge success. We had record attendance and provided high quality, relevant content to industry leaders from around the Nation.

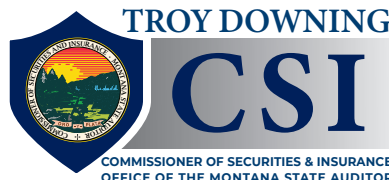
Kirstie Ennis, an amputee combat veteran, delivered an incredible keynote speech leaving the audience inspired and ready to tackle anything. Montana Governor Greg Gianforte addressed our audience and had the crowd on their feet.

We also covered topics on cybersecurity, elder exploitation, property and casualty insurance, No Surprises Act, pharmacy benefit managers and high priority NAIC issues, a Commissioners panel discussion, and a 2021 legislative roundup.

UNABLE TO ATTEND?

We are offering a virtual option to those unable to attend and still would like to view the great content and earn CE credits.

Visit our website at csimt.gov/events to get your virtual tickets.



- 406.444.2040
- 840 Helena Ave.
Helena, MT 59601
- csi@mt.gov
- csimt.gov

I have been to many of the Summits and this one was the BEST! I thoroughly enjoyed Miss Ennis and her message. I also was very entertained by the panel of former State Auditors.

*Dan Rust
State Farm Insurance*

I never miss the CSI Summit. It truly is the "Summit" of the insurance business in Montana each year—great speakers, a networking opportunity second to none, and a first look from an insider's perspective of pending legislation and ongoing developments in our industry.

*Richard Miltenberger
Mountain Health CO-OP*

I was very impressed by this year's Summit. The CSI team delivered high-quality, informative presentations on the topics that are very relevant to the industry.

*Lisa Kelley
Blue Cross Blue Shield
Montana*