

Colorado the Regulator

**SUMMER
2007**

A Publication of the Colorado Division of Insurance

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ISSUE FOCUS:
New Bulletin Numbering
Senate Examines Medicare
Advantage Plans
New Electronic Filings
TITLE TIDBITS new section

The Colorado Regulator

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COMMISSIONER'S COLUMN

Since January 24, 2007, my first day on the job, it has been an action-packed six months. I want to sincerely thank my staff for their assistance. With their help, we have successfully navigated through the 2007 legislative session and received excellent input to improve our productivity. I am impressed with the hard work and dedication I see in all of the staff.

Also, I am appreciative of the time and educational efforts of the industry representatives and consumer groups on various issues. I have tried to meet all interested parties touched by the functions of the Division of Insurance (the Division). I am pleased there are so many ideas and individuals who are invested in the success of the Division.

With regard to the legislative session, there are a few bills that I would like to highlight. HB07-1101 requires the Division to gather data and report to the General Assembly on why health care costs may be higher in Pueblo than in other parts of the state. We have the ability to use a nonprofit entity to analyze the data. The Division is in the process of designing a data call from the insurance carriers.

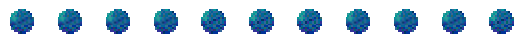
HB07-1039 allows the State of Colorado to enter into a partnership with the federal government for the purposes of qualifying long-term care insurance policies and Medicaid eligibility. This is significant for two reasons; first, there is a federal tax credit for qualifying policies; and second, under the federal Deficit Reduction Act of 2005; it is these qualified policies that are eligible for Medicaid asset protection. Practically speaking, a consumer may purchase a qualified long-term care policy that has a set dollar benefit. This dollar benefit is protected for the consumer in the event the consumer exhausts his or her benefits and needs to qualify for continued care through Medicaid.

Continued

On a related note, the Robert Woods Johnson Foundation awarded the Division and the Department of Health Care Policy and Financing a \$50,000 grant to implement the long-term care partnership. We have staff from the Division and the Department who will attend a training seminar in July for the partnership program.

HB07-1364 allows the Division to promulgate rules concerning deceptive sales practices as they relate to life insurance sales to our military personnel. The National Association of Insurance Commissioners (NAIC) made this topic a high priority after the federal enabling legislation. I am pleased Colorado's General Assembly gave us this authority. The Division will be able to create some good preventive consumer protections in this area.

My first 6 months as Insurance Commissioner has been a great learning experience. I am confident the future holds more lessons as well as challenges. I continue to look to you (the regulated community, consumers, and staff) to provide your comments and help us be recognized for our consumer-related work for all Colorado citizens.



DIVISION NEWS

COLORADO DIVISION OF INSURANCE NEW BULLETIN NUMBERING SYSTEM

Caryn Berumen, Compliance

The Division of Insurance recently undertook the task of reviewing the bulletins that were in effect. This project had three goals: The first was to review all the bulletins to make certain they were current Division of Insurance policies; the second goal was to amend bulletins as necessary and withdraw those that were no longer needed; the third goal was to establish a new numbering system.

Those of you who have not visited the Division of Insurance's website recently may be surprised (or confused) by the new bulletin numbering system. The new numbering system was created to be

consistent with the section numbering of our regulations:

- 1 = Administration
- 2 = Corporate Issues
- 3 = Financial Issues
- 4 = Life, Accident, and Health
- 5 = Property and Casualty
and
- 6 = Consumer Protections (General)

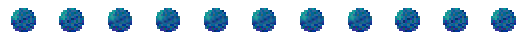
The new numbering system looks like this: B-1.1

Explanation: The "B" is for bulletin; the first "1" indicates the "Administration" section; and the second "1" indicates it's the first bulletin under the Administration section.

The new numbering system was created to assist you in easily locating the information you need. In an effort to further assist you, two informational bulletins have been issued.

Bulletin No. B-1.1 is a list of bulletins that have been withdrawn by the Division of Insurance. Bulletin No. B-1.2 is a cross-reference guide. If you remember the old bulletin number then you can use this bulletin to find the new bulletin number.

As of now, the bulletin webpage continues to be a work in progress. For your convenience, the majority of forms that are part of a bulletin will soon be posted as PDF fillable forms on the bulletin webpage. Thank you in advance for your cooperation and patience. If you have questions please contact Caryn Berumen at 303-894-2159.



SENIOR HEALTH INSURANCE NEWS

Continued

SENATE SPECIAL COMMITTEE ON AGING EXAMINES MEDICARE ADVANTAGE PLANS

Linda Whittington, Senior Health

The United States Senate Special Committee on Aging, in a May 16, 2007 hearing, scheduled testimony on sales and marketing practices involving Medicare Advantage plans. Prior to the Senate hearing, all state insurance regulators, including the Division of Insurance, were asked for information on sales and marketing practices of Medicare Advantage plans within their states; three (3) representatives of state divisions from other states provided testimony during the proceedings about problems with sales and marketing of Medicare Advantage plans in their states. Medicare Advantage plans are private plans marketed to Medicare beneficiaries as a viable alternative to original Medicare. In Colorado, Medicare Advantage plans include HMOs (health maintenance organizations), PPOs (preferred provider organizations), and PFFS (private fee-for-service) plans, approved through the Centers for Medicare and Medicaid Services (CMS), the federal agency responsible for administering Medicare.

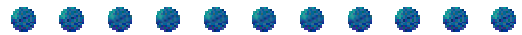
According to Senator Herb Kohl (D-WI), chair of the Senate Special Committee on Aging, there have been “numerous and widespread complaints involving the sales and marketing of Medicare Advantage plans which are being aggressively promoted all around our country.” Senator Kohl categorized those complaints as arising from “widespread confusion,” “out-right misrepresentation” and “even fraud.” According to Senator Kohl, Medicare Advantage plans represent the “fastest growing segment of the Medicare world” and “are an increasingly profitable enterprise for many plan sponsors.”

Medicare Advantage plans have become popular with Colorado consumers. Many Coloradans are familiar with HMOs; those plans have been available in the state for a number of years. Congress approved, effective January 1, 2006, the expansion of Medicare Advantage plans in the United States. Since that time, Colorado consumers have experienced confusion about those plans as well as unethical and, in some

cases, illegal practices by some Medicare Advantage plans and sales agents in the state. Many of those consumers have requested assistance through the Senior Health Insurance Assistance Program (SHIP) or through the Senior Medicare Patrol Project (SMP).

The SHIP/SMP is a statewide network of programs, including a state office (housed within the Division of Insurance) and 17 local agencies, that provide counseling on Medicare and Medicaid related topics as well as assistance to consumers faced with unethical and/or illegal sales and marketing practices related to Medicare and Medicaid insurance.

Any complaints involving Medicare Advantage plans should be reported to the Colorado SHIP/SMP at 1-888-696-7213; calls will be routed to the nearest local program. In addition, Colorado consumers may call the program for information on Medicare and Medicaid plan eligibility and benefits, and the coordination of benefits between Medicare and Medicaid and other types of insurance.



OTHER INSURANCE NEWS

INSURERS REPORTING TO THE MOTORIST INSURANCE IDENTIFICATION DATABASE

Linda Bruns, Property and Casualty

Due to legislation enacted in 2006 (HB 06-1178), as of January 1, 2007, all insurers writing private passenger auto insurance policies are required to report to the Department of Revenue Motor Vehicle Division on the policies they write. Reporting is done through the State’s website at: <http://www.colorado.gov/>. Information about the transition is available on the link: “driveinsured” reached by adding this verbiage to the website address above. Previously, insurers had reported

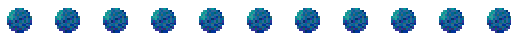
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to a private contractor -- Explore.

The Motorist Insurance Identification Database compares insurance policy information provided by insurers to vehicle registration information maintained by the Division of Motor Vehicles. No later than seven working days after the last date of the preceding two week reporting period, insurers must provide the Division of Motor Vehicles with the name, date of birth, driver's license number and address of each insured owner or operator for whom it has issued a policy; the make, year and vehicle identification number (VIN) of each insured motor vehicle; and the policy number, effective date and expiration date of each policy.

Insurers have had several months to transition their reporting to the Division of Motor Vehicles. The Division of Insurance has issued Bulletin B-5.19 about compliance with the reporting requirements. Auto insurers that are not reporting timely and accurate information to the database will be fined \$250 per day under § 10-4-615(4)(a), C.R.S. and § 42-7-604(8), C.R.S.

For more information, insurers may contact Mary Tuttle at the Division of Motor Vehicles, 303-205-5762, or Linda Bruns or Peg Brown at the Division of Insurance, 303-894-7499.



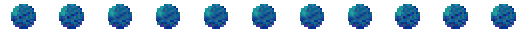
NEW ELECTRONIC RATE FILING REQUIREMENT

Tom Abel, Rates and Forms

House Bill 07-1234 passed, requiring electronic rate filings for all property and casualty and all health insurance under Title 10, Article 16, Parts 1 through 4.

Effective January 1, 2008, property and casualty companies and health carriers will be required to submit rate filings electronically. The law allows the Commissioner of Insurance to exempt filings from this electronic filing requirement for emergency situations, if adopted by rule. Additionally, a summary of filed rates, except for workers' compensation insurance rates, will be posted on the Division of Insurance website.

Additional information will be forthcoming on the rates and forms webpage on the Division's website.



NOTICE TO ALL BAIL BONDING AGENTS-ANNUAL REPORT DUE NOVEMBER 1, 2007

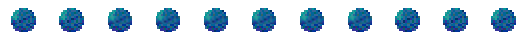
Beth Ham, Investigations

Every bail bonding agent is required to submit an annual report and affidavit to the Division of Insurance no later than November 1, 2007. Colorado Insurance Regulation 1-2-14 sets forth the reporting format located on the Division of Insurance website at: www.dora.state.co.us/insurance.

The report must include bonds written for the period of July 1, 2006 – June 30, 2007. If no bonds were written during this period of time, this information must be noted on the report form.

Non-compliance with this filing requirement is a violation of Colorado insurance law and the bail bonding agent may be subject to sanctions including the imposition of fines and the suspension or revocation of the bail bond license.

If you have questions regarding the filing of this report, please contact Sabrina Perkins at 303-894-2148.



RESPONSIBLE PRODUCERS, IS YOUR AGENCY'S DATA UP-TO-DATE?

JT Thompson, Producer Licensing

Attention All Agencies

Are you aware of the fact that each agency has a responsibility to ensure that a licensed responsible producer has been designated and maintained while the license is active?

Continued

Are you aware that approximately 11% of all licensed agencies are non-compliant with this requirement?

Well its true. While the requirement exists, many agencies are unaware of the requirement or fail to keep the information updated with the Division of Insurance.

During the last two years the Division has made many changes to improve our service. One change provides the agency or business entity with the ability to access their producer registration data and make changes and updates online. This online process eliminates the need to mail in changes, and the reduction of paper provides the agency or business entity with real time processing to add or delete registered producers, designate officers, and to **designate the responsible producer.**

Colorado Revised Statute § 10-2-404(2)(d), that establishes the resident producer requirement when application for licensure is made, states:

The insurance agency or business entity has designated a licensed producer who is an officer, partner, or director responsible for the insurance agency's or business entity's compliance with the insurance laws and rules of this state

Colorado Revised Statute § 10-2-406(7)(a) continues this requirement once the agency has received its license.

For many years there have been many misconceptions about defining a responsible producer. Some agencies and business entities designated producers based on their lines of authority, thus attempting to establish a responsible producer for each line of authority. This is not necessarily correct. Unless the individual is an officer, partner, or director of the agency or business entity, they cannot be designated for, or fill the position of the responsible producer. The failure to fulfill this requirement does not immediately terminate or suspend the agency's license; however, on May 15, 2007, the Division and Promissor conducted queries of our database

to identify all agencies that were non-compliant with the responsible producer requirement. Each agency was notified by letter of the deficiency, and directed to go online to update their responsible producer information accordingly.

Those agencies that failed to comply were set for hearing; the responsible producer issue was resolved prior to or at the hearing, or the agency was fined, had their license suspended, or both fined and suspended in some cases.

It is important to note that this requirement is ongoing as long as the license is in an active status. The licenses that are suspended due to non-compliance must be brought into compliance prior to the license becoming active again. Agencies are required to monitor their data to ensure that they are in compliance with Colorado laws. Deficiencies occur as a result of responsible producers who are no longer employed by the agency or business entity; the lapse of an individual producer's license that was designated as the responsible producer, or the failure of the agency to ensure that a properly qualified producer has been designated for the position.

The Division encourages each agency or agency representative to take a moment to become familiar with the proper steps to keep data current, and to verify data on a regular basis. In addition, it is advisable to review the producer registration data each time a new producer joins or leaves an agency.

Should anyone have questions regarding maintenance of the producer data for an agency, please contact Promissor at 800-275-8247 or logon to: www.sircon.com/colorado, select: 'Maintain your firm association' link, and follow the prompts.



KEEPING YOUR ADDRESS INFORMATION UP-TO-DATE IS YOUR RESPONSIBILITY

JT Thompson, Producer Licensing

Continued

Each year thousands of letters and other correspondence are mailed to individual producers and agencies. This correspondence includes, but is not limited to continuation notifications, requests for additional information, stipulated agreements, and refund checks. Approximately 15% – 20% of this correspondence is returned as a result of an incorrect address. The effects of an incorrect address can create serious consequences, such as a producer's license lapsing due to the non-receipt of their continuation notification.

This issue of failing to maintain correct addresses is a nationwide problem. Many states are beginning to step up their enforcement of this violation as set forth in their laws, and are holding producers accountable for their failure to maintain up-to-date address information. These violations are considered administrative actions, reportable to the NAIC, and can involve their own set of issues that would require disclosure by the producer or agency should they wish to obtain a non-resident license in another state.

At present, the State of Colorado has over 100,000 licensed insurance producers, and the need for a correct mailing address whether business or residential, is a vital part of our successful accomplishment of our mission; consumer protection. Each month producer licensing, through the assistance of Promissor, answers hundreds of requests made by consumers to verify the addresses of insurance producers. In many cases business can be lost due to producers not keeping their addresses up-to-date with the Division of Insurance as mandated by law. Wary consumers are sometimes reluctant to deal with producers who have responded with one address, only to find out that the Division has a different address on file.

Are you familiar with the governing statute requiring that address information be kept current?

Colorado Revised Statute § 10-2-412, Change of address – notification, states:

(1) Individual and insurance agency producer licensees shall inform the commissioner in writing, in a form prescribed by the commissioner, of any

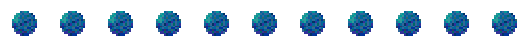
change of address within thirty days after the change.

(2) Failure of any licensee to inform the commissioner of any change to the licensee's address of record or residence address shall be grounds for the assessment of a penalty.

To change or update addresses with the Division and/or Promissor select: www.sircon.com/colorado, then select: "update your name or address" link, and follow the prompts.

Please remember that you cannot have a P.O. Box as your resident address. Resident addresses must be a physical (i.e. street) address. In addition, if you have moved from one state to another and you are licensed as a non-resident producer in Colorado attempting to update your new resident address, you must change your address with the new resident state and must have been issued a license by your new resident state. If this has not been done, your request may be rejected due to the automatic producer database (PDB) checks that would still list you as a resident of your former state.

It is the responsibility of each individual producer, or agency representative to ensure addresses on file with the Division are correct and up-to-date. We encourage all producers to take a few minutes on a regular basis to review their addresses and make any necessary changes. The few minutes spent making sure the address on your license is in order could prevent the cost of a fine or an administrative action.



COLORADO RECEIVES ACCREDITATION HONORS AT NAIC SUMMER NATIONAL MEETING

Article in part from NAIC News Release, 6/2/2007.

Commissioner Marcy Morrison accepted the Accreditation Award for the Colorado Division of Insurance as part of the National Association of

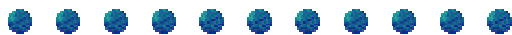
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Insurance Commissioners (NAIC) Financial Regulation Standards and Accreditation Program, at the NAIC's 2007 Summer National Meeting held in San Francisco, California, June 1-4.

In addition to the Colorado Division of Insurance, NAIC President and Alabama Insurance Commissioner Walter Bell presented the honor to the Minnesota Department of Commerce, the North Dakota Department of Insurance and the Virginia Bureau of Insurance.

“A system of effective regulation provides crucial safeguards for America’s insurance consumers,” Bell said. “The NAIC works to ensure that our members are held to high accreditation standards in order to provide consumer protection and promote a competitive insurance marketplace within each state.”

Accredited insurance departments are required to undergo a comprehensive review by an independent review team every five years to ensure the departments continue to meet baseline financial solvency oversight standards. The accreditation standards require state insurance departments to have adequate statutory and administrative authority to regulate an insurer’s corporate and financial affairs, as well as the necessary resources to carry out that authority.



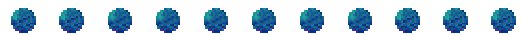
Welcome to the Regulator’s newest section. In this corner you will find articles related to title insurance and the Division of Insurance expectations of the title insurance industry.

On June 1st Governor Bill Ritter signed SB 07-249 into law. This law gives the Division the ability to hire two additional employees who will focus on investigations and examinations of title insurance entities.

In addition to the new employees, SB 07-249 requires the Division provide an annual report to the legislature. This report will include a statistical report of the number of enforcement actions taken, market trends associated with title insurance, and real estate transactions as well as consumer complaints. Additionally, the Division posts its enforcement actions on its website. www.dora.state.co.us/insurance/consumer/Titlemain

Did You Know?

Colorado Revised Statute § 10-2-401(6) requires that every title entity disclose the names of all affiliated business arrangements to which the agent or the company is a party. To accomplish this, the Division of Insurance created the Affiliated Business Arrangement Disclosure Form, which must be completed and submitted with the license application. This disclosure must accompany all new and renewal licensing applications. Additionally, if there are any changes to the reported information (i.e. change in ownership or address), the entity must report the changes within thirty (30) days of the change. If the title applicant is not a party to an affiliated business arrangement, the applicant must indicate that information on the form. The applicant may indicate “not applicable” or “none” in section 4 of the form. The Affiliated Business Arrangement Disclosure Form can be found on the Promissor website: www.asisvcs.com



Continued

Legislative highlights

Bill number and title	Summary
HB07-1008, WC for firefighters	Provides coverage for firefighters (ff) who have 5 years employment for certain conditions. Presumes coverage if at the time of employment the ff had a physical that failed to reveal any condition or if it can be demonstrated by a preponderance of the medical evidence that it was not work-related. Requires the Division of WC to do a study.
HB07-1022, Rural health care	Authorizes a pilot program in Pueblo for a health care access program supervised by the County Commissioners. Excludes individuals who are eligible for Medicaid, Medicare, CHP+, and employer-sponsored health insurance.
HB07-1039, Long-term care partnership	Authorizes Colorado to join the partnership with the federal government for long-term care insurance (LTC) by adopting the definition of a "qualified LTC policy." Enacts the NAIC model law; except it includes more stringent continuing education requirements for producers (16 hours for initial application after enactment and 5 hours upon renewal).
HB07-1101, Pueblo study	Requires the Division to conduct a study of the individual and group costs of health insurance in Pueblo County, including demographics, community rating, availability, and statistics. Allows the Division to contract the analysis of this data to a nonprofit. The report deadline is 1/15/09.
HB07-1104, Preferred providers not required for P&C claims	Prohibits an insurer from limiting repair work to be performed by a preferred provider for all types of P&C claims. Requires certain disclosures to the consumer.

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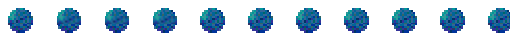
Bill number and title	Summary
HB07-1234, Electronic rate filings	Requires insurers to file rates electronically with the Division. Requires the posting of summary information on the Division's website concerning rate increases.
HB07-1253, Health coverage of military personnel	Requires that an insurer issue coverage to an individual in the military who has been called to active duty, but has not started.
HB07-1301, HPV vaccination	Requires that HPV vaccination be a covered benefit. Extends coverage to all females for whom such vaccination is recommended by the advisory committee on immunization practices of the United States Department of Health and Human Services.
HB07-1346, Medicaid managed care	<p>Changes the risk based capital requirement for an HMO that is exclusively providing services to Medicare, Medicaid, or CHP+ members.</p> <p>Section 2 of the Bill requires the Division to review a plan of operation for an applicant under § 25.5-6-111, C.R.S. Sets time periods for the review of such a plan. Allows the Commissioner to approve this plan. Allows either the applicant or the Commissioner to raise subsequent issues about the plan for changed circumstances. Subjects the applicant to the jurisdiction of the Commissioner for the purposes of financial examinations and wind-down. Requires the submission of audited financial statements.</p>
HB07-1355, Rate bands for small employer insurance	On and after 1/1/08, eliminates the rate increase for health status and claims experience for small groups. On and after 1/1/09, eliminates the rate decrease for claims experience and health status for small groups.
HB07-1360, 208 Commission clarifications	Specifies the 208 Commission is a legislative creature. Exempts the Commission from the procurement code. Extends the deadline for the Commission to report to 12/31/2007. Clarifies that the Commission may put forth a lead proposal.

continued

Bill number and title	Summary
HB07-1364, Sale of life insurance to military personnel	Allows the Commissioner to promulgate rules concerning unfair and deceptive practices concerning the sale of life insurance to military personnel. Requires that such rules be consistent with the federal law.
SB07-04, Early childhood intervention services	Coordinates the payment for early childhood intervention services for children 0-3. Requires insurance coverage, as determined by the Department of Human Services, for children 0-3. Requires the Division to be a technical advisor to the Department of Human Services for the purposes of implementing the coordinated system.
SB07-36, Mental health coverage	Expands the required mental health coverage to posttraumatic stress disorder, drug and alcohol disorders, dysthymia, cyclothymia, social phobia, agoraphobia with panic disorder, and general anxiety disorder. This also includes anorexia nervosa and bulimia nervosa to the extent those diagnoses are: Treated on an out-patient, day treatment, and in-patient basis, exclusive of residential treatment. Avoids double coverage under 10-16-104 (5), C.R.S.
SB07-49, Coverage under CoverColorado for individuals who are disabled under Medicare and who missed his or her open enrollment for supplement coverage	Expands CoverColorado's ability to provide coverage to individuals who are eligible for Medicare because of disability but missed his or her open enrollment period.
SB07-78, Mandatory offer of hospice coverage for small groups and home health services	Reinstates the mandatory offering of hospice and home health service coverage for small employers under the basic plan.
SB07-79, Contracts between providers and insurers	Sets out provisions for contracts between health care providers and insurers.

Continued

Bill number and title	Summary
SB07-87, Contractor liability	Clarifies who has liability in construction contracts.
SB07-104, 3 new members for the 208 Commission	Adds 3 members to the 208 Commission.
SB07-191, Authority of the Division of Insurance to issue certificates of authority for life insurers	The Division can continue to regulate life insurers.
SB07-233, Uniform claim forms for health insurance	Updates the uniform claim form number for section 10-16-106.3, C.R.S.
SB07-249, Title insurance	Assesses title insurers to support 2 FTE for market analysis, investigations, and enforcement of Article 11 of Title 10, C.R.S.
SB07-256, Uninsured and Underinsured (UM/UIM) motorist coverage	Makes UM/UIM excess insurance to all other coverages. Lifts the anti-stacking prohibitions for UM/UIM.



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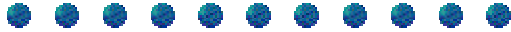
DID YOU KNOW THAT:

REVISED WEBSITE

DOI has changed its website to make it more user-friendly. We welcome your suggestions. Please check the DOI homepage:

<http://www.dora.state.co.us/insurance>.

Select: E-mail, (bottom of the homepage).
Let us what you think about our website.



**REGULATOR
NEWSLETTER**

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