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# Health Innovation Subcommittee

**Tuesday, January 15, 2013  
9:00 AM - 11:00 AM  
306 HOB**

**Will Weatherford  
Speaker**

**John Wood  
Chair**

**Committee Meeting Notice**  
**HOUSE OF REPRESENTATIVES**

**Health Innovation Subcommittee**

**Start Date and Time:** Tuesday, January 15, 2013 09:00 am  
**End Date and Time:** Tuesday, January 15, 2013 11:00 am  
**Location:** 306 HOB  
**Duration:** 2.00 hrs

Presentation by the Office of Insurance Regulation on health insurance regulation

**NOTICE FINALIZED on 01/08/2013 16:12 by Iseminger.Bobbye**



FLORIDA OFFICE OF  
INSURANCE REGULATION

KEVIN M. MCCARTY  
*Insurance Commissioner*



# Life and Health Product Review

House Health Innovation Subcommittee

Jack McDermott, Director

January 15, 2013

## **Main Duties of the Unit**

- Review form filings
- Review rate filings
  
- Conduct bill analyses
- Conduct and oversee rule development
- Monitor activities of the National Association of Insurance Commissioners (NAIC)



## Overview of Forms Review

- Determine compliance with statutes and rules governing insurance policy contract forms, applications, or other forms associated with life and health insurance products.
- This includes submitting a cover letter, forms, relevant checklists and required certifications signed by company officers.



## Overview of Rates Review

- Perform actuarial reviews of rate filings to ensure compliance and make actuarial recommendations regarding approval or disapproval of each rate filing submitted.
- Determine:
  - whether the benefits are reasonable in relation to the premium and
  - whether or not the proposed rates are excessive, inadequate or unfairly discriminatory.



# Types of Insurance

## **Life** (Both Group and Individual)

- Term Life
- Whole Life
- Variable Life
- Endowment Life
- Annuities
- Credit Life
- Credit Disability
- Viatical Settlements

## **Health** (Both Group and Individual)

- Major Medical
- Accident and Sickness
- Disability
- Specified Disease
- Long-Term Care
- Medicare Supplement
- CCRCs
- Pre-Paid
- HMO
- Discount Medical Plan
- Small Group Advertisement





# **Marketplace Overview**

## **Life & Annuity Writers in Florida**

Premium for Calendar Year 2011  
(Premium in millions)

<b>1. MetLife Investors USA</b>	<b>\$2,112</b>
<b>2. Pruco Life</b>	<b>\$1,558</b>
<b>3. Lincoln National Life</b>	<b>\$1,446</b>
<b>4. Jackson National Life</b>	<b>\$1,432</b>
<b>5. John Hancock Life</b>	<b>\$1,202</b>
<b>6. Transamerica Financial Life</b>	<b>\$1,100</b>
<b>7. Nationwide Life</b>	<b>\$1,044</b>
<b>8. Metropolitan Life</b>	<b>\$ 997</b>
<b>9. Transamerica Life</b>	<b>\$ 970</b>
<b>10. Allianz</b>	<b>\$ 942</b>



# Marketplace Overview

Accident & Health Writers in Florida

Premium for Calendar Year 2011

(Premium in millions)

<b>1. Blue Cross &amp; Blue Shield</b>	<b>\$6,126</b>
<b>2. UnitedHealthcare Ins.</b>	<b>\$5,090</b>
<b>3. Humana Medical</b>	<b>\$4,859</b>
<b>4. Aetna Health Inc.</b>	<b>\$1,478</b>
<b>5. AvMed</b>	<b>\$1,289</b>
<b>6. UnitedHealthcare of Fla.</b>	<b>\$1,288</b>
<b>7. WellCare of Fla.</b>	<b>\$1,273</b>
<b>8. CarePlus Health Plans</b>	<b>\$1,185</b>
<b>9. Connecticut General Life</b>	<b>\$ 869</b>
<b>10. Coventry Health Care</b>	<b>\$ 819</b>



## **Forms That are Not Subject to Review**

- Initial Underwriting Health Questionnaires
- Advertisements other than those for long-term care, Medical Supplement, small group and those that contain an application for coverage

## **Rates That are Not Subject to Review**

- Large Group Products
- Out-of-state Large Group Products (other than groups formed for the purposes of providing insurance via trusts)
- Life Insurance



# Overview of Form & Rate Filings

## Calendar Year 2012

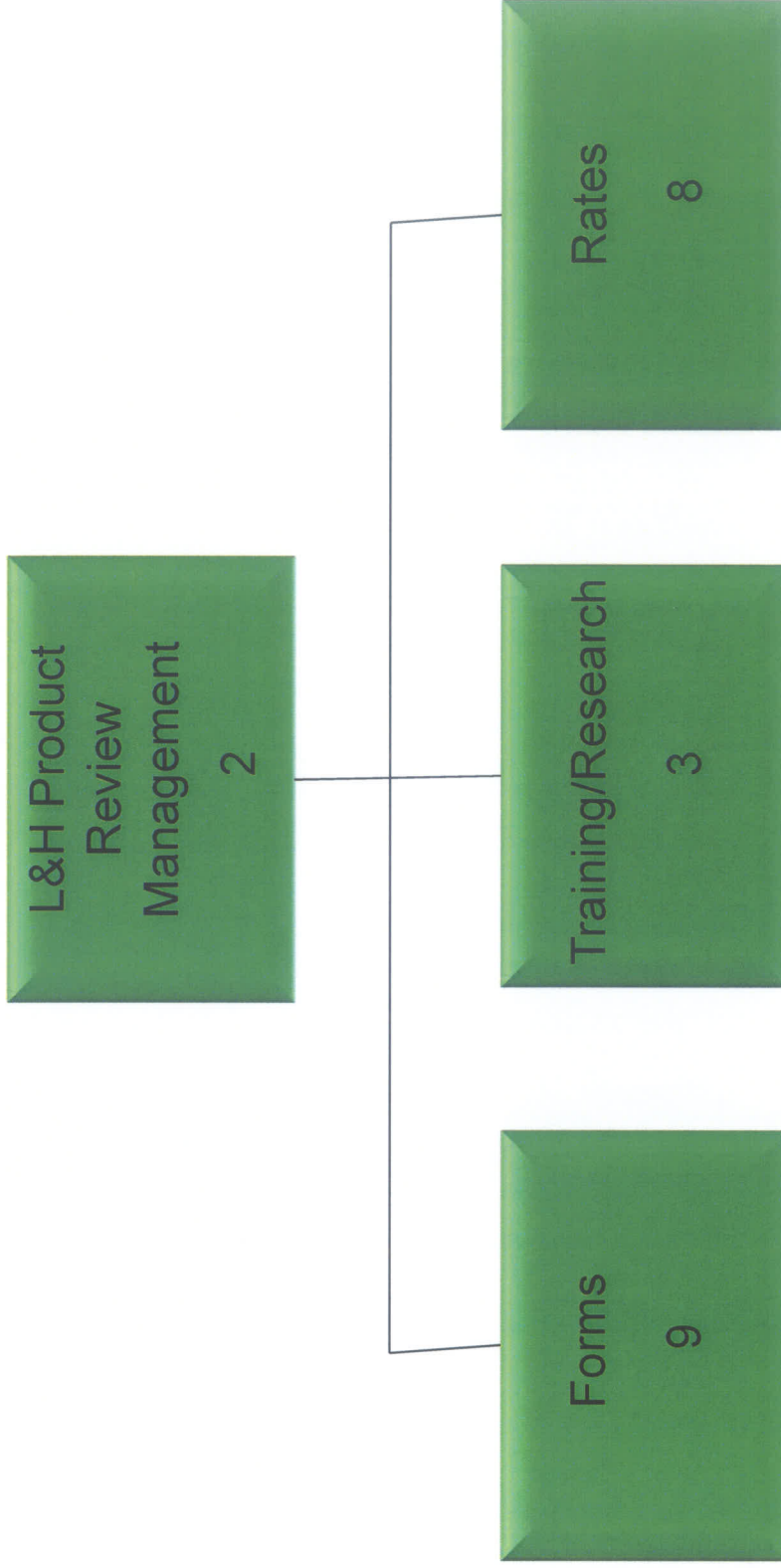
### Forms and Rates Processed

•Life and Health Forms:	4,420
•Life and Health Rates:	1,652
Total:	6,072





# Staffing



Total: 22

10



## Overview of the I-File System

- The I-File system was created to enable companies to submit rate and form filings electronically via the Office's Internet Portal: (<http://www.floir.com/iportal>).
- I-File has increased the speed at which new products or rates are brought to the market.
- The Electronic Data Management System (EDMS) was created to provide a workflow process for business unit staff to perform form and rate reviews.



## Contact Information

Jack McDermott, Director  
Life & Health Product Review  
Email: [Jack.McDermott@flair.com](mailto:Jack.McDermott@flair.com)  
Phone: (850) 413 - 5110



**Life & Health  
Financial Oversight**



FLORIDA OFFICE OF  
INSURANCE REGULATION

KIVIN M. McCARTY  
*Insurance Commissioner*



# Life & Health Financial Oversight

House Health Innovation Subcommittee

Toma Wilkerson , Director

Date: Jan. 15, 2013

# Main Duties of the Unit

- Review license applications for new entities
- Review expansions into additional lines of business for existing companies
- Monitor statutory financial solvency of licensed companies
- Identify and address financial issues as early as possible
- Maintain open communication with other states regarding companies operating in and from Florida



# Types of Entities

- Health Maintenance Organizations - 40
- Prepaid Health Clinics - 5
- Prepaid Limited Health Services Organizations - 23
- Continuing Care Retirement Community - 72
- Life and Health Insurers - 463
- Fraternal Benefit Society - 38
- Third Party Administrator - 310
- Discount Medical Plan Organization - 41

As of 12/31/2012



# Staffing

L & H Financial Oversight

Managed Care Section

Life and Health Section

Examination Team

Total: 46



# Florida Premium as of 12/31/11

• Life & Annuity	\$42,452,696,714
• Health	\$28,314,410,510
• Fraternal	\$365,683,875



# Licensing Process

- Plan of Operation
- Financial Statements
- Feasibility Study
- Source of Funds
- Contingency Plan
- Officers, Directors, Owners



# Financial Filing Requirements

- Monthly Financial Statements
- Quarterly Financial Statements
- Annual Financial Statements
- Audited Financial Statements
- Actuarial Certifications

Typically complete 3,000 Financial Desk Reviews



# Financial Review Process

- Assets
  - Receivables
  - Statutory Investment Limits
- Liabilities
  - Reserves
  - Claims
  - Contingent
- Trends with
  - Growth
  - Financial Ratios
  - Affiliate Transactions





# Priority of Financial Reviews

- Priority Companies 30 days
- Monitor Companies 60 days
- Non-Priority Companies 90 days



# Financially Troubled Companies

- Increase Priority of Review
- Monthly Reporting
- Corrective Action Plan
- Increase Insolvency Deposit
- Target Exam
- Multistate - Coordinate With Other State Regulators
- Administrative Supervision
- Suspend License
- Revoke License



# What Happens When a Company Fails?

- Company is referred to the Department of Financial Services Rehabilitation & Liquidation Division where the company is either rehabilitated or liquidated
- Florida Life and Health Insurance Guaranty Association assists commercial consumers
- Health Maintenance Organization Consumer Assistance Plan assists commercial consumers



# Other Reviews

- Dividend Distributions
- Acquisitions/Mergers
- New Officers, Directors and Shareholders
- Service Agreements and Amendments



# Financial On Site Exams

- At least once every five years or more often if necessary
- Covers the preceding 5 fiscal years
  - Confirm assets and liabilities
  - Interview corporate level officers
  - Review internal control process
  - Identify risks associated with business plan

Typically complete 30-40 financial exams a year



# Big Picture Analysis

- Review the entire corporate organizational structure for financial soundness:

Can the parent service existing debt?

Are Company's assets pledged for debt?

Are affiliate companies profitable?

Is there contagion risk?



# Contact Information

Toma Wilkerson, Director  
Life & Health Financial Oversight  
Email: [Toma.Wilkerson@flor.com](mailto:Toma.Wilkerson@flor.com)  
Phone: (850) 413 - 2458

