

In this Issue	
Commissioner's Greeting	1-2
CHIP Expanded Benefits	2
Flood Insurance Requirements	3
Price Optimization	3
Mcare Limits	3
Life Insurance Settlement	4
Cybersecurity Examination	4
Fema Sandy Claims Review	4
Papal Visit Leniency	5
Homeowners' Notes	5
Recent Press Releases	5

You can contact the department at ra-in-Insights@pa.gov or through the contact form located on the homepage of our recently-redesigned website.

A message from the Insurance Commissioner...

Protecting consumers and finding ways to help stretch premium dollars continue to be two of my top priorities in implementing Governor Wolf's "Government that Works" initiative in Pennsylvania. As outlined in this issue, several of those topics are front and center right now.

I am proud that Pennsylvania continues to lead multi-state efforts to reform business practices in the life insurance industry to make sure beneficiaries receive the benefits they are due and policyholder's wishes are followed. I recently announced that we recovered more than \$70 million in life policy benefits in just the first six months of this year. We also issued a consumer alert urging families to discuss life insurance issues to make sure spouses, children, siblings, and other beneficiaries know what policies have been purchased and where these policies are to reduce the chances of benefits not being paid.

We continue to look for ways to make private flood insurance more available to increase competition, provide more options, and bring down premiums for property owners. To that end, I have written



to our congressional delegation urging support for legislation that would encourage more private flood policies by defining mandatory coverages so mortgage lenders know what private policies meet the current federal government standards. One problem with private insurance now is that many lenders are not sure if the coverage is equivalent to the federal government product and are reluctant to approve mortgages with private insurance.

(continued on page 2)

A message from the Insurance Commissioner...

(continued from page 1)

Pennsylvania is also participating in a national study to assess how well insurance companies are protecting policyholders from cyber security threats. State law requires insurers to take reasonable measures to safeguard private customer information, and this study will help give us an idea of areas where insurers may be doing well and where improvement may be needed.

As always, I look forward to working with you in the insurance in-

dustry to provide the best coverage at competitive rates for our citizens.

I am very pleased to announce the move to the Insurance Department's new website as part of the Wolf Administration's commitment to more transparent and easier to use government services. Our new site went live August 21st and can be found at www.insurance.pa.gov.

Since becoming commissioner in January, I have wanted a better, more user-friendly website, and I believe this new site goes a long way

toward that goal.

I hope you will find this new website provides a much better experience when dealing with the Insurance Department.

Thank you,

Teresa Miller
Insurance Commissioner

Governor Wolf announces expanded CHIP benefits for all enrollees

Governor Wolf and Commissioner Miller announced recently that all CHIP plans in Pennsylvania will include, beginning December 1, expanded benefits that meet the commercial minimum essential coverage requirements of the Affordable Care Act (ACA).

Earlier this year, the governor and commissioner worked to protect the families of 3,600 children in full-cost CHIP plans, those in which the family pays the full premium, after the federal government said that these plans did not contain all the benefits required by the ACA and because of this, these families would be subject to tax penalties. Gov. Wolf and Commissioner Miller were able to obtain tax penalty waivers for families and worked with insurers to bring these plans up to coverage requirements with no premium increase for this policy year.

While families who receive a subsidy to help pay their CHIP premium were not subject to the tax pen-

alty threat under the current federal government rules, the governor was concerned they might be in the future, and there were some children in CHIP who had expanded benefits not available to all CHIP enrollees. These benefits include:

A prohibition on annual and lifetime dollar limitations for specific services classified as essential health benefits, which include durable medical equipment, hearing aids, and pediatric vision and den-

tal services, including orthodontic services. Prior to the Affordable Care Act, there were limits such as \$1,500 per year for dental and orthodontic care, \$5,000 per year for durable medical equipment, and \$120 per year for glasses;

Any preventive care services must be provided without cost sharing, such as co-payments, coinsurance, or deductibles. Some of these services include plaque control programs, oral hygiene education, dietary instruction, and prescribed iron supplementation;

Prescription drug benefits must cover prescribed over the counter drugs, vitamins, and aspirin;

Health plans must also provide parity between mental health and substance use disorder benefits, and medical and surgical benefits.

The governor said adding these important benefits will help parents of all 148,000 Pennsylvania children in CHIP rest easier knowing their children have access to better health coverage.



Gov. Wolf announces added benefits for all CHIP plans with Commissioner Miller and Penn State Hershey CEO Dr. Craig Hillemeier.

Commissioner Miller urges support for defined flood insurance purchase requirements

Commissioner Miller sent a letter to Pennsylvania's congressional delegation urging their support of legislation that would attract more private companies to the flood insurance market as an effort to help consumers facing steeply increasing premiums. Language in both H.R. 2901 and S. 1679 would define mandatory purchase requirements in private flood insurance for these private policies to be recognized by mortgage lenders, as policies purchased through the National Flood Insurance Program (NFIP) sold by the federal government are now.

Flood insurance reforms enacted by Congress in 2012 after huge payouts caused by Hurricane Katrina and Superstorm Sandy put the NFIP deeply in debt, requiring the federal program to charge premiums that reflect the actual risk posed by a property. In the past,

NFIP premiums were heavily subsidized by the federal government.

This requirement led to huge premium increases for many property owners. Public outcry caused Congress to pass another flood insurance reform measure in 2014, limiting annual premium increases for NFIP policies to 25 percent, still a steep rise for homeowners.

The 2012 legislation intended for private companies to play a greater role in flood insurance, but the law does not define what purchase requirements must be in private policies to make them equivalent to federal policies. Because of this, many lenders are reluctant to accept private flood policies when making mortgage loans. This severely limits the participation of private companies in the flood insurance arena.

Commissioner Miller believes

homeowners will benefit if purchase requirements for private flood coverage are clearly defined as more private insurers will enter this market who provide more choices and lower premiums for consumers. In many cases, private insurance currently available offers significantly lower premiums than the federal insurance. In one instance, a property owner's annual premium through the federal program was \$7,500, but a private company provided the same coverage with an annual premium of \$1,415.

Many Pennsylvanians live near the state's 86,000 miles of rivers, creeks, and streams and have more than 34,400 flood insurance policies in effect. Between 2006 and 2014, Pennsylvanians filed more than 18,000 flood insurance claims with the NFIP, receiving benefit payments of \$551 million.

PID stresses opposition to price optimization

Policyholders and applicants with risks of the same class and essentially the same hazard must be charged the same premium for property and casualty insurance. That is the law in Pennsylvania, and as a recent notice from Commissioner Miller to insurers made clear, that law will be enforced.

The notice, which was published in the Pennsylvania Bulletin, addresses a practice known as "price optimization." This term refers to a variety of practices utilizing sophisticated pricing tools, including computer software and rating models, to set insurance rates based, to one degree or another, on how much a consumer or group of consumers

may be willing to pay before they will shop around for a better price. The Insurance Department recently considered whether insurers may engage in this practice in Pennsylvania.

As Commissioner Miller made clear in her notice, different premiums charged to persons of the same class and essentially the same hazard fail to reflect differences in expected losses and expenses with reasonable accuracy. These are considered unfairly discriminatory under state law. As the notice makes clear, rates utilizing such pricing techniques will not be approved by the Insurance Department.

Mcare limits consistent

Pennsylvania's Mcare law, which sets the basic primary professional liability insurance limits for medical malpractice claims, calls for the department to review the capacity of the insurance market to cover these claims every two years and adjust the limits if needed.

Since the law was passed in 2002, there have been positive changes in this market. However, challenges remain that could impact the capacity of medical malpractice insurance coverage.

The department recently concluded its required review and found that it cannot be determined if additional basic insurance capacity is currently available for calendar year 2016, so there will be no increase to the current basic primary limits for 2016 and 2017.

Department recovers more than \$70M for life policies

Commissioner Miller recently announced that the Insurance Department's continued work as a lead state in several multi-state examinations of business practices in the life insurance industry has resulted in recovery of \$70,449,334 for 4,293 Pennsylvanians in just the first six months of 2015.

Governor Wolf's strong commitment to consumer protection is keeping Pennsylvania at the forefront of this effort among insurance regulators across the country. The effort focuses on the life insurance industry's selective use of the Social Security Administration's Death Master File (DMF). Examinations have found some companies used the DMF properly to identify beneficiaries when a policyholder died, but other companies used the file to terminate the payment of annuity benefits while failing to trigger the payment of life insurance policy benefits.

Miller said most major insurance companies providing life insurance policies have now entered into

settlement agreements to use the DMF to identify potentially unpaid insurance benefits and search for beneficiaries. She urged all companies to adhere to this practice and ensured consumers that she will see the department continues to do all it can to make sure life insurance benefits are paid promptly and according to policyholders' wishes.

The commissioner issued a consumer alert encouraging families to discuss life insurance issues. She noted that in many cases, parents purchase life insurance policies when their children are young, so these policies are typically fully paid many years before dying. Miller said she understands these discussions are never easy, but if beneficiaries need to be aware of how to secure the benefits to which they are entitled. Otherwise, if these policies go unclaimed for three years after the policyholder dies, the money goes to the state Treasury where beneficiaries can claim benefits indefinitely.

Deadline approaches for review of NFIP Sandy claims

In 2012, Pennsylvanians filed nearly 200 claims for flood damage from Superstorm Sandy, and Commissioner Miller recently issued a consumer alert reminding these claimants that the Federal Emergency Management Agency (FEMA), which administers the National Flood Insurance Program, set a deadline of September 15 to request a review of Sandy-related claims.

Commissioner Miller noted that the additional claims review comes as a result of consumers' concerns that they did not receive the full payment they are entitled to under

their policies. As part of the Wolf Administration's emphasis on consumer protection, Miller wanted to make sure that any property owner who would like a claim reviewed is fully informed about this deadline and their options.

In order to be eligible for a review, NFIP policyholders must have filed a claim for flood damage between Oct. 27, 2012 and Nov. 6, 2012. To request a review, policyholders may call the NFIP's Hurricane Sandy claims center at 1-866-337-4262 or visit www.fema.gov/sandyclaims.

Cybersecurity examination

Pennsylvania is taking part in a multi-state examination of a national insurance group to evaluate the cybersecurity systems of companies within this insurance group. The National Association of Insurance Commissioners is coordinating this consumer protection examination nationwide.

Commissioner Miller believes this is a particularly timely security review given the recent hacking of a major insurer's computer system earlier this year and the potential for customer's personal information to be compromised. She added such an examination ties directly in to her and Governor Wolf's emphasis on consumer protection.

Pennsylvania law requires insurance companies to develop and implement information security programs to protect customer information, including identifying reasonably foreseeable internal and external threats to this information and assessing the sufficiency of policies to control risks. The law specifically includes electronic records in its definition of non-public personal information.

The law also requires insurers to adjust their information security programs in light of relevant changes in technology, which Miller believes is important given the rapid pace of technological change. Miller added that she believes insurance companies are working diligently to protect their customers' information but wants to assure Pennsylvania consumers that the department is monitoring this situation and enforcing the law on this subject.

Failing to properly protect customer information can constitute a violation of the Unfair Insurance Practices Act.

Commissioner Miller urges leniency from insurers during Papal visit

Pope Francis' visit to Philadelphia at the end of September is bringing great excitement and an economic boost to the city. However, as part of the security measures surrounding the visit, mail service will be interrupted to some areas for at least a day.

Commissioner Miller is asking insurers to take this mail service interruption into consideration when

enforcing deadlines on issues such as payment of premiums and appealing policy cancellations or non-renewals. While these deadlines are legally not impacted by the mail interruption, Miller believes it is not fair to hold customers to a deadline when they may not have received notice or not been able to mail a payment due to no fault of their own.

The mail service will not be down for long, so the commissioner's request is that insurers give policyholders an extra day or two to meet deadlines that may be impacted by this situation. Doing so will not only help consumers but may show that an insurer values its customers' business and lead to more customer loyalty.

Commissioner advises consumers to be mindful of homeowners' insurance notices

Commissioner Miller issued a consumer alert urging homeowners to pay close attention to notices from their homeowners' insurance company that ask the homeowners to fix problems. Oftentimes the insurer has identified these issues as making the property less safe, therefore adding to the risk the company faces.

Miller issued the alert following a review of consumer complaints received by the Insurance Depart-

ment that showed some consumers have had their homeowner's insurance cancelled or non-renewed after failing to take action when an insurer identified a hazard on their property.

Insurers may ask homeowners to take reasonable measures to lower risks on a property when issuing a policy or if a change to that property substantially increases risk. For example, if a homeowner installs a deck that is significant-

ly above the surrounding ground level, the insurer is permitted to require the homeowner to put a railing around the deck in order to lessen the chance of someone falling off that deck. The insurer must allow a reasonable amount of time for the work to be done, but this request is within the insurer's right. Failing to take this action is a legal reason for the insurer to cancel or non-renew coverage on that property.

Recent Press Releases

August 27, 2015 - Insurance Commissioner Advises Homeowners to Follow Insurers' Request to Reduce Property Hazards

August 20, 2015 - Governor Wolf Announces All CHIP Plans Will Provide Enhanced Benefits to Meet ACA Requirements

August 6, 2015 - Insurance Department Recovers More Than \$70 Million for Pa. Life Insurance Beneficiaries in First Half of 2015

August 4, 2015 - Insurance Department reminds Consumers of Sept. 15 Deadline for FEMA Review of Hurricane Sandy Claims

July 31, 2015 - August is the Height of Hurricane Season, State Agencies Urge Preparedness

July 27, 2015 - Commissioner Urges Congressional Support for Bill Encouraging Mortgage Lenders to Accept Private Flood Ins.

July 13, 2015 - Insurance Commissioner Congratulates Mature Driver Safety Class, Raises Awareness About Insurance Discounts

June 25, 2015 - Governor Wolf Issues Statement on King v. Burwell Supreme Court Ruling

June 24, 2015 - Insurance Department Urges Uber/Lyft Drivers to Ask Questions, Carefully Examine Personal & Company Auto Insurance