



PA INSURANCE INSIGHTS

The Pennsylvania Insurance Department Newsletter

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In this Issue

Commissioner's Greeting	1-2
Long-Term Care Hearing	2
Private Flood Insurance	3
2015 Restitution	4
Balance Billing Commentary	4
Recent Press Releases	4
Bureau of Financial Examinations	5
Upcoming Consumer Events	5

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A message from the Insurance Commissioner...

Many of us are looking forward to the end of winter and the transition to spring, but the changing weather also brings concerns across Pennsylvania, as melting winter snows are often followed closely by heavy spring rains. As thousands of Pennsylvanians know, this can mean spring flooding as creeks and streams overflow their banks, often causing severe damage to homes.

An added headache in the past few years for many homeowners and renters has been the rapidly rising premiums for flood insurance under the federal government's National Flood Insurance Program (NFIP). The NFIP has fallen nearly \$25 billion in debt, partly due to massive claims from Hurricane Katrina and Superstorm Sandy, causing Congress to require an end to the NFIP's flood insurance premium subsidies for many high risk properties.

At the same time, the Federal Emergency Management Agency has re-mapped its flood zones, placing many properties in flood zones that were not there previously and that have not been subject to flooding. However, if these homeowners have a mortgage



backed by the federal government, they must now get flood insurance.

Fortunately, my department has found that the rising premiums under the NFIP are attracting more private insurers to the flood insurance market, and for many Pennsylvanians these private policies can provide comparable coverage at much less cost compared to the NFIP. To help consumers find private policies, we have set up a new flood insurance webpage which offers contact information for private flood coverage.

(continued on page 2)

A message from the Insurance Commissioner...

(continued from page 1)

The need for long-term care knows no season, but rapidly rising premiums for this coverage are alarming many consumers who were promised that making reasonable payments over a period of years would provide nursing care coverage if and when it was needed.

I'll be holding a public hearing next month on rising long-term care insurance rates to give consumers an opportunity to comment on proposed rate increases pending before the department. During this hearing, we will explain the process the Insurance Department uses when reviewing and approving rate requests for long-term care insurance as well as the importance of the financial regulation work we do to ensure

companies have the funds needed to pay policyholder claims over the long run. The private long-term care insurance market poses a number of challenges for industry, regulators, and consumers. The public hearing will provide a forum to discuss these challenges and hear from the companies requesting these rate increases as well as consumers impacted by them.

Because of the importance Gov. Wolf and I place on consumer outreach and education, I created the position of consumer liaison in the department. Along with members of our Consumer Services Bureau, the consumer liaison will be visiting conferences, consumer fairs, and other events to educate consumers about insurance and let them know

the department is here to help them. Starting with this edition, PA Insurance Insights will list the places our consumer outreach will take place in the coming month.

The department also announced the amount of restitution it garnered on behalf of Pennsylvania consumers for 2015. While there is no doubt the vast majority of insurers and producers are honest and have the best interests of their clients in mind, there should also be no doubt the Insurance Department will investigate wrongdoing and stand up for consumers when the laws are broken.

Thank you,

Teresa Miller
Insurance Commissioner

Commissioner Miller Announces Hearing on Long-Term Care Insurance Issues

Long-term care insurance was once hailed as a practical way for individuals, during their working years, to pay relatively low premiums over time that would cover nursing home care, should that be needed, later in life. However, faulty assumptions by insurers, low interest rates, and rapidly rising costs of skilled nursing care are pushing premiums for this coverage beyond what many people who took out policies years ago expected or in some cases can afford and are threatening some insurers with being unable to continue to provide these policies at all.

Responding to concerns from consumers about this situation, Commissioner Miller is holding a public hearing on rising long-term care insurance rates. The hearing is designed to give consumers an opportunity to comment on proposed rate increases pending before the department, educate the

public about the process the Insurance Department uses to determine whether increases in long-term care insurance premiums requested by companies are justified, and to give consumers an opportunity to hear directly from the companies requesting these increases.

Consumers are understandably concerned about premiums that have already risen steeply in some cases, especially as companies submit additional large premium hikes to the department. Commissioner Miller plans to take time during the hearing to explain that while she considers the impact on consumers to be a top priority with any premium increase, the Insurance Department is also tasked with ensuring that companies are financially sound and have the funds they need to pay claims over the long term.

The hearing on long-term care insurance will be held in room 105 of

the Rachel Carson Office Building, 400 Market Street, Harrisburg, from 9 to 11:30 a.m., Thursday, March 10th. The hearing will also be livestreamed at http://pacast.com/players/live_insurance.asp.

Commissioner Miller also invites consumers to provide commentary during the hearing. In partnership with the Pennsylvania Department of Aging's APPRISE program, remote locations for comment will be set up for those who are unable to make it to Harrisburg in person. A list of locations is available at www.insurance.pa.gov by clicking the Long-Term Care Public Hearing link at the top of the homepage.

Anyone wishing to comment in person should email their name and preferred location to ra-in-comment@pa.gov. Consumers who are unable to attend may also submit written comments to that address.

Commissioner Miller Encourages Consumers to Consider Private Flood Insurance Options

Many Pennsylvania homeowners and renters now have a choice when it comes to flood insurance, and this choice is often resulting in big savings.

That is the message Commissioner Miller delivered at a news conference in Hershey, Dauphin County, where she announced the creation of a one-stop shop for flood insurance information on the Insurance Department website.

Before the last couple of years, the federal government-run National Flood Insurance Program (NFIP) was virtually the only place for most homeowners or renters to get flood coverage. Started in 1968, the NFIP provided coverage and subsidized many of the highest-risk properties to keep premiums down. After Hurricane Katrina and Superstorm Sandy, the NFIP was overwhelmed with claims and has fallen nearly \$25 billion in debt. This led Congress in 2012 to pass legislation phasing out the subsidies.

Ending the subsidies requires all property owners to pay premiums that reflect the actual risk their properties present to insurers, substantially raising premiums for many property owners. At the same time, the Federal Emergency

Management Agency (FEMA), has re-drawn flood maps, which placed many properties that have never experienced flooding in flood zones. Homeowners who have mortgages backed by the federal government are required to have flood insurance, and this means many people now need flood coverage who never needed it before.

This set of circumstances caused Gov. Wolf to ask Commissioner Miller to look for ways to help homeowners and renters save money on flood coverage. Commissioner Miller directed Insurance Department staff to research this issue and discovered with the rising NFIP premiums, some private insurers are now entering the flood insurance market. Information provided by consumers shows that, in some cases, private policies comparable to NFIP policies are

available at substantial savings to homeowners and renters. Dauphin County homeowner Mike Megoulas, who spoke at the news conference with Commissioner Miller, was re-mapped into a flood zone in 2012 after living in his home, and experiencing no flooding, since 1999. He would have paid \$2,700 annually for an NFIP policy, but found private coverage for \$718.

The private insurance is sold by both licensed insurers and surplus lines producers and brokers and can be very difficult for consumers to find. To help, the Insurance Department created a one-stop shop for information on flood coverage. This webpage is available by going to www.insurance.pa.gov, and clicking on the Flood icon under Top Pages. Information on both private and NFIP insurance is here.

Commissioner Miller notes private insurers are unlikely to take on the highest risk properties, those homes along rivers and creeks that regularly experience flooding, so the NFIP may remain the only option for some homeowners. However, she believes private insurance will be able to help many Pennsylvanians save substantially on this coverage.



Commissioner Miller speaks at a news conference held on February 2nd in Hershey on additional private flood insurance resources for Pennsylvania consumers.

Insurance Department Recovers \$185M for Consumers in 2015

Commissioner Miller announced more than \$185 million in restitution was recovered by the Insurance Department on behalf of more than 12,000 Pennsylvanians during 2015.

The Insurance Department's Office of Market Regulation researches and resolves complaints from consumers alleging misconduct from insurance companies, agents, brokers, and others, to make sure all

Pennsylvanians receive the protections to which they are entitled under the state's laws and regulations.

Commissioner Miller said consumer protection will always be a top priority for her department. The commissioner added her department supports a thriving business market for Pennsylvania's insurance companies and professionals, but not at the expense of consumers.

Consumers who have questions about insurance or want to file a complaint may contact the Insurance Department's Bureau of Consumer Services online at www.insurance.pa.gov, then clicking on "Ask a Question or File a Complaint" under Top Pages, or by calling 1-877-881-6388.

Balance Billing Comment Period Ends February 29

The Insurance Department continues to seek input on its proposal to protect consumers from surprise balance bills when receiving health care. Surprise balance bills occur when a patient makes a good faith effort to use providers and facilities in his or her insurance network but during treatment gets a service from an out-of-network provider or facility, then receives a bill.

Commissioner Miller held a hearing on this issue last fall and pledged to work toward a solution. In keeping with Gov. Wolf's pledge for transparency in government, the commissioner put forward a proposed solution in mid-January that calls for providers and insurers to negotiate

any out-of-network payments when surprise balance bills happen. Commissioner Miller put the proposal on the department website, and invited public comment. The comment period runs through February 29.

The proposal and the link to comment is at www.insurance.pa.gov under Top Pages. Comments on the proposed legislation may be submitted via email to ra-in-comment@pa.gov.

Right, Executive Deputy Commissioner Seth Mendelsohn, Commissioner Miller, and Chief of Staff Jessica Altman hear testimony at October's public hearing on balance billing.



Recent Press Releases

February 25, 2016 - Insurance Commissioner to Hold Public Hearing on Rising Long-Term Care Insurance Rates

February 18, 2016 - Insurance Commissioner Announces More Than \$185 Million in Restitution Payments to PA Consumers

February 2, 2016 - Insurance Commissioner Announces Private Market Flood Insurance Is Available to Many PA Homeowners

January 21, 2016 - National Study Finds Pennsylvania Has Fifth Lowest Health Insurance Cost For Plans Offered Through ACA

January 20, 2016 - Insurance Commissioner Offers Tips on Winter Weather Damage to Homes and Autos

January 19, 2016 - Insurance Commissioner Announces Proposed Solution to Protect Consumers From Surprise Balance Billing

January 13, 2016 - Insurance Commissioner Testifies in Support of Consumer Protection Bill, Encourages Private Flood Insurance

Commissioner Miller Appoints Acting Director of Bureau of Financial Examinations

Commissioner Miller announced the appointment of Melissa Greiner as Acting Director of the Bureau of Financial Examinations. In this position, Greiner is responsible for planning, directing, staffing and managing the oversight of financial examinations of domestic insurance companies, which are required to be done at least once every five years per the Pennsylvania Examinations Law. The Insurance Department currently conducts examinations on approximately 275 domestic insurers and 230 continuing care retire-

ment communities.

Prior to her appointment, Greiner served as a Property/Casualty Actuary for the department. In this capacity she helped coordinate and plan the scope of actuarial work for all property and casualty insurance examinations. She also served as liaison between department exam staff, insurance company personnel, department management, and actuarial specialists.

Active on NAIC's Casualty Actuarial and Statistical Task Force representing Pennsylvania for many

years, Greiner helped develop NAIC's training program involving property and casualty actuaries in the risk-focused examinations process.

Prior to joining the Insurance Department in 2002, she worked for several property and casualty insurers, specializing in ratemaking and new product development. Greiner has a B.S. in Mathematics from Elizabethtown College, with concentrations in Actuarial Science and Statistics and a business minor.

Upcoming Education and Outreach Opportunities for Pennsylvania Consumers

Commissioner Miller created the position of consumer liaison to better serve the Wolf Administration's priority of consumer service and protection. Working with our Consumer Services Bureau, Dave Buono, the consumer liaison will be appearing at various events, conferences, consumer fairs, and so on around Pennsylvania. Commissioner Miller believes these opportunities will

help educate consumers about their rights and responsibilities, and let more people know the Insurance Department is a resource when they need help on insurance issues.

PA Insurance Insights will include the upcoming month's scheduled events for the Insurance Department's consumer outreach as available at that time. A schedule of these events will also be available

on our website and will be updated regularly as the schedule changes.

The Pennsylvania Insurance Department offers a number of educational presentations to help consumers of all ages learn more about insurance. To inquire about scheduling a consumer representative for an upcoming event, email ra-in-liaison@pa.gov.

Insurance Department on the Road

For Students & Young Adults

- PA DECA Conference, 3/2/2016, 9 a.m. - 5 p.m. at the Hershey Lodge in Hershey, PA.
- PA HOSA Conference, 3/10/2016, 9:30 a.m. - 3 p.m. at the Lancaster Host Resort & Conference Center in Lancaster, PA.
- PA FCCLA Conference, 3/16/2016, 1 p.m. - 5 p.m. at the Eisenhower Complex in Gettysburg, PA.

For the General Public

- PA Office of Attorney General Consumer Fair, 3/4/2016, 10:30 a.m. - 3:30 p.m., Millcreek Mall in Erie, PA.
- PA Office of Attorney General Consumer Fair, 3/8/2016, 10 a.m. - 2 p.m., Capitol Building Main Rotunda, Harrisburg, PA.