

PA Insurance Insights

The Pennsylvania Insurance Department Newsletter

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Raising Awareness: Health Insurance Literacy

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Message from the Commissioner



Did you know October was Health Literacy Month?

The insurance department led a health insurance literacy campaign throughout October to highlight topics ranging from the importance of health insurance, to defining key insurance terms. The Health Insurance Literacy page, the foundation for the department's digital campaign, has 14 videos to help Pennsylvanians answer the questions that will help them select the best coverage for themselves and their families. The department took advantage of the month leading into open enrollment to build upon our commitment to educate consumers.

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You may contact the department at RA-IN-Insights@PA.gov

@PAInsuranceDepartment



@PAInsuranceDept



Commissioner continued

Educating consumers on how to make better informed decisions is one of our top goals as a department. Promoting a competitive marketplace for consumers doesn't mean anything if Pennsylvanians don't understand what they're buying or how to effectively use their insurance.

In September, as part of Recovery Month and Stop Overdoses in PA: Get Help Now Week, the insurance department educated Pennsylvanians on the importance of medication-assisted treatment (MAT) options for individuals battling an opioid addiction.

We announced the additions of Pennsylvania Health and Wellness, and Oscar Health to the MAT agreement, that closely aligns commercial insurance prior authorization requirements for opioid prescriptions and access to MAT with those now being used by both Medicaid fee-for-service and managed care programs. Governor Wolf is dedicated to fighting the opioid crisis in our state and access to timely treatment can play a vital roll in overcoming addition.



Commissioner Altman speaks with a Rite Aid pharmacist about how to use naloxone.

In August, the department hosted our first annual NextGen Insurance Academy, a four-day interactive experience for college students. The curriculum and panels were developed to highlight the depth and complexities of insurance as a career path – to inspire a new generation of insurance professionals and leaders. The students were introduced to areas of insurance not commonly associated with the field and heard from various panelists representing a wide scope of professions within insurance.

The students provided positive feedback on the panel topics and speakers and were especially enthusiastic about the fraud day that ended with burning a car. The department is already planning for the 2020 NextGen academy.



Commissioner Altman joined the inaugural class of the NextGen Insurance Academy on the steps of the Governor's Mansion in Harrisburg.



Commissioner Altman educating NextGen students on the role of the department and insurance careet paths.

Last, but certainly not least, I want to officially congratulate Michael Humphreys (Chief of Staff), Shannen Logue (Deputy Commissioner of Insurance Product Regulation) and Thaisa Jones (Communications Director) on their new positions within the department.

I am consistently grateful to everyone within the department for their hard work and dedication to keep Pennsylvanians informed and protected.

Jessica K. Altman

Department Highlights

The Insurance Department is committed to serving the citizens of Pennsylvania in its role as insurance regulator and advocate for the insurance consumer. To support this mission, the department is focused on identifying the right skill sets needed to provide quality customer service and the expertise to address the National Association of Insurance Commissioners' (NAIC) regulatory requirements.

The department is excited to announce the additions of Mike Humphreys, Chief of Staff; Shannen Logue, Deputy Commissioner of Insurance Product Regulation; and Thaisa Jones, Communications Director.



Michael Humphreys
Chief of Staff

After a quick sit down with the department's new Chief of Staff, unless you're from Rochester, NY, you will need to do an online search for *garbage plates*, Mike swears they're a food staple. "Can't go home without getting one!"

Mike Humphreys, and his questionable food choices, joins the department after seven years in Tennessee, where he served as the Assistant Commissioner for Insurance. In this role, Mike was responsible for advising the commissioner on various consumer and industry-related issues. He was also responsible for preparing written opinions and guiding the agency's tone. Prior to moving to Tennessee, Mike spent seven years serving as a DC representative with the National Council of Insurance Legislators (NCOIL).

The legislative organization works to assert the prerogative of legislators in making state policy when it comes to insurance and educate state legislators on current and perennial insurance issues. In this role, Mike worked with legislators on the Affordable Care Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and various insurance-related issues. "The insurance industry found me. As the issues became more complicated, the deeper I fell into the industry," Mike said, reflecting on his career. Mike has a degree in Political Science from the University of Buffalo and a master's in public administration from Bowling Green. He and his wife relocated from Tennessee with their three sons, 6-year old twins and a 4-year old. Pennsylvania isn't known for garbage plates, but maybe Mike and his family will learn to love scrapple and fasnachts.



Shannen Logue
Deputy Commissioner of Insurance Product Regulation

Shannen Logue's passion for helping people brought her to the insurance industry. For years, she had been developing long-term care insurance products, but didn't actually know whether or not her products were effectively reaching the consumer. Her path and career trajectory changed dramatically when she took a deeper interest in the well-being of aging Americans. After going back to school to study social gerontology, she completed a centenarian project that required she spend 40 hours visiting (not working) with someone 100-years old (or nearing). She spent her Saturdays with a woman in her late 90's. She found her to be bright, articulate, and educated. However, it became clear that at this late stage in her life, she was cutting corners to make ends meet. Shannen now saw the other side, the long-term care consumer.

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Highlights continued

Having seen the other side, she became a product innovation leader and conducted innovation sessions to gather ideas on how to meet the needs of the consumers that aligned with their mission. Shannen brings that same passion and determination to bridge the gap for both consumers and companies.

“I am deeply interested in identifying consumer needs that can help lead a conversation about innovation and then providing a safe space for companies to talk about products that will help more Pennsylvanians,” Shannen said of her goals while with the department.

Shannen has 14 years of insurance industry experience, ranging from long-term care customer service, senior business analyst, product innovation and rate action. However, in her spare time, she enjoys Star Trek, home improvement projects and spending time with her husband and kids.



Thaisa Jones
Communications Director

Thaisa Jones is no stranger to the department or communications. Prior to stepping into the communications director role, she served the department as the digital director, as well as the deputy communications director. Thaisa brings twenty years of communications and journalism experience to the role. Thaisa worked as an account manager for a public relations and marketing firm before joining a state agency.

In her role she developed messaging, digital campaigns, and creative content for trade shows and videos. Prior to taking a position in Pennsylvania, Thaisa and her husband lived in Chicago. It was there she learned to develop engaging social media campaigns for international brands and build grass-roots marketing campaigns for not-for-profits and start-ups.

She developed a passion for story-telling and identifying new ways to connect consumers with information. Thaisa has a degree in broadcast journalism from Howard University and a master’s in communications from Roosevelt University. She and her husband, both football fanatics, are raising their son to love all things Ohio State and New Orleans Saints.

NextGen Insurance Academy

The Pennsylvania Insurance Department is committed to not only regulating the industry but also taking part in shaping the next generation of insurance professionals. This August we held our first NextGen Academy. The NextGen Insurance Academy was a four-day interactive experience for college students. The students participated in workshops focused on insurance careers. Each workshop was presented by industry professionals from the public and private sectors. Our NextGen Insurance Academy was attended by 12 students, from Freshmen to Seniors, representing 12 different colleges/universities from around the state. Their majors included actuarial science, accounting, economics, business administration, statistics and personal finance.



NextGen students had an opportunity to hear from insurance industry professionals during various panels.

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The NextGen Academy ended with a career fair at the Governor's Residence in Harrisburg; 18 companies participated

The four-day event included: Regulator Day, Industry Day, Investigation Day and a job fair held at the Governor's Residence. A lot of hard work went into planning the event and we can't wait for our NextGen Academy in 2020. If you or your company would like to be involved next year, please contact Dave Buono at dbuono@pa.gov.



NextGen participants had an opportunity to see what investigators look for when suspecting insurance fraud

Assisting Companies in Financial Distress

One of the main duties of regulators is to identify companies that show signs of financial stress. These companies may have experienced a multitude of unexpected and unplanned occurrences which negatively impact bottom-line financial results. When conditions like this exist, it is the regulator's job to identify the sub-par performance and the company managements' job to make operational changes to correct the conditions causing the declining surplus and ensure the policyholders are protected.

We identify stressors causing poor financial results in various ways, including analysis of financial statements, financial examinations, review of company complaints, and reading insurance news publications that alert us to industry risks and concerns. All these tools help to identify potential trouble for domestic insurance companies. The earlier we can identify a troubled company, the greater the opportunity there is for corrective action to be implemented that will improve the company's capital and surplus. (continued on page 6)





The NAIC definition of a troubled insurance company is a company that either is in or is moving toward a financial position that subjects its policyholders, claimants and other creditors to greater-than-normal financial risk, including the possibility the company may not maintain compliance with the applicable statutory capital and/or surplus requirements.

A troubled insurance company's ability to work its way back to financial health is directly related to how quickly the company -- with regulator support -- fixes the causes for experiencing poor financial results. The longer a troubled company continues to operate in an adverse financial condition without making changes, the increased likelihood the company will not rebound and will eventually be placed in receivership. Receivership in Pennsylvania is either Rehabilitation or Liquidation. Once a company's capital and surplus level triggers certain risk-based capital scores, the regulator may be required to place the company into liquidation or rehabilitation. When a company is placed into receivership, the insurance commissioner, by operation of law, is appointed liquidator or rehabilitator and is responsible for correcting the conditions that led to the rehabilitation or is responsible for winding up the affairs of the company placed into liquidation.

The transition of a company from a growing concern writing new business, to one that is in runoff, to one that becomes insolvent and placed in rehabilitation or liquidation, generally does not happen overnight. Once the company is identified as impaired and a corrective action plan is approved, the Department monitors the company's plan to ensure it is making progress back to financial health. In most cases the company does rebound, but there are cases where it doesn't. When those cases occur, a receivership is pursued to protect policyholders.

Liquidations Update

It has been a busy third quarter for the Office of Liquidations, Rehabilitations and Special Funds. During this time, we have discharged our smallest estate, one of our largest estates, and have petitioned the Commonwealth Court for distribution and discharge of our oldest estate. The differences in these estates as illustrated in this article demonstrate why no two (or three) estates are the same.

Every estate comes into our office with different asset and liability amounts, different lines of business, different guaranty fund coverage, different litigation needs and different and unique claim types. This article will discuss the liquidations of Regis Insurance Company, Legion Insurance Company and Westmoreland Casualty Company.

Regis was one of the smallest estates we have had in a long time. The company was placed in liquidation by the Commonwealth Court on October 30, 2015. It became immediately apparent that they had very few assets and large liabilities compared to those assets. Regis, chartered as a property & casualty company, wrote mostly general liability coverage for small high-risk neighborhood liquor establishments. Due to their limited assets we were able to settle with the affected guaranty funds in short order and get them to discharge in less than four years. They were discharged on August 7, 2019. It was beneficial to us to conclude the liquidation as soon as possible because they only had a few hundred thousand dollars to distribute. Their low asset numbers meant we could only distribute 70% to pay the administrative expenses of our office and the guaranty funds. **(continued on page 7)**

Liquidation Update continued

By contrast, the Legion and Villanova liquidations are the second largest in Pennsylvania history, and among the top five in US history. The companies wrote commercial insurance, primarily workers' compensation, in all 50 states, with annual premiums of up to \$1.4 billion. The companies were placed in liquidation by the Commonwealth Court in July 2003. Now, after 16 years of effort to make sure claims were properly evaluated and assets collected, they were discharged on October 1, 2019. Due to their size and complex nature of their business, the companies remained in business for a considerable amount of time. The Department had to build a system and liquidation team in order to be able to collect from almost 400 reinsurers who had agreed to assume much of the companies' risk of loss, take in and evaluate over 46,000 proofs of claim, and work with 56 state insurance guaranty funds to make sure that the majority of the companies' policy benefit claims were being timely handled. The total amount distributed was approximately \$2.5 billion with \$500 million going out in 2019 as a final distribution and the remaining \$2 billion paid as interim payments over time. Final distributions to creditors was 100% of administrative expenses and 94% of Legion's and 64% of Villanova's policy benefit claims. As you can see, asset levels at the time of liquidation play a role in the amount we are ultimately able to distribute.

The oldest estate currently in our office is the Westmoreland estate. They were placed in liquidation by the Commonwealth Court back in 1988. Westmoreland, like the two previously mentioned companies, was chartered as a property & casualty company writing mainly workers' compensation policies in eight states, with most of the business written in Pennsylvania. Since the affected guaranty funds covered workers compensation claims in full, injured workers were not affected by the liquidation. Numerous reinsurance contracts were in place and were billed as guaranty funds made payments. In order to maximize the assets of the estate, the billing of reinsurance continued for several years until we were in a position to commute the various reinsurance treaties. It took a landmark arbitration decision in our favor to achieve our final commutations with reinsurers in 2018. We have now petitioned the Commonwealth Court for discharge. The GA's account for 99% of the distribution amount.

It is the mission of our office to protect the interests of estate claimants by maximizing the assets of insolvent insurance companies and distributing them in a fair, efficient and cost-effective manner. These estates illustrate just a few ways we do this.



Consumer Corner

For the past 20 years, Health Literacy Month has provided pathways for people having problems reading and understanding inherently complex health information. Throughout the month of October, we promoted the importance of health insurance, keys to understanding the differences between types of coverage, and raising awareness about the 2020 individual open enrollment period.

The Insurance Department partnered with organizations from across the state to produce a total of ten health insurance literacy videos that will help consumers understand why and when to buy insurance, as well as, how to select a plan and read an explanation of benefits (EOB).

Educating consumers is one of the department's top priorities. The health literacy group provided an opportunity to work closely with organizations that care about health literacy, see health insurance from many angles, and develop engaging materials to help consumers make well-informed decisions in terms of their health care.

The following health insurance literacy videos can be found at www.insurance.pa.gov/literacy:

- Why Buy Health Insurance?
 - Part of staying healthy is receiving essential and routine preventive services.
- When to Buy Health Insurance
 - Marketplace open enrollment runs from November 1 through December 15.
- Health Care Costs You Should Know
 - How to distinguish between a premium, co-pay, deductible, co-insurance, etc.
- Provider Networks
 - Know the difference between in-network and out-of-network.
- How to Choose a Health Insurance Plan
 - The type of insurance impacts the way doctors and providers can be accessed.
- Prescription Drug Coverage
 - If a specific prescription is needed, be sure to check it is covered under a plan.
- You Bought Health Insurance, Now What?
 - Look for a welcome packet from the insurance company.
- Insurance cards Are Important
 - Be sure to always carry the provided card from the insurance company.
- What If I Get Sick?
 - Know the difference between primary care, urgent care, and emergency care.
- What Is an EOB?
 - "This is NOT a bill"

