

PA Insurance Insights

The Pennsylvania Insurance Department Newsletter

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INSURANCE INNOVATION

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Message from the Commissioner



Welcome to 2020!

We're eager to share Insurance Department initiatives, updated regulations and our plans to further educate and protect Pennsylvanians as they're developed, but my team and I are also excited for our collective accomplishments in 2019. Last year, the department, and the commonwealth, were presented with big opportunities to deeply impact the lives of Pennsylvanians and we were able to celebrate many victories.

Just recently, the department shared that we helped more than 1,600 Pennsylvanians obtain just over \$33 million in benefits in 2019 through the NAIC's Life Policy Locator Service.

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

@PAInsuranceDepartment



@PAInsuranceDept



Commissioner continued

The department's commitment to educating consumers through social media, brochures and news outlets, proved to be beneficial as the numbers jumped considerably compared to 2018's \$7 million in benefits to 900 Pennsylvanians. The department also reclaimed more than \$69 million in 2019 for more than 24,000 individuals who had funds stolen, payments improperly processed, or other forms of restitution or credit due to them.

Last month, Governor Wolf announced a focused multi-agency effort and anti-stigma campaign, 'Reach Out PA: Your Mental Health Matters,' aimed at expanding resources and the state's comprehensive support of mental health and related health care priorities in Pennsylvania. The Insurance Department is passionate about overseeing compliance with parity to ensure Pennsylvanians health insurance coverage provides access to affordable mental health care. Recent market conduct reviews found companies were not adequately meeting federal and state requirements for mental health parity, leading our team to submit new regulations to further protect consumers' mental health and substance use disorder parity rights in the commonwealth. The department also developed a survey to gather the experiences of health care providers on their experiences with barriers to mental health and substance use disorder treatment. The survey was sent directly to providers using email addresses provided to the Department of State through the licensing process. The Insurance Department will be accepting survey responses through March 4, 2020. For more information about the survey, individuals can e-mail RA-IN-Parity-PID@pa.gov.



Commissioner Altman joins Governor Tom Wolf at the Reach Out PA: Your Mental Health Matters press conference in January.



Commissioner Altman speaking at the Pennsylvania Association of Mutual Insurance Companies' (PAMIC) Mutual Insurance Day to provide their members with an update on the department, current regulations and the future of the insurance industry.

Looking ahead, I am honored to have been selected for the second consecutive year to serve as chair of the Health Insurance and Managed Care Committee of the National Association of Insurance Commissioners (NAIC). Given the current uncertainty surrounding the health care industry and the increasingly polarizing debates dominating in Washington, I remain passionate about the work my colleagues and I are doing on a national level in order to identify pathways to make health insurance more accessible.

After great success in 2019, my team and I are excited to host the NextGen Insurance Academy again this summer. Last year, we were thrilled to provide college students with an opportunity to participate in workshops focused on insurance and an avenue to network with industry professionals. The NextGen team is actively working to identify new panelists, companies who want to participate in the job fair, and outline sponsorships opportunities for companies who are equally passionate about the future of the insurance industry. To learn more about NextGen opportunities, visit insurance.pa.gov/NextGen.

Lastly, if you haven't already, make sure you're registered to vote and that you are counted in the 2020 Census.

Jessica K. Altman

Spotlight: United States Census 2020

Hello, Neighbor!

On April 1, 2020 the U.S. Census Bureau will be counting all residents living in the United States. In Pennsylvania, we're committed to working together to make sure all our neighbors are included in the census.

We encourage all Pennsylvanians to learn more about the 2020 Census, your role as a resident, and explore ideas and downloadable materials you can use to help spread the word about the upcoming census.

Everyone Counts

You might be living in an apartment, house, group housing situation (like a dorm or nursing home). You might be experiencing homelessness. Regardless of your living situation, you count as a Pennsylvanian. It also doesn't matter what your citizenship status is, how old you are, or your gender. If you live here, you matter to us and the census.

Fair Representation

Neighborhoods change over time. The census makes note of these demographic changes and reports the statistics. This information is then used to determine how many seats each state gets in the U.S. House of Representatives. Pennsylvania currently has 18 Congressional representatives. We used to have 19 but lost a seat after the 2010 Census.

Additionally, state officials use the statistics produced by the decennial census to redraw U.S. congressional and state legislative districts.

Federal Spending & Programs

Census data are used to decide how \$675 billion in federal public funding is spent every year. Pennsylvania gets \$26.8 billion annually through our 16 largest federally-funded programs. That's about \$2,000 per Pennsylvanian each year.

These numbers could change based on our 2020 Census data. Federal funding supports vital programs and services for Pennsylvanians, including healthcare, food security, education, transportation, housing, community development, and support for families to name a few.

Help Count Everyone

Your help is especially important for getting the word out to our neighbors living in our traditionally hard-to-count communities. Some of the Pennsylvanians who are most likely to be missed in our census count include children, immigrants, and people of color. Rural households and residents experiencing economic hardship or homelessness are also likely to be missed. Our population count determines the federal support Pennsylvanians will receive for the next 10 years.

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Norman Bristol Colón
Executive Director,
Governor's Census
2020 Complete Count Commission



Norman Bristol Colón, speaking at a 2020 Census press conference in the Pennsylvania State Capital

U.S. Census continued

Be A Good Neighbor

There are many opportunities to share information about the 2020 Census. Some ideas include:

- Public meetings, events, or presentations
- Op-eds, blog posts, or articles
- Conversations with colleagues, neighbors, family, and friends
- Social media posts and videos
- Workplaces, schools, places of worship, or other community locations

Let's work together so everyone knows about the census and its importance.

Be A Partner

If you belong to a business or group involved in community outreach, please consider joining the effort to promote the 2020 Census so we can achieve a complete count for Pennsylvania. There are many ways your organization can become involved as a census partner:

- Support your local Complete Count Committee
- Mention the 2020 Census in your mailings and newsletters
- Add information on your bills, invoices, and receipts
- Hang posters and distribute flyers
- Talk to your partners, employees, customers, and stakeholders

Visit pa.gov/census for more information.

The logo for the United States Census 2020. The words "United States" are in a smaller, dark red font at the top. Below them, the word "Census" is written in a very large, bold, dark red font. At the bottom, the year "2020" is also in a large, bold, dark red font.

Insurance Innovation

A hot topic on the Department's radar is innovation and "insuretech." Both at the NAIC and here in the commonwealth, the Pennsylvania Insurance Department is involved in discussions of what the future and the regulation of insurance will look like. The department believes that in order to have a competitive, robust insurance marketplace, the regulatory environment must both foster innovation while simultaneously ensuring strong consumer protections.

As the department recognizes the important benefits insurance innovation brings to consumers, we seek to proactively adapt to and encourage an innovative marketplace environment. We do this through navigating barriers to entry and evaluating areas to strengthen consumer protection. This includes assessing our own internal processes as well as examining the external environment to encourage companies to engage with the department while products and services are in the development process. If you are considering a cutting-edge product or a benefit design that breaks from a traditional mold, please reach out to the department via email to our Chief of Staff, Michael Humphreys at mhumphreys@pa.gov.

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Innovation continued

The department is excited to have conversations about how your product may respond to consumer needs, and to help work with you through any potential compliance concerns. Pennsylvania is already ahead of many states in how to treat value-added benefits to a policy. Our rebating statute makes clear that it does not prohibit a company from offering services that relate to loss control of the risks covered under the policy. Water sensors in a homeowners' policy are a good example of a value-added service. These sensors reduce the risk of loss for both the policyholder and the carrier. As such, a sensor provided to policyholders, as a value-add, is not considered a prohibited rebate under state law as long as the service is related to loss control of the risks covered under the policy.

The Insurance Department sees this move towards innovation is not just unique to new or property and casualty products, but these same emerging themes arise in new and innovative approaches to health care payment reform such as value-based contracts. There are many external drivers forcing the industry to evaluate their own digital strategies, product design, or consumer approach. As we approach these fluctuating changes, we will be identifying the needs of our consumers, carriers, and advocates. These activities will help us prioritize initiatives and address opportunities.

Through these efforts, we are committed to improving our own regulatory adeptness, and to providing greater access and choice for Pennsylvania consumers.



Legislative Update: House Bill 1016

House Bill 1016, sponsored by Representative DeLuca, Chairman of the House Insurance Committee, was signed into law on November 27, 2019 as Act 98 and subsequently went into effect on January 26, 2020. The act bolsters regulatory oversight of fraternal benefit societies (fraternals) to reduce financial insolvencies and, when necessary, provides a liquidation process for insolvent fraternals. The purpose of the act is to provide protection to fraternal benefit societies and their members by reducing the risk of financial insolvency through regulatory oversight. A fraternal is a member-owned, not-for-profit membership group typically organized around a social mission or community that may offer insurance products, among other products and services, and must be licensed by the insurance department.

Specifically, the new act gives the Insurance Commissioner the ability to declare a fraternal benefit society financially distressed and order remediation to take place. Additionally, the new act allows the Commissioner to order a distressed fraternal benefit society to transfer members, certificates, assets, and liabilities to another fraternal or insurer. Allowing the transfer between two fraternals or between a fraternal organization and insurer provides flexibility and reduces the risk of financial insolvency. The legislation also allows a fraternal benefit society to change its membership qualifications in order to facilitate a transfer. There is an additional requirement in the law that a fraternal must notify the department before performing an assessment on its members and gives the department the ability to disapprove the assessment if it is not found to be in the best interest of the members. Finally, the act provides a streamlined liquidations process for insolvent fraternal benefit societies.

This legislation is a prime example of cooperation and collaboration among regulators, industry, and the legislature to meet a need in the market while also protecting consumers.

Recruiting the Next Generation of Insurance Professionals

Hundreds of thousands of insurance professionals in the U.S. are retiring each year, creating an enormous opportunity for young people seeking to begin a career in an industry that provides intellectual challenge, financial reward, and a sense of purpose. Recognizing the need to connect young people with the insurance industry, the Pennsylvania Insurance Department created the Next Generation Insurance Academy, an intensive training session that was offered at no cost to participants. For four days, college students engage with insurance regulators and insurance industry leaders to learn about the many facets of the insurance industry.

This year's Academy will run from Monday, June 8 to Thursday, June 11 at two locations in Harrisburg.

Presenters include Commissioner Altman and other members of the department, actuaries, CEOs of agencies, representatives of carriers, and collegiate professors. A series of panel discussions will be held on life and health insurance, property and casualty insurance, reinsurance, specialty insurance, innovations in insurance, and fraud. Interactive sessions will provide participants an opportunity to put themselves in the shoes of a regulator when dealing with complaints from consumers and investigating potential cases of fraud. Participants will also hone their skills at writing resumes, interviewing, and interacting informally with professionals who may help their careers. More than two dozen employers are expected at the job fair on the final day to offer opportunities for internships and full-time jobs.

Do you know a college student who should join us this summer? For more information, visit insurance.pa.gov/NextGen.

If you are a company seeking to participate in the job fair or become a sponsor, please contact Karen Feather at kfeather@pa.gov or 717- 214-4113.



NextGen Insurance Academy



FREE for students

Register now! Limited seats available

NextGen was developed by the PA Insurance Department to provide college students with an opportunity to engage directly with industry professionals and learn about career paths in the insurance industry.

Highlights include:

- * Interactive Program
- * Innovation/Insurtech
- * Fraud Detection
- * Resume and Interview Skills
- * Job Fair
- * Network with Industry Experts
- * Meet Government Leaders
- * Capitol Tour...and more!



June 8-11, 2020

Harrisburg, PA

To learn more or to register, visit insurance.pa.gov/NextGen