

WEST VIRGINIA INFORMATION LETTER

NO. 87

JUNE, 1993

TO: All Insurance Companies Licensed To Do Business in the State of West Virginia, Insurance Trade Associations, Insurance Industry Publications, and All Other Interested Parties

The purpose of this Informational Letter is to summarize briefly the Insurance Commissioners new and amended legislative rules authorized in House Bill 100, passed by the West Virginia Legislature on May 26, 1993 and thereafter signed into law by Governor Gaston Caperton.

Copies of the legislative rules summarized in this Informational Letter may be obtained at nominal charge from the West Virginia Secretary of States Office, Administrative Law Division, Building 1, Suite 157-K, 1900 Kanawha Boulevard, East, Charleston, West Virginia 25305-0770, telephone (304) 558-6000.

SUMMARY OF 1993 LEGISLATIVE RULES

Regulation of Credit Life Insurance and Credit Accident and Sickness Insurance (Title 114, Series 6)

This long-standing rule has been amended by adding new Subsection 6.8.d, in which the Insurance Commissioner prescribes three notice forms regarding refunds of or credit for unearned premiums paid for credit life or credit accident and sickness insurance. These forms are to be used by creditors such as retailers, lending institutions and other entities upon payment in full of consumer credit sales or consumer loans, refinancings or consolidations.

These three forms prescribed in new Subsection 6.8.d are incorporated into this legislative rule as:

-- **Appendix A** - For use by a creditor that both makes a loan or credit sale to a consumer debtor/insured **and** sells the credit insurance policy to him or her, to notify the consumer debtor/insured that his or her credit insurance policy has been cancelled and that any unearned premiums have been automatically refunded by deducting those premiums from the loan or credit sale balance.

-- **Appendix B** - For use by a creditor that both makes a loan or credit sale to a consumer debtor/insured **and** sells the credit insurance policy, to notify the **insurer** that the consumer debtor/insureds credit insurance policy has been cancelled and that the insurer must refund any unearned premiums to the consumer debtor/insured.

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-- **Appendix C** - For use by the creditor on a consumer loan or credit sale that is *not* also the seller of the credit insurance policy, to notify the consumer debtor/insured of his or her right to cancel the credit insurance policy and to receive a refund of any unearned premiums paid for such insurance.

This rule becomes **effective August 16, 1993.**

Standards for Uniform Health Care Administration (Title 114, Series 16)

This new rule repeals and replaces the Insurance Commissioners existing Series 16 legislative rule, entitled "Uniform Health Care Claim Forms," which took effect January 1, 1981.

The new rule implements the provisions of West Virginia Code Chapter 33, Article 15B, which direct the Insurance Commissioner to establish requirements regarding standardized forms, coding and terminology, and procedures for reimbursement of health care claims and explanations of benefits. The rule, which incorporates eight standardized forms as Appendices A through H, applies to all health care providers, third-party administrators, applicable state agencies and departments, and insuring entities in the state.

This rule became **effective June 18, 1993.**

Permanent Regulations on Medicare Supplement Insurance (Title 114, Series 24)

This rule amends the provisions of the Insurance Commissioners Medicare supplement insurance rule which has been in effect since 1991. This year's amendment makes West Virginia regulations on "Medigap" insurance conform with standards established by the federal Omnibus Budget Reconciliation Act of 1990 (OBRA '90).

The rule amends the Insurance Commissioners existing Series 24 legislative rule to harmonize it with provisions of the National Association of Insurance Commissioners (NAIC) model regulation on Medicare supplement insurance, which the NAIC adopted on July 30, 1991 pursuant to OBRA '90 requirements. The 1993 amendments to the "Medigap" insurance rule are primarily technical, rather than substantive, in nature.

This rule became **effective June 18, 1993**.

Group Coordination of Benefits (Title 114, Series 28)

This year's amendments to the Insurance Commissioners existing Series 28 rule allow insurers offering health care coverage to set up benefit plans so that when an insured or other covered person is covered by more than one insurer and files a claim for benefits under two (2) or more health insurance policies, provisions set forth in the benefit plans will determine which insurer must pay and when.

The rule establishes which insurance is considered the primary coverage and which is the secondary coverage. The 1993 rule amendments expressly address the secondary nature of employer group minimum benefits health insurance policies issued pursuant to West Virginia Code Chapter 33, Article 16C. They also state that coverage under the Public Employees Insurance Act is always secondary, even to coverage under an employer group minimum benefits health insurance policy or plan, pursuant to West Virginia Code § 5-16-13(a).

This rule became **effective June 18, 1993.**

Long-Term Care Insurance (Title 114, Series 32)

This new rule is based upon an NAIC model regulation, with certain modifications to tailor the rule to existing West Virginia statutes. The rule implements the provisions of West Virginia Code Chapter 33, Article 15A relating to long-term care insurance.

This rule prescribes a standard format and contents of an outline of coverage for long-term care insurance policies. It also establishes required policy practices and provisions, disclosure provisions, requirements for application forms and replacement coverage, reserve standards, loss ratios, filing requirements for advertising, standards for marketing and penalties for rule violations.

This rule becomes **effective July 19, 1993.**

Individual and Employer Group Minimum Benefits Accident and Sickness Insurance Policies (Title 114, Series 33)

This new rule defines the individual and employer group benefit structures of the minimum benefits accident and sickness insurance policies which West Virginia Code § 33-15-15 and 33-16C-4 require the Insurance Commissioner to develop. The rule also establishes procedures regarding policy rates and forms for such "no-frills" health insurance.

Basic policy benefits set forth in this rule include inpatient and outpatient services, emergency care, maternity services and newborn care. The rule also contains requirements relating to disclosure of limited coverage and reimbursement schedules for these minimum benefits policies. It prescribes forms (incorporated into the rule as Appendices A through C) that individuals, as well as employees and employers, must use to certify eligibility for minimum benefits accident and sickness insurance.

This rule became **effective June 18, 1993.**

Filing Fees for Purchasing Groups, and for Risk Retention Groups Not Chartered in this State (Title 114, Series 34)

This new legislative rule supersedes the Insurance Commissioners emergency rule on filing fees for purchasing groups and out-of-state risk retention groups, which took effect January 7, 1993.

The rule implements the provisions of West Virginia Code § 33-32-17 and 33-32-4, which require registration with the Insurance Commissioner by all purchasing WV

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groups, as well as risk retention groups not chartered in this state. The Commissioner is statutorily required to assess registration and filing fees for these groups.

The rule imposes a \$200 registration processing fee on purchasing groups and such risk retention groups, and a \$100 annual financial statement filing fee on such risk retention groups. It also requires payment of a \$50 fee upon the filing of any registration materials modification by either type of group. The rule provides for increases in the aforementioned fees for risk retention groups chartered in other jurisdictions that impose higher analogous fees on risk retention groups domiciled in West Virginia.

This rule became effective June 18, 1993.

Please direct any questions regarding these legislative rules to the Office of the West Virginia Insurance Commissioner, Legal Division, 2019 Washington Street, East, P.O. Box 50540, Charleston, West Virginia 25305-0540.