

11 NCAC 12 .0330 NOTICE OF A CLOSED BLOCK OF INDIVIDUAL BUSINESS

(a) Definitions. As used in this rule:

- (1) "Accident and health coverage" has the same meaning as in G.S. 58-3-275.
- (2) "Block of business" has the same meaning as in G.S. 58-3-275.
- (3) "Closed block of business" has the same meaning as in G.S. 58-3-275.
- (4) "Insurer" has the same meaning as in G.S. 58-3-275.
- (5) "Policyholder" means the primary insured under an individual accident and health coverage and includes an applicant as described in G.S. 58-3-275(c)(6).
- (6) "Qualified actuary" means a member in good standing of the American Academy of Actuaries.

(b) Notices required under G.S. 58-3-275 shall conform to the following:

- (1) The notice to the Commissioner shall be submitted to the Life & Health Division of the Department; as applicable, be accompanied by a sample copy of the notices required by G.S. 58-3-275(a)(2) and G.S. 58-3-275(a)(3), in accordance with paragraphs (b)(2) and (b)(3) of this Rule; and include:
 - (A) Identification of the policy form(s) for which the insurer has determined to cease active marketing, sale and issuance.
 - (B) The date the cessation of sales will be effective.
 - (C) The number of North Carolina policyholders and covered individuals currently covered under the listed forms and riders. The number of covered individuals may be estimated by the company.
 - (D) At the option of the company, a statement by a qualified actuary that the actuary estimates that the expected impact of ceasing sales of the policy form(s) will not result in premium increases in excess of 5.0% per annum, as provided in G.S. 58-3-275(a)(1).
- (2) The notice to a policyholder shall be provided by first-class mail to the policyholder's current address or, if not known, to the policyholder's last known address; if the policyholder is an applicant, as defined in G.S. 58-3-275(c)(6), the notice shall be provided no later than the date the policy is delivered to the policyholder; and the notice shall include:
 - (A) Identification of the policy form(s) of the policyholder for which the insurer has determined to cease active marketing.
 - (B) The effective date of the cessation of sales, and the closure date as defined in G.S. 58-3-275(c)(4).
 - (C) Information regarding the availability of the Commissioner's office for assistance, including the telephone number and address of the office.
 - (D) A toll-free telephone number for the insurer to which a policyholder may direct questions and inquiries regarding the closure.
 - (E) An explanation of the insurer's decision to cease the sales of the affected products and the possible effects upon future premiums.
 - (F) A general explanation of the 12-month premium rate guarantee required by G.S. 58-51-95(f).
 - (G) Language similar in content and meaning to the following:

"<INSERT INSURER'S NAME> has decided to stop selling the health insurance policy that you own, creating a closed block of business. With no new sales of this product, future premium rate increases may be greater than they would have been if sales of this product had continued."

- (3) The notice to an agent/broker shall include:
 - (A) Identification of the policy form(s) for which the insurer has determined to cease active marketing, sale and issuance.
 - (B) The date the cessation of sales will be effective and the closure date as defined in G.S. 58-3-275(c)(4).
 - (C) An explanation of the insurer's decision to cease the sales of the affected products and the possible effects upon future premiums.

(c) The company's performance of contractual obligations that are contained in policies that are in the closed block of business, including coverage continuation, conversion, or replacement obligations, are not activities inconsistent with the term "closed block of business."

History Note: Authority G.S. 58-2-40(1); 58-3-275; 58-51-95; Eff. July 1, 2006;

Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 1, 2018.