

NORTH CAROLINA
DEPARTMENT OF INSURANCE
MARKET REGULATION DIVISION

MARKET CONDUCT EXAMINATION

Coordinator's Handbook

Prepared for

NAME
TITLE
COMPANY
ADDRESS
CITY/STATE

DATE



MIKE CAUSEY • COMMISSIONER

DATE

MARKET REGULATION

Tel 919.807.6899 Fax 919.807.6635

NAME
TITLE
COMPANY
ADDRESS
CITY/STATE

Re: Market Conduct Examination - North Carolina Operations Only
COMPANY

Dear *NAME*:

Thank you for responding to our examination call letter dated *DATE*. It is the goal of the Market Regulation Division to perform examinations as quickly and efficiently as possible. The Handbook is designed to provide procedural guidelines for the Company. The Handbook includes general information regarding the examination process and includes a checklist of items required of the Company and is not all-inclusive.

NAME, Examiner-In-Charge, will contact you to schedule the Pre-Examination Conference. The purpose of this conference is to discuss the information outlined in the handbook as well as establish lines of communication. All issues and concerns are encouraged for discussion at this time.

We ask that the Company include in the meeting those members of management and/or other personnel who have daily contact with North Carolina operations in marketing, underwriting, policyholder service and claims. **Personnel from the Management Information Systems Department, responsible for creating the electronic policy and claim data file submissions, must also be in attendance.**

NAME

DATE

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The timely receipt of complete and accurate policy and claim data is an integral part of the examination process. The failure of the Company to provide such data as outlined and requested in the Coordinator's Handbook could result in a violation of North Carolina General Statute 58-2-185, 58-2-131, and Title 11 of the North Carolina Administrative Code (NCAC) Chapter 19 Section 0106.

The Market Conduct Interrogatories must be submitted to the Market Regulation Division within the next 45 days. The information may be submitted via compact disc, or e-mail (if the size of the attachment is less than 1 MB).

We encourage you to distribute copies of the handbook to appropriate Company personnel involved in the examination. If you have any questions concerning the above, please contact *NAME*, Examiner-In-Charge at (919-807-xxxx).

Sincerely yours,

(Name
Life and Health/Managed Care
Insurance Regulatory Analyst III
Market Regulation Division

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EXAMINATION AUTHORITY

The Market Regulation Division and the National Association of Insurance Commissioners have identified a series of items required for an examination including policyholder treatment, underwriting, nonforfeiture benefits, and claims practices. Pursuant to North Carolina General Statutes (NCGS) 58-2-131, 58-2-185, and 58-2-200, the North Carolina Commissioner of Insurance requests that the Company make specified items available to the Department's authorized representatives. The requested items will reference transactions occurring during the examination period. The examination period is _____ through _____, unless agreed to otherwise by the Department and the Company at the Pre-Examination conference.

EXAMINATION CHRONOLOGY

1. NOTICE OF EXAMINATION

Issue of notice of examination letter to Company President.

2. COORDINATOR CONTACT AND REQUIREMENTS

- a. Delivery of Coordinator's Handbook
- b. Scheduling of the Pre-Examination Conference
- c. Completion of Interrogatories

3. PRE-EXAMINATION CONFERENCE

The Pre-Examination Conference is held to discuss examination requirements and establish lines of communication. This conference is normally scheduled at least 60 to 120 days prior to commencement of Phase I of the examination.

4. PHASE I

The work performed prior to the commencement date of phase II will take place in the Market Regulation Division's office in Raleigh, North Carolina.

5. PHASE II

Phase II will continue in the Market Regulation Division's office in Raleigh, North Carolina and at the Company's office if deemed necessary by the Department. The examination team conducts an open examination and encourages discussion of any developing issues.

6. WRAP-UP CONFERENCE

A Wrap-Up Conference is initiated by the examination team at the completion of the examination. The Company is encouraged to include all affected management in this conference. The examiners will summarize their findings and discuss pertinent issues that will appear in the examination report.

7. REPORT DRAFTING

Upon completion of the examination, the team will prepare the examination report. This process is normally completed in two weeks.

8. **INTERNAL REPORT REVIEW**

The report is reviewed and approved at various levels within the Department including the Deputy Commissioner of the Market Regulation Division and the Senior Deputy Commissioner of the Technical Services Group. The review process is normally completed in 60 days and the report is sent to the Company by certified or electronic mail.

9. **COMPANY REVIEW AND ACCEPTANCE**

NCGS 58-2-132 allows a 30- day period during which the Company can review the report. The report will become a public document if the Market Regulation Division does not receive a written response from the Company by the end of this 30 day period.

10. **FORMAL ACCEPTANCE OF REPORT**

If, upon review of the report, the Company agrees with its contents, the Market Regulation Division requests the following individual items:

- a. A formal letter of acceptance.
- b. A statement of corrective actions on developed issues.
- c. An affidavit signed by each of your Board of Directors acknowledging the contents of the report.
- d. One bound copy of the report per company.

11. **WRITTEN SUBMISSIONS OR REBUTTALS**

NCGS 58-2-132 provides that at the end of 30 days, the Commissioner shall fully consider and review the report, together with any written submissions or rebuttals and enter an order either,

- 1) Adopting the examination report as filed, or with modifications or corrections.
- 2) Rejecting the examination report with directions to the examiners to obtain additional data.
- 3) Calling for an investigatory hearing with no less than 20 days notice to the insurer.

12. **INFORMAL CONFERENCE ON REPORT**

If all issues relating to the report are not mutually agreed upon, the Department may request an informal conference with the Company. This conference will be held in the Division's office in Raleigh, North Carolina.

13. **REGULATORY ACTION**

Final regulatory disposition will be determined by the Commissioner of Insurance for the State of North Carolina.

MARKET CONDUCT EXAMINATION INTERROGATORIES

Please provide the requested material within the next 45 days.

POLICYHOLDER SERVICE AND COMPLAINTS

1. Define the items or correspondence which are considered “complaints” by your Company. Provide a copy of your Company’s guidelines containing such definition.
2. Describe how complaints and allegations of problems are recorded and handled.
3. What complaint reports and summaries are prepared? Who reviews them? Provide an example of each.
4. Provide a copy of your grievance policy and procedures.
5. Provide a flowchart of the member complaint and grievance resolution process.
6. Provide a copy of policyowner/insured rights and responsibilities.

MARKETING

1. List sales reports prepared, explain their purpose, and who reviews them. Provide an example of each.
2. Provide a sample life insurance illustration using any illustrated life policy that contains non-guaranteed elements.
 - a. Please provide a sample copy of an annual report for an illustrated policy.
3. Describe the approval process for advertising material generated by producers. Indicate where this information is maintained.
4. Describe how producers are recruited and how due diligence background checks are conducted on prospective producers.
5. Provide a copy of the procedures utilized to notify producers of new products and changes in insurance statutes and rules.
6. Describe how your Company verifies that all business which it accepts from producers is written by producers who are duly licensed and appointed to represent your Company.
7. Describe how complaints or allegations of misconduct/misrepresentation against a producer are handled. Describe how this information is maintained in Company and producer files.
8. Provide a sample Producer Exceptions Report for areas including, but not limited to long term care, annuities, replacements, suitability and/or cancellations. Describe the frequency of each report run.

9. Provide a copy of your Company's:
 - a. Producer appointment procedures
 - b. Producer termination procedures
10. Provide the company's web site address.
11. Social Media
 - a. What social media outlets does your company use? How does the company use these social media outlets with respect to advertising?
 - b. Please submit any company policies and procedures related to social media.
 - c. What are the company controls to monitor, moderate and control access to the social network?
 - d. Are producers allowed to solicit via social media?

UNDERWRITING

1. Describe how new and renewal business is processed.
2. Describe how applicants are advised of rejection.
3. Provide a copy of the replacement register in use for replaced life and annuity products.
4. Provide a Specimen Policy used for replacements.
5. Describe changes in underwriting procedures occurring during the examination period.
 - a. Explain reason for change in procedures.
6. What specific factors does the Company consider when determining if an annuity or long-term care product is suitable for an applicant?
7. Does the Company allow the sale of an annuity if the applicant refuses to provide the necessary suitability information on the application?
8. Provide a specimen suitability form used in North Carolina for the sale of annuity or long-term care products.
9. Does the company utilize a computer system with built-in suitability "red flags" to screen applications or is every application manually screened for suitability?
 - a. List the "red flags".

POLICY RESCISSIONS

1. Describe how the company rescinds or cancels policies for material misrepresentation. Please provide sample rescission and/or cancellation letters for each product applicable in this examination, and copies of all policies and procedures related to rescissions and/or cancellations for material misrepresentation.

NONFORFEITURE BENEFITS

1. Describe the procedures for notifying policyowners of the implementation of the extended term and reduced paid-up nonforfeiture options.
2. Describe the methodology for calculating benefits for Extended Term and Reduced Paid-Up Insurance (manual or system calculated).
3. Provide a sample nonforfeiture grace period letter.

CLAIMS

1. Provide a written description or overview of the Claims Department's responsibilities, staffing, and reporting structures including organizational chart.
2. Provide claims administration workflow charts illustrating how claims are handled from inception through final disposition.
3. Provide written description of computer systems with regards to claims processing.
4. Provide a sample Explanation of Benefits form.
5. Provide a sample claims acknowledgement letter for claims not processed within 30 days.
6. Sample status letter for claims not processed within 45 or 60 days as required by 11 NCAC 4.0319 and NCGS 58-3-225(g), respectively.
7. Sample claim forms for each product applicable in this examination and standard claims letters.
8. Describe the procedures to search for multiple policies on an insured, if a claim has been filed.
9. Describe how interest payments on life claims and health claims subject to prompt pay requirements are initiated and calculated.
10. Describe changes in claims procedures occurring during the examination period.
 - a. Explain reason for change in procedures.

UTILIZATION MANAGEMENT (UM) (if applicable)

Please Provide the Following:

1. Written description or overview of the UM Department's responsibilities, activities conducted, staffing, and reporting structures.
2. Organizational chart of the UM Department illustrating current structure and staffing.
3. UM Plan(s) used during the examination period.
4. Minutes of UM Committee meetings with appropriate attachments, if not provided above.
5. Annual evaluations of committee activities.
6. Job descriptions of UM Management and Medical Director(s).
7. List of physician (provider) advisors which indicates specialty type.
8. Actual Staff ratios for each year of the examination period (member to staff ratio and member to clinical staff ratio), if applicable.

Staffing Ratios	(Year 1)	(Year 2)	(Year 3)
Staff to member ratio	(x): (x)	(x): (x)	(x): (x)
Clinical staff to member ratio	(x): (x)	(x): (x)	(x): (x)

9. Copies of UM staff licenses, as applicable. Include information regarding the frequency of monitoring UM staff licenses to verify they are current and in good standing.
10. Description of telephone system and call monitoring system, including procedures for verifying that the normal business hours phones are staffed and a description of how calls received after hours are handled. If a nurse hotline is used, please indicate if member calls are tracked and forwarded to the Company for review.
11. Telephone accessibility standards.
12. Monthly telephone reports used to monitor telephone accessibility standards for the examination period.
13. Written description of review criteria and length of stay tables utilized. Include a description of the process for reviewing and updating, when necessary, the medical criteria utilized.
14. Policies and procedures for handling prospective, concurrent, and retrospective review requests. Include a copy of all form letters used as notification to members during the examination period.
15. Policies and procedures for handling noncertification appeals. Include a copy of the noncertification form letter(s) used as notification to members during the examination period.

16. Policies and procedures for obtaining medical records.
17. Written description of computer system capabilities with regard to UM program, including security protections and clearance levels as well as any integration existing between authorizations/referrals and the claims processing system.
18. Annual reports of UM activities filed with the Department, in accordance with statutory and regulatory requirements.
19. Report of average length of stay for maternity admissions (vaginal delivery) during the examination period. Average length of stay for maternity admissions (cesarean section deliveries) during the examination period.
20. Report of all maternity admissions from (**EXAM PERIOD**) illustrating the length of stay experienced for each admission. Distinguish each admission by type (vaginal delivery vs. cesarean section delivery). Use the following chart to illustrate the number of and average length of stay for maternity admissions experienced by the Company during the examination period.

Maternity Length of Stay				
Year	Vaginal Delivery		Cesarean Delivery	
	Admissions	Avg. LOS	Admissions	Avg. LOS
(Year 1)		(x days)		(x days)
(Year 2)		(x days)		(x days)
(Year 3)		(x days)		(x days)

1. UM Activity Summaries - for each type of transaction listed below provide the total number of transactions processed during the exam period and provide a breakdown for the transactions handled each calendar year of the exam period and for transactions handled by delegated entities. (Do not include data for federal programs, self-funded groups, or non-NC business.) Please provide in chart format.
 - Prospective Reviews (authorization given prior to treatment/visit).
 - Concurrent Reviews (utilization review conducted during a patient's hospital stay or course of treatment).
 - Retrospective reviews (utilization review of medically necessary services and supplies that is conducted after services have been provided).
 - Reconsiderations (if applicable)
 - Standard Noncertification Appeals (authorization denied based on medical necessity and subsequently contested)
 - Expedited noncertification appeals
 - 1st and 2nd-level Grievances (UM-related only)
22. UM Activity Data Files – for prospective reviews, concurrent reviews, and retrospective reviews, provide an electronic file containing a list of transactions for the examination period. Only include transactions processed by the plan. Do not include transactions managed by delegated entities. Refer to Appendix B, Table 1 for layout.
23. Noncertification Appeals Data for the examination period.

- a. Provide an electronic file of first-level noncertification appeal data. Refer to Appendix B, Table 2 for layout.
 - b. Provide an electronic file of second-level noncertification appeal data. Refer to Appendix B, Table 3 for layout.
 - c. Provide an electronic file of expedited appeal data. Refer to Appendix B, Table 4 for layout.
 - d. Provide an electronic file of first-level and second-level grievances. Refer to Appendix B, Table 5 for layout.
24. Internal or external reviews of the UM program.
25. Signed confidentiality/conflict of interest statements of staff and committee members.

GENERAL PROCEDURES

The examination is conducted in 2 sections: Phase I and Phase II.

Phase I of the examination primarily focuses on the review of the Company's history, administrative functions, and operations as well as gives the examination team a chance to familiarize themselves with certain aspects of the Company. Specifically, this segment of the examination will concentrate on the following areas:

- ✓ History and Profile
- ✓ Operations and Management
- ✓ Management Agreements
- ✓ Antifraud Plan
- ✓ Disaster Recovery Procedures
- ✓ Internal Audit Procedures
- ✓ Third Party Administrators
- ✓ Data Files

Items identified for Phase I section of the examination should be forwarded to the Department no later than the date determined by the Examiner-In-Charge during the Pre-Examination Conference.

The Phase II section of the examination primarily focuses on the Company's procedures and practices. At this point, various electronic data files submitted by the Company have been reduced to random selections by the Department. This segment of the examination will focus on the following areas:

- ✓ Consumer Complaints
- ✓ Grievances
- ✓ Policy Forms and Filings
- ✓ Sales and Advertising
- ✓ Producer Licensing
- ✓ Agency Management
- ✓ Underwriting
- ✓ Policy Rescissions
- ✓ Nonforfeiture Benefits
- ✓ Claims Practices
- ✓ Utilization Management

Items identified for review during the Phase II section of the examination should be made available by the commencement date of the examination.

In order to maximize clarity and coherence of the examination process, we request that you present any questions or concerns about this handbook or the examination procedures at the Pre-Examination Conference.

ERROR THRESHOLDS

It is the Department's practice to cite companies in violation of a statute or rule when the results of a sample show errors/non-compliance at or above the following levels: 0 percent for utilization review determinations, grievances (including quality of care), consumer complaints, sales and advertising, producers who were not appointed and/or licensed, the use of forms and rates/rules that were neither filed with nor approved by the Department; 7 percent for claims and the content of utilization management review notification letters, and 10 percent for all other areas reviewed. When errors are detected in a sample, but the error rate is below the applicable threshold for citing a violation, the Department issues a reminder to the company.

PHASE I

The following information should be delivered in writing to the Market Regulation Division, no later than 30 days after the Pre-Examination Conference.

Please identify each item using the identification number and title of each section. (If not applicable, please provide a statement affirming such.)

I. COMPANY OVERVIEW**A. History and Profile**

1. A written profile of the Company's history and management structure. This should include date, location of formation, and any significant structural changes (i.e., name, management, acquisitions, and market lines) since the Company's formation.

B. Company Operations and Management

1. Current organizational charts outlining relationships of subsidiaries, branch offices, and departments to overall corporate management structure.
2. Current written profile outlining the structure of North Carolina operations with respect to management, marketing, customer service, underwriting, and claims as it relates to North Carolina. Include any specialty operations conducted separately.
3. A written description of the media used for records retention, types of records placed on various media, and purge schedules.

C. Management Agreements (Applies to North Carolina Domestic Insurers Only)

1. Copies of all North Carolina Management Agreements including any agreement or contract under which any person is delegated management duties or control of an insurer, or transfers a substantial part of any major function of an insurer, such as adjustment of losses, production of business, investment of assets, or general servicing of the insurer's business.

D. Antifraud Plan

1. A copy of written procedures or guides that provide sufficient detail to enable the Company to detect, prosecute and prevent fraudulent insurance acts.

E. Disaster Recovery Procedures

1. A copy of the Company's Disaster Recovery Procedures.

F. Internal Audit Procedures

1. A copy of the Company's Internal Audit Procedures.
2. A copy of each report to management by the audit staff, including Producer Exceptions Reports.
3. A copy of the Insurance Marketplace Standards Association (IMSA) Supplemental Report and the date of the company's latest independent assessment, if applicable.

G. Third Party Administrators

1. A list of all Third Party Administrators contracted with the Company to process North Carolina business during the examination period.
2. A copy of all audits performed on Third Party Administrators that administered benefits for more than 100 certificate holders on North Carolina business during the examination period.
3. Provide copies of all written agreements.

II. POLICYHOLDER TREATMENT

A. Consumer Complaints

1. A copy of the Company's complaint handling procedures.
2. A copy of the North Carolina Consumer Complaint Record (register). This register should include complaints closed from the North Carolina Department of Insurance and those complaints received directly on behalf of North Carolina consumers during the examination period.

B. Privacy of Financial and Health Information

1. A copy of the privacy notice provided to applicants and policyholders.
2. Describe procedures to prevent disclosure of non-public personal health information or personal information unless authorized by the applicant, insured, or policyholder.
3. Describe when primary disclosures are provided to applicants and policyholders.

C. Grievances (Relating to Health Benefits Plans)

1. A list of all grievances handled as immediate informal considerations.
2. A list of all first-level grievances.
3. A list of all second-level grievances.

III. MARKETING

A. Certificates of Compliance

1. Copies of Certificates of Compliance - Advertising for life and accident and health insurance advertising filed during the examination period.
2. Copies of Certificates of Compliance - Actuarial Certification for Life Illustrations.
3. Copies of Certificates of Compliance signed by a responsible officer of the insurer - Life Illustrations.

B. Policy Forms and Filings

1. A list of all policies, applications, riders, endorsements, and amendments in use in North Carolina during the examination period.
2. A list of all forms that were filed with and approved by the North Carolina Department of Insurance and in use in North Carolina during the examination period.

C. Sales and Advertising

1. Copies of:
 - a. Marketing manual and/or objectives statement
 - b. The advertising objectives statement
 - c. Media copy (i.e., TV, radio, and print)
 - d. Producer marketing materials solicitation kits
 - e. Telemarketing scripts
2. Copies of newsletters, bulletins, etc. regularly sent to field representatives and producers.
3. A copy of all Buyers Guides used by the Company during the examination period.
4. Describe the producer's training program. Provide a copy of all manuals and other materials used.

D. Appointment and Termination of Producers

1. Separate alphabetical (sequentially numbered) list of all producers:
 - a. Appointed as a new producer during the examination period with their date of appointment, date of license, date of termination, and National Producer Number. (Please exclude renewal appointments.)

- b. Terminated during the examination period with their date of termination, date of license, and National Producer Number.
 - c. Active during the examination period.
 - 1. The list should include identifiers for the types of insurance each producer is licensed to sell, date of appointment, date of termination, date of license, and National Producer Number. For variable products, please identify producers who have met the NASD and Department of Insurance requirements.
 - 2. Provide a separate list for each of the following types:
 - a. Life, Accident and Health
 - b. Medicare Supplement
 - c. Credit Life, Accident and Health
- E. Agency Management
- 1. A copy of the field underwriting guide or manual provided to producers.
 - 2. Provide copies of all producer contract forms and commission schedules used.
- F. Medicare Supplement Commission Schedules
- 1. Copies of the North Carolina Medicare Supplement Commission Schedules in use during the examination period.
 - 2. Copy of refund or credit calculation report filed with the Department by May 31st of each year of the examination.
- G. Long-Term Care Reporting/Suitability
- 1. Copies of all reports required in accordance with the provisions of 11 NCAC 12.1021 relating to Long-Term Care Insurance.
 - 2. Provide copies of all suitability standards and reports as required by the provisions of 11 NCAC 12.1025.

IV. UNDERWRITING

A random selection of the Company's underwriting files will be made from the electronic data files provided by the Company. The files will be examined for underwriting criteria, consistency, and compliance with North Carolina statutes and rules. Lists should be in a format as referenced in APPENDIX A and include transactions during the examination period.

- A. A separate electronic data list for each line of business of all (excluding external replacements and conversions) North Carolina policies that are "standard" issues, including but not limited to: (Include "not-taken policies")
1. Individual Life Non-Variable (Include Whole, Limited-Pay, Term, and Universal Life)
 2. Individual Life - Variable
 3. Annuity Non-Variable
 4. Annuity Variable
 5. Disability (LTD, STD)
 6. Supplemental Health (Include Cancer, Dread Disease, Hospital Indemnity, Hospital Surgical, and Hospital Intensive Care)
 7. Dental
 8. Major Medical
 9. Medicare Supplement
 10. Long-Term Care
 11. Other Health
 12. Other Life
 13. Mortgage Life
 14. Mortgage Disability
 15. Group Life - Stand Alone and Group Life illustrated policies that contain non-guaranteed elements (Master Contracts Only).

16. Group Annuities - Stand Alone
 17. Group Major Medical - Stand Alone (Exclude "self-funded plans") (Master Contracts Only)
 18. Group Dental - Stand Alone
 19. Group Disability (STD, LTD) Stand Alone
 20. Small Employer Group
 21. Large Employer Group
 22. Group Long-Term Care
 23. Group Medicare Supplement
 24. Group Other
- B. A separate electronic data list of all (excluding external replacements and conversions) North Carolina policies for each line of business that was issued "substandard, ridered, or amended to alter coverage."
- C. A separate electronic data list of all North Carolina applications for each line of business that was "declined." (Exclude files that were closed incomplete.)
- D. A separate electronic data list of all North Carolina External Replacements from other insurers only for each line of business. (Internal Replacements are not applicable and will be considered invalid.)
1. Individual Life insurance policies. (External Replacements from other insurers only.)
 - a. Please provide a specimen policy.
 - b. Please provide a copy of the replacement register.
 2. Medicare supplement policies or certificates that replaced other accident and health or Medicare supplement policies or certificates in force.
 - a. Please provide a specimen policy.
 3. Long-Term Care policies or certificates that replaced other accident and health or long-term care policies or certificates in force.
 - a. Please provide a specimen policy.
 4. Annuities (External Replacements from other insurers only.)
 - a. Please provide a specimen policy.
 - b. Please provide a copy of the replacement register.
- E. A list of credit life and disability policies or certificates of:

1. Life-Monthly Outstanding Balance (MOB)
 2. Life Credit Card (Decreasing Term)
 3. Life Single Premium
 - a. Issued
 - b. Cancellations
 4. Disability-Monthly Outstanding Balance (MOB)
 5. Disability-Credit Card
 6. Disability-Single Premium
 7. Loss of Income
 8. Other
- F. Provide a copy of, or make available for review:
1. All applications
 2. Reinstatement applications
 3. Premium notices
 4. Lapse notices
 5. Termination notices
 6. Underwriting worksheet forms
 7. Other forms and materials used in underwriting
 8. Rate Manuals
- G. Provide a bibliography of all underwriting manuals and documents used during the examination period.

V. POLICY RESCISSIONS

A random selection of the Company's policy rescissions will be made from the electronic data files provided by the Company. The rescissions will be examined for accuracy, consistency, and compliance with North Carolina statutes and rules. Lists should be in a format as referenced in Appendix A and include transactions during the examination period.

- A. A separate electronic data list for all rescissions for each line of business, including but not limited to:
1. Individual Life Non-Variable (Include Whole, Limited-Pay, Term, and Universal Life)
 2. Individual Life - Variable

3. Disability (LTD, STD)
 4. Supplemental Health (Include Cancer, Dread Disease, Hospital Indemnity, Hospital Surgical, and Hospital Intensive Care)
 5. Dental
 6. Major Medical
 7. Medicare Supplement
 8. Long-Term Care
 9. Other Health
 10. Other Life
 11. Mortgage Life
 12. Mortgage Disability
 13. Group Life - Stand Alone and Group Life illustrated policies that contain non-guaranteed elements (Master Contracts Only).
 14. Group Major Medical - Stand Alone (Exclude "self-funded plans") (Master Contracts Only)
 15. Group Dental - Stand Alone
 16. Group Disability (STD, LTD) Stand Alone
 17. Small Employer Group
 18. Large Employer Group
 19. Group Long-Term Care
 20. Group Medicare Supplement
 21. Group Other
- B. A copy of Schedule F found in the Company's Annual Statement for the examination period.

VI. NONFORFEITURE BENEFITS

A random selection of the Company's records of nonforfeiture activities will be made from the electronic data files provided by the Company. The files will be examined for accuracy, consistency, and compliance with North Carolina statutes and rules. Lists should be in a format as referenced in APPENDIX A and include transactions during the examination period.

- A. A separate electronic data list for each of the following items on all North Carolina policies that were initiated during the examination period.
1. Automatic Premium Loans
 2. Policy Loans
 3. Cash Surrenders (Full and Partial)
 4. Annuity Cash Surrenders (Full and Partial)

VII. CLAIMS PRACTICES

A random selection of the Company's claims will be made from the electronic data files provided by the Company. The claims will be examined for benefit payment accuracy, consistency, and compliance with North Carolina statutes and rules. Lists should be in a format as referenced in Appendix A and include transactions during the examination period.

- ***For health coverage, do not include duplicate claims in the population lists. Please include amounts applied to any deductible in the paid claims list.***

- A. A separate electronic data list for each line of business of all paid claims on North Carolina issued policies. Lines of business to include but not limited to:
1. Individual Life
 2. Individual Annuity
 3. Individual Disability
 4. Individual Cancer
 5. Individual Dental
 6. Individual Major Medical
 7. Individual Medicare Supplement
 8. Individual Long-Term Care
 9. Individual Hospital Indemnity/Surgical
 10. Individual Mortgage Life

11. Individual Mortgage Disability
 12. Individual Supplemental Health
 13. Group Life (Include claims on master contracts issued in North Carolina only)
 14. Group Annuity
 15. Group Disability (only include the initial claim filed during the exam period)
 16. Group Accident and Health
 17. Group Dental
 18. Group Major Medical (Include claims on master contracts) (Do not include "self-funded plans")
 19. Group Other (Long-Term Care, Medicare Supplement)
 20. Credit Life
 21. Credit Disability
 22. Credit Loss of Income
 23. Credit Other
 24. Schedule F Claims (Compromised or Resisted)
- B. A separate electronic data list for each line of business of all denied claims on North Carolina issued policies.
 - C. Provide a list of all claims paid to North Carolina residents under multiple employer group policies (issued in any state).
 - D. Provide a list of all denied claims to North Carolina residents under multiple employer group policies (issued in any state).

VIII. UTILIZATION MANAGEMENT (See Appendix B Format)

A random selection of the Company's utilization review activity for each type of transaction listed will be made from the electronic data lists provided by the Company. These transactions will be examined for accuracy, consistency, and compliance with North Carolina statutes and rules. Lists should be in a format as referenced in Appendix B and include transactions during the examination period.

- A. A separate electronic data list of all reviews conducted on North Carolina business during the examination period.

1. Prospective Reviews (authorization given prior to treatment/visit).
 2. Concurrent Reviews (utilization review conducted during a patient's hospital stay or course of treatment).
 3. Retrospective Reviews (utilization review of medically necessary services and supplies that is conducted after services have been provided).
 4. Reconsiderations.
- B. A separate electronic data list of appeals conducted on North Carolina business during the examination period.
1. Standard Non-Certification Appeals
 2. Expedited Non-Certification Appeals
 3. 1st and 2nd Level Grievances (Utilization Management-Related Only)

PHASE II

The following items are to be made available to the examiners upon their arrival at the Company or provided to the examiners at the site agreed upon at the pre-examination conference.

I. COMPANY OVERVIEW

- A. Annual statements for the examination period.

II. POLICYHOLDER TREATMENT

- A. Consumer Complaints
 - 1. All selected consumer complaint files available for review.
- B. Grievances
 - 1. All selected grievance files available for review.

III. MARKETING

- A. Producer Licensing
 - 1. All selected producer appointment files available for review.
 - 2. All selected producer termination files available for review.

IV. UNDERWRITING

- A. All selected underwriting files available for review.

V. POLICY RESCISSIONS

- A. All selected files available for review.

VI. NONFORFEITURE BENEFITS

- A. All selected nonforfeiture files available for review.

VII. CLAIMS PRACTICES

- A. All selected claim files available for review.
- B. Access to all claim manuals in use during the examination period.

VIII. UTILIZATION MANAGEMENT

- A. All selected reviews available for review.
- B. All selected appeals available for review.

APPENDIX A – INSTRUCTIONS FOR PREPARING ELECTRONIC FILES

The attached file layouts are to be used for building the electronic files/records to be sent to the North Carolina Department of Insurance (Department). **Please only submit data subject to this examination.**

Files may be submitted via compact disk or e-mail (if the size of the attachment is less than 1 MB). If employing e-mail, use a WINZIP® compatible data compression tool on any attachments greater than 100KB). Do not submit 'backed-up' files.

The data must be formatted as ASCII Fixed Length (plain text).

All files/records must correspond to the appropriate layout definition exactly as prescribed herein.

All records must contain data only. Do not include any column titles/field names, blank records, header or trailer records, total or subtotal records, etc.

With the exception of a leading dash in the first position of the field to represent a negative amount, numeric fields must not contain any punctuation (decimal points, commas, dollar signs, etc.).

Numeric fields must be right justified; alphanumeric fields must be left justified.

All companies subject to the examination must be included in the same file for a particular examination item.

Each line of business must be submitted as its own individual file for the UNDERWRITING, POLICY RESCISSIONS, NON-FORFEITURE BENEFITS and CLAIMS examination items.

If there are any fields that you are unable to populate, please advise the Department, in writing, as soon as possible. These fields need to be accounted for in the file through the use of blank fill. Do NOT use Tab characters.

The company will be supplied with a list of the records selected as a representative sample of the total population submitted for each specific examination item. The selected records will be reviewed, in detail, by the Department's examiners; therefore, the associated company files must be made available to the examiners for their use in verifying data submitted electronically.

Please forward the files as they are completed. Do not wait until all files are complete to start sending.

Files not received in good order by the Department at least 60 calendar days prior to the commencement of the examination will be deemed in violation.

Address all diskettes and CDs to the attention of the Examiner in Charge of your examination at the following address:

North Carolina Department of Insurance
Market Regulation Division
1201 Mail Service Center
Raleigh, North Carolina 27699-1201

FILE NAMES:Examination Item:File Name:**Underwriting —**

Individual Lines of Business:

Life-Non-variable Issued Standard	ilnvisst.txt
Life-Non-variable Issued Substandard	ilnvisu.txt
Life-Non-variable Declined	ilnvice.txt
Life-Non-variable Replacements	ilnvrepl.txt
Life-Variable Issued Standard	ilvisst.txt
Life-Variable Issued Substandard	ilvissu.txt
Life-Variable Declined	ilvdec.txt
Life-Variable Replacements	ilvrepl.txt
Annuity-Non-variable Issued Standard	ianvisst.txt
Annuity-Non-variable Issued Substandard	ianvissu.txt
Annuity-Non-variable Declined	ianvice.txt
Annuity-Non-variable Replacements	ianvrepl.txt
Annuity-Variable Issued Standard	iavisst.txt
Annuity-Variable Issued Substandard	iavissu.txt
Annuity-Variable Declined	iavdec.txt
Annuity-Variable Replacements	iavrepl.txt
Disability (LTD, STD) Issued Standard	idisist.txt
Disability (LTD, STD) Issued Substandard	idisissu.txt
Disability (LTD, STD) Declined	idisdec.txt
Supplemental Health Issued Standard	ishisst.txt
Supplemental Health Issued Substandard	ishissu.txt
Supplemental Health Declined	ishdec.txt
Supplemental Health includes Cancer, Dread Disease, Hospital Indemnity, Hospital Surgical, and Hospital Intensive Care	
Dental Issued Standard	idenisst.txt
Dental Declined	idende.txt
Major Medical Issued Standard	immisst.txt
Major Medical Issued Substandard	immissu.txt
Major Medical Declined	immdec.txt

Medicare Supplement Issued Standard	imsisst.txt
Medicare Supplement Declined	imsdec.txt
Medicare Supplement Replacements	imsrepl.txt

FILE NAMES: continuedExamination Item:File Name:**Underwriting** – continued

Long-Term Care Issued Standard	iltcisst.txt
Long-Term Care Issued Substandard	iltcissu.txt

Individual Lines of Business (continued):

Long-Term Care Declined	iltcdec.txt
Long-Term Care Replacements	iltcrepl.txt

Other Health Issued Standard	iohisst.txt
Other Health Issued Substandard	iohissu.txt
Other Health Declined	iohdec.txt

Other Life Issued Standard	iolisst.txt
Other Life Issued Substandard	iolissu.txt
Other Life Declined	ioldec.txt
Other Life Replacements	iolrepl.txt

Mortgage Life Issued Standard	imlisst.txt
Mortgage Life Declined	imldec.txt

Mortgage Disability Issued Standard	imdisst.txt
Mortgage Disability Declined	imddec.txt

Group Lines of Business:

Life-Stand Alone Issued	glifeiss.txt
Life-Stand Alone Declined	glifedec.txt

Annuities-Stand Alone Issued	ganniss.txt
Annuities-Stand Alone Declined	ganndec.txt

Major Medical-Stand Alone Issued	gmmiss.txt
Major Medical-Stand Alone Declined	gmmdec.txt

Dental-Stand Alone Issued	gdeniss.txt
Dental-Stand Alone Declined	gdendec.txt

Disability(STD, LTD)-Stand Alone Issued	gdisiss.txt
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Disability (STD, LTD)-Stand Alone Declined	gdisdec.txt
Small Employer Group Issued	gsegiss.txt
Small Employer Group Declined	gsegdec.txt
Large Group Issued	glegiss.txt
Large Group Declined	glegdec.txt

FILE NAMES: continuedExamination Item:File Name:**Underwriting** — continued

Long-Term Care Issued	gltciss.txt
Long-Term Care Declined	gltcdec.txt

Group Lines of Business (continued):

Medicare Supplement Issued	gmsiss.txt
Medicare Supplement Declined	gmsdec.txt
Other Issued	gothriss.txt
Other Declined	gothrdec.txt

Credit Lines of Business:

Life-Monthly Outstanding Balance (MOB) Issued	clifemobiss.txt
Life-Monthly Outstanding Balance (MOB) Cancellation	clifemobcan.txt
Life-Credit Card Issued	clifecciss.txt
Life-Credit Card Cancellation	clifeccan.txt
Life-Single Premium Issued	clifespiss.txt
Life-Single Premium Cancellation	clifespcan.txt
Disability-Monthly Outstanding Balance (MOB) Issued	cdismobiss.txt
Disability-Monthly Outstanding Balance (MOB) Cancellation	cdismobcan.txt
Disability-Credit Card Issued	cdisciss.txt
Disability-Credit Card Cancellation	cdiscan.txt
Disability-Single Premium Issued	cdisspiss.txt
Disability-Single Premium Cancellation	cdisspcan.txt
Loss of Income Issued	crossinciss.txt
Loss of Income Cancellation	crossinccan.txt
Other Issued	cothriss.txt
Other Cancellation	cothrcan.txt

Policy Rescission —

Individual Lines of Business:

Life	ilifepolresc.txt
Disability (LTD, STD)	idispolresc.txt
Dental	idenpolresc.txt
Major Medical	immpolresc.txt
Medicare Supplement	imspolresc.txt
Long-Term Care	iltpolresc.txt
Supplemental Health	ishpolresc.txt
Supplemental Health includes Cancer, Dread Disease,	

FILE NAMES: continuedExamination Item:File Name:**Policy Rescission — continued**

Hospital Indemnity, Hospital Surgical, and Hospital Intensive Care	
Mortgage Life	imlpolresc.txt
Mortgage Disability	imdpolresc.txt
Other	iothrpolresc.txt

Group Lines of Business:

Life	glifepolresc.txt
Disability (LTD, STD)	gdispolresc.txt
Dental	gdenpolresc.txt
Major	Medical gmmpolresc.tx
t	
Medicare Supplement	gmmpolresc.txt
Long-Term Care	gltpolresc.txt
Accident and Health	gahpolresc.txt
Other	
t	gothrpolresc.tx

Non-forfeiture Benefits —

Lines of Business:

Policy Loans	npollns.txt
Automatic Premium Loans	nautprln.txt
Cash Surrenders	ncashsur.txt
Annuity Cash Surrenders	nanncash.txt

FILE NAMES: continuedExamination Item:File Name:*Claims —*

Individual Lines of Business:

Life Paid	ilifepd.txt
Life Denied	ilifeden.txt
Annuity Paid	iannpd.txt
Annuity Denied	ianden.txt
Disability (LTD, STD) Paid	idispd.txt
Disability (LTD, STD) Denied	idisden.txt
Dental Paid	idenpd.txt
Dental Denied	idenden.txt
Major Medical Paid	immpd.txt
Major Medical Denied	immden.txt
Medicare Supplement Paid	imspd.txt
Medicare Supplement Denied	imsden.txt
Long-Term Care Paid	iltcpd.txt
Long-Term Care Denied	iltcden.txt
Supplemental Health Paid	ishpd.txt
Supplemental Health Denied	ishden.txt
Supplemental Health includes Cancer, Dread Disease, Hospital Indemnity, Hospital Surgical, and Hospital Intensive Care	
Mortgage Life Paid	imlpd.txt
Mortgage Life Denied	imlden.txt
Mortgage Disability Paid	imdped.txt
Mortgage Disability Denied	imdden.txt
Other Paid	iothrp.txt
Other Denied	iothrd.txt

Group Lines of Business:

Life Paid
Life Denied

glifepd.txt
glifeden.txt

FILE NAMES: continued

Examination Item:

File Name:

Group Lines of Business — continued

Annuity Paid
Annuity Denied

gannpd.txt
gannden.txt

Disability (LTD, STD) Paid
Disability (LTD, STD) Denied

gdispd.txt
gdisden.txt

Accident and Health Paid
Accident and Health Denied

gahpd.txt
gahden.txt

Dental Paid
Dental Denied

gdenpd.txt
gdennden.txt

Major Medical Paid
Major Medical Denied

gmmpd.txt
gmmden.txt

Other Paid
Other Denied

gothrpd.txt
gothrden.txt

Credit Lines of Business:

Life Paid
Life Denied

clifepd.txt
clifeden.txt

Disability Paid
Disability Denied

cdispd.txt
cdisden.txt

Loss of Income Paid
Loss of Income Denied

cloipd.txt
cloiden.txt

Other Paid
Other Denied

cothrpd.txt
cothrden.txt

A) UNDERWRITING**1.) Individual**

Field Name	Start	Length	Type	Dec	Description
Count	1	10	N	0	Record Number for this list (begin with 1)
Policy Number	11	30	A		Individual's Policy Number
Insured Name	41	50	A		Insured's Name
Category	91	15	A		Category – Valid value is: Individual
LOB	106	50	A		Lines of Business – Valid values are: Life-Non-variable Life-Variable Annuity-Non-Variable Annuity-Variable Disability Supplemental Health Dental Major Medical Medicare Supplement Long-Term Care Other Health Other Life Mortgage Life Mortgage Disability
Type Action	156	25	A		Type of Action – Valid values are: Issued, Declined, Issued Substandard.
Face Amount	181	10	N	0	Policy Face Amount
Producer's Name	191	50	A		Writing Producer's Name
Producer's NPN	241	9	A		Writing Producer's National Producer Number
Producer's Appoint Date	250	8	N	0	Writing Producer's Appointment Date (YYYYMMDD)
Application Date	258	8	N	0	Date Application signed (YYYYMMDD)
App Received Date	266	8	N	0	Date the Application was Received by Company (YYYYMMDD)
AUD Notice Date	274	8	N	0	Adverse Underwriting Decision Notice Date (YYYYMMDD)
Mailed Date	282	8	N	0	Date Policy OR Declination, as applicable, Mailed (YYYYMMDD)
Company Name	290	50	A		Name of Insurer
Company Code	340	5	A		Insurer's NAIC Company Code

Total Record Length =344

2.) Replacements

Field Name	Start	Length	Type	Dec	Description
Count	1	10	N	0	Record Number for this list (begin with 1)
Policy Number	11	30	A		Individual's Policy Number
Insured Name	41	50	A		Insured's Name
LOB	91	50	A		Line of Business – Valid values are: Life-Non-variable Life-Variable Annuity-Non-Variable Annuity-Variable Medicare Supplement Long-Term Care Other Life
Face Amount	141	10	N	0	Policy Face Amount
Replaced Company	151	50	A		Name of Company Replaced
App Received Date	201	8	N	0	Date the Application was Received by Company (YYYYMMDD)
Notify Date	209	8	N	0	Date the Replaced Company was Notified (YYYYMMDD)
Exhibit A (Notice Regarding Replacement) Signed	217	3	A		Was Exhibit A (Notice Regarding Replacement) signed? Valid values – Yes or No
Exhibit A (Notice Regarding Replacement) Date	220	8	N	0	Date Exhibit A (Notice Regarding Replacement) signed (YYYYMMDD)
Application Date	228	8	N	0	Date Application signed (YYYYMMDD)
Producer's Name	236	50	A		Writing Producer's Name
Producer's NPN	286	9	A		Writing Producer's National Producer Number
Producer's Appoint Date	295	8	N	0	Writing Producer's Appointment Date (YYYYMMDD)
Company Name	303	50	A		Name of Insurer
Company Code	353	5	A		Insurer's NAIC Company Code

Total Record Length = 357

3.) Group

Field Name	Start	Length	Type	Dec	Description
Count	1	10	N	0	Record Number for this list (begin with 1)
Policy Number	11	30	A		Individual's Policy Number
Insured Name	41	50	A		Insured's Name
LOB	91	50	A		Lines of Business – Valid values are: Life-Stand Alone Issued Life-Stand Alone Declined Annuities-Stand Alone Issued Annuities-Stand Alone Declined Major Medical-Stand Alone Issued Major Medical-Stand Alone Declined Dental-Stand Alone Issued Dental-Stand Alone Declined Disability-Stand Alone Issued Disability-Stand Alone Declined Small Employer Group Issued Small Employer Group Declined Large Group Issued Large Group Declined Long-Term Care Issued Long-Term Care Declined Medicare Supplement Issued Medicare Supplement Declined Other Issued Other Declined
Application Date	141	8	N	0	Application Date of Policy (YYYYMMDD)
Effective Date	149	8	N	0	Effective or Declination Date of Group (YYYYMMDD)
Business Type	157	5	A		Valid Business Types – Small (50 Or Less Employees) or Large (51 or More Employees)
Number Employees	162	6	N	0	Number of individuals employed by Employer
Number Insureds	168	6	N	0	Number of individuals insured by Employer's policy
Producer's Name	174	50	A		Writing Producer's Name
Producer's NPN	224	9	A		Writing Producer's National Producer Number
Producer's Appoint Date	233	8	N	0	Writing Producer's Appointment Date (YYYYMMDD)
Reason Rejected or Adjusted	241	100	A		Reason Applicant Rejected or Rate Adjusted
Company Name	341	50	A		Name of Insurer
Company Code	391	5	A		Insurer's NAIC Company Code

Total Record Length = 395

4.) Credit

Field Name	Start	Length	Type	Dec	Description
Count	1	10	N	0	Record Number for this list (begin with 1)
Policy/ Certificate Number	11	30	A		Individual's Policy/ Certificate Number
Insured Name	41	50	A		Insured's Name
LOB	91	50	A		Line of Business – Valid values are: Life-Monthly Outstanding Balance Life-Credit Card Life-Single Premium Disability-Monthly Outstanding Balance Disability -Credit Card Disability -Single Premium Loss of Income Other Credit
Type Action	141	25	A		Type of Action – Valid values are: Issued, Cancellation
Amount of Loan/ Insurance	166	10	N	2	Portion of loan insured
Premium	176	10	N	2	Single Premium Amount
Loan Term	186	3	N	0	Term of Loan expressed in Months
Life Coverage Term	189	3	N	0	Term of Credit Life Coverage expressed in Months
Disability Coverage Term	192	3	N	0	Term of Credit Disability Coverage expressed in Months
Application Date	195	8	N	0	Date Application signed (YYYYMMDD)
App Received Date	203	8	N	0	Date Policy/ Certificate was Received by Company (YYYYMMDD)
Effective Date	211	8	N	0	Date Policy/ Certificate Effective (YYYYMMDD)
Mailed Date	219	8	N	0	Date Policy/ Certificate is Mailed (YYYYMMDD)
Refund Calc Method	227	1	A		Refund Calculation Method – Valid values are: 1 = Rule of 78ths (Life Only) 2 = Pro Rata (Life Only) 3 = Rule of 78ths/Pro Rata Blend (A&H Only) or 4 = Pure Premium Method (A&H Only)
Refund Amount	228	10	N	2	Amount of Premiums Paid after Cancellation
Maturity	238	3	N	0	Number of Matured Months at time of Cancellation
Cancellation Date	241	8	N	0	Date Policy/ Certificate Cancellation Effective (YYYYMMDD)
Refund Date	249	8	N	0	Date Refund Processed (YYYYMMDD)
Producer's Name	257	50	A		Writing Producer's Name
Producer's NPN	307	9	A		Writing Producer's National Producer Number
Producer's Appoint Date	316	8	N	0	Writing Producer's Appointment Date (YYYYMMDD)
Company Name	324	50	A		Name of Insurer
Company Code	374	5	A		Insurer's NAIC Company Code

Total Record Length = 378

B) POLICY RESCISSIONS

Field Name	Start	Length	Type	Dec	Description
Count	1	10	N	0	Record Number for this list (begin with 1)
Policy/Certificate Number	11	30	A		Policy/ Certificate Number
Insured Name	41	50	A		Insured's Name
Category	91	15	A		Category – Valid values are: Individual, Group, or Other
Policy Issue Date	106	8	N	0	Date Policy Issued (YYYYMMDD)
Claim Received Date	114	8	N	0	Date Claim Received (YYYYMMDD)
LOB	122	50	A		Line of Business – Valid values are: Life Disability Dental Major Medical Medicare Supplement Long-Term Care Supplemental Health Mortgage Life Mortgage Disability Accident and Health Loss of Income Other
Rescission/ Cancellation Date	172	8	N	0	Date Policy Rescinded/ Cancelled (YYYYMMDD)
Reason for Rescission/ Cancellation/ Refund	180	100	A		Reason for Rescission/ Cancellation/ Refund
Diagnosis Code	280	10	A		Diagnosis Code
Mode of Premium	290	15	A		Mode of Premium: Annual, Semi-Annual, Quartley, Monthly
Premium Amount	305	10	N	2	Policy Premium Amount
Refund Amount	315	10	N	2	Premium Amount Refunded
Refund Date	325	8	N	0	Date Refund Issued (YYYYMMDD)
Service/ Death Date	333	8	N	0	Date(s) of Treatment/ Death (YYYYMMDD)
Company Name	341	50	A		Name of Insurer
Company Code	391	5	A		Insurer's NAIC Company Code

Total Record Length = 395

C) NON-FORFEITURES

Field Name	Start	Length	Type	Dec	Description
Count	1	10	N	0	Record Number for this list (begin with 1)
Policy Number	11	30	A		Individual's Policy Number
Insured Name	41	50	A		Insured's Name
LOB	91	50	A		Lines of Business – Valid values are: Policy Loans Automatic Premium Loans Cash Surrenders Annuity Cash Surrenders
Effective Date	141	8	N	0	Policy Effective Date (YYYYMMDD)
Lapse Date	149	8	N	0	Policy Lapse Date (YYYYMMDD)
Cash Value	157	12	N	2	Policy Cash Value Amount
Loan Amount	169	12	N	2	Policy Loan Amount
APL Amount	181	12	N	2	Auto Premium Loan Amount
Requested Date	193	8	N	0	Date Company received Insured's Request for Action (YYYYMMDD)
Mailed Date	201	8	N	0	Date Check, Policy or Endorsement is Mailed (YYYYMMDD)
Check Amount	209	12	N	2	Amount of Check issued by Company
Face Amount	221	10	N	0	Face Amount of Policy
Company Name	231	50	A		Name of Insurer
Company Code	281	5	A		Insurer's NAIC Company Code

Total Record Length = 285

D) CLAIMS

Field Name	Start	Length	Type	Dec	Description
Count	1	10	N	0	Record Number for this list (begin with 1)
Claim Number	11	30	A		Claim Number
Insured Name	41	50	A		Insured's Name
Category	91	15	A		Category – Valid values are: Individual, Group, Credit, or Other
LOB	106	50	A		Line of Business – Valid values are: Life Annuity Disability Dental Major Medical Medicare Supplement Long-Term Care Supplemental Health Mortgage Life Mortgage Disability Accident and Health Loss of Income Other
Type Action	156	10	A		Type of Action – Valid values are: Paid or Denied
Claim Received Date	166	8	N	0	Date Claim Received (YYYYMMDD)
Claim Adjudication Date	174	8	N	0	Date Claim Adjudicated (YYYYMMDD)
First Notification Date	182	8	N	0	First Notification After Claim Receipt (YYYYMMDD)
Status Report Date	190	8	N	0	Status Report Date (YYYYMMDD)
Diagnosis Code	198	10	A		Diagnosis Code
Disabled From Date	208	8	N	0	Date Disability Began (YYYYMMDD)
Disabled To Date	216	8	N	0	Date Disability Ended (YYYYMMDD)
Monthly Disability Benefit	224	10	N	2	Monthly Disability Benefit
Weekly Disability Benefit	234	10	N	2	Weekly Disability Benefit
Amount Paid or Denied	244	12	N	2	Amount Paid or Denied
Reason Denied or Reduced	256	100	A		Reason Claim was Denied or Amount Paid Reduced
Company Name	356	50	A		Name of Insurer
Company Code	406	5	A		Insurer's NAIC Company Code

Total Record Length = 410

**APPENDIX B – INSTRUCTIONS FOR PREPARING
ELECTRONIC FILES FOR UTILIZATION MANAGEMENT**

UM SAMPLING

Basic data call: Table 1- Includes Precertifications, Concurrent Reviews, and Retrospective Reviews

UM Activity – Table 1

Fields	Description	Spacing
List #	Number of records, 1 – last record	1-8
Received Date	Mmddyyyy – text file; mm/dd/yyyy – Excel/Access	9-16
Timing	Prospective, Concurrent, Retrospective	17-21
Date Additional Info Requested*	Mmddyyyy – text file; mm/dd/yyyy – Excel/Access	22-29
Date Additional Info Received*	Mmddyyyy – text file; mm/dd/yyyy – Excel/Access	30-37
Notification Date	Mmddyyyy – text file; mm/dd/yyyy – Excel/Access	38-45
UR Decision	Approved, denied, etc.	46-53
Product Type	Should only include NC commercial business	54-61
ID #	Enough detail for plan personnel to pull the applicable record	62-

*If additional information was requested.

UM 1st Level Noncertification Appeals – Table 2

Fields	Description	Spacing
List #	Number of records, 1 - last record	1-8
Received Date	Mmddyyyy – text file; mm/dd/yyyy – Excel/Access	9-16
Notification Date	Mmddyyyy – text file; mm/dd/yyyy – Excel/Access	17-24
Decision Date	Mmddyyyy – text file; mm/dd/yyyy – Excel/Access	25-32
ID #	Enough detail for plan personnel to pull the applicable record	33-

UM 2nd Level Noncertification Appeals – Table 3

Fields	Description	Spacing
List #	Number of records, 1 - last record	1-8
Received Date	mmddyyyy – text file; mm/dd/yyyy – Excel/Access	9-16
Hearing Notification Date	mmddyyyy – text file; mm/dd/yyyy – Excel/Access	17-24
Hearing Date	mmddyyyy – text file; mm/dd/yyyy – Excel/Access	25-32
Decision Date	mmddyyyy – text file; mm/dd/yyyy – Excel/Access	33-40
Decision Notification Date	mmddyyyy – text file; mm/dd/yyyy – Excel/Access	41-48
ID #	Enough detail for plan personnel to pull the applicable record	49-

UM Expedited Appeals – Table 4

Fields	Description	Spacing
List #	Number of records, 1 - last record	1-8
Received Date	mmddyyyy – text file; mm/dd/yyyy – Excel/Access	9-16
Date Additional Info Requested*	mmddyyyy – text file; mm/dd/yyyy – Excel/Access	17-24
Date Additional Info Received*	mmddyyyy – text file; mm/dd/yyyy – Excel/Access	25-32
Decision Date	mmddyyyy – text file; mm/dd/yyyy – Excel/Access	33-40
ID #	Enough detail for plan personnel to pull the applicable record	41-

*If additional information was requested

Grievance Data – Table 5 (Must be able to identify Quality of Care Grievances.)

Plan may identify them using the Type of Grievance Field or submit 2 electronic files (one containing Quality of Care Grievances and the other Non-Quality of Care Grievances).

Fields	Description	Spacing
List #	Number of records, 1 - last record	1-8
Received Date	Format: mmddyymm – text file; mm/dd/yyyy – Excel/Access	9-16
Type of Grievance	Plan definition	17-26
Product Type	Should only include NC commercial business	27-36
ID #	Enough detail for plan personnel to pull the applicable record	37-

FORMAT OF EXAMINATION REPORT**I. COMPANY OVERVIEW**

- A. History and Profile
- B. Company Operations and Management
- C. Management Agreements
- D. Certificates of Authority
- E. Antifraud Plan
- F. Disaster Recovery Procedures
- G. Internal Audit Procedures
- H. Third Party Administrators

II. POLICYHOLDER TREATMENT

- A. Consumer Complaints
- B. Privacy of Financial and Health Information
- C. Grievances (Major Medical Only)

III. MARKETING

- A. Certificate of Compliance - Advertising
- B. Certificate of Compliance - Life Illustrations
- C. Policy Forms and Filings
- D. Sales and Advertising
- E. Producer Licensing
- F. Agency Management
- G. Medicare Supplement Commissions

IV. UNDERWRITING

- A. Individual Life-Non-Variable
- B. Individual Life-Variable
- C. Individual Annuity-Non-Variable
- D. Individual Annuity-Variable
- E. Individual Disability (LTD, STD)
- F. Individual Supplemental Health
- G. Individual Dental
- H. Individual Major Medical
- I. Individual Medicare Supplement
- J. Individual Long-Term Care
- K. Individual Other Health
- L. Individual Other Life
- M. Individual Mortgage Life
- N. Individual Mortgage Disability
- O. Group Life - Stand Alone
- P. Group Annuity - Stand Alone
- Q. Group Major Medical - Stand Alone
- R. Group Dental - Stand Alone
- S. Group Disability (STD, LTD)

- T. Small Employer Group
- U. Large Group
- V. Group Long-Term Care
- W. Group Medicare Supplement
- X. Group Other
- Y. Credit Life-Monthly Outstanding Balance (MOB)
- Z. Credit Disability-Monthly Outstanding Balance (MOB)
- AA. Loss of Income
- BB. Other

V. POLICY RESCISSIONS

- A. Individual Life Non-Variable (Include Whole, Limited-Pay, Term, and Universal Life)
- B. Individual Life - Variable
- C. Disability (LTD, STD)
- D. Supplemental Health (Include Cancer, Dread Disease, Hospital Indemnity, Hospital Surgical, and Hospital Intensive Care)
- E. Dental
- F. Major Medical
- G. Medicare Supplement
- H. Long-Term Care
- I. Other Health
- J. Other Life
- K. Mortgage Life
- L. Mortgage Disability
- M. Group Life - Stand Alone and Group Life illustrated policies that contain non-guaranteed elements (Master Contracts Only).
- N. Group Major Medical - Stand Alone (Exclude "self-funded plans") (Master Contracts Only)
- O. Group Dental - Stand Alone
- P. Group Disability (STD, LTD) Stand Alone
- Q. Small Employer Group
- R. Large Employer Group
- S. Group Long-Term Care
- T. Group Medicare Supplement
- U. Group Other

VI. NONFORFEITURE BENEFITS

- A. Policy Loans
- B. Automatic Premium Loans
- C. Cash Surrenders
- D. Annuity Cash Surrenders

VII. CLAIMS PRACTICES

- A. Individual Life
- B. Individual Annuity
- C. Individual Disability

- D. Individual Cancer
- E. Individual Dental
- F. Individual Major Medical
- G. Individual Medicare Supplement
- H. Individual Long-Term Care
- I. Individual Hospital Indemnity/Surgical
- J. Individual Mortgage Life
- K. Individual Mortgage Disability
- L. Individual Supplemental Health
- M. Group Life
- N. Group Annuity
- O. Group Disability
- P. Group Accident and Health
- Q. Group Dental
- R. Group Major Medical
- S. Group Other
- T. Credit Life
- U. Credit Disability
- V. Credit Loss of Income
- W. Credit Other
- X. Schedule F Claims

VIII. UTILIZATION MANAGEMENT

- A. Prospective Reviews
- B. Concurrent Reviews
- C. Retrospective Reviews
- D. Standard Noncertification Appeals
- E. Expedited Noncertification Appeals
- F. Maternity Length of Stay
- G. 1st and 2nd Level Grievances (UM-Related Only)

IX. COMMENTS, RECOMMENDATIONS, AND DIRECTIVES

X. CONCLUSION

FACILITIES REQUIREMENTS

1. **When an on-site examination is deemed necessary**, adequate private work space and facilities for approximately three Market Regulation analysts with a telephone and a computer modem telephone line will be needed. The examination room should have appropriate electrical outlets for the examiners' portable computers. Access to the Internet, a photocopier, and telefax equipment should also be provided. It will be the Company's responsibility to assure security for the examiners' on-site computer equipment during the examination period.
2. Provide written confirmation on the following logistical considerations:
 - The Company's core business hours.
 - Locations of relevant Company operations and programs.
 - Directions and parking information for examination sites.
 - Arrangement for temporary access to the Company's offices if security cards, etc., are utilized.
3. Access to computers, microfiche, or other equipment used by the Company for records retention and maintenance.
4. Provide a file cabinet that is equipped with a lock for the examiner's use.

SCHEDULE AND STAFF PROJECTIONNORTH CAROLINA
MARKET CONDUCT EXAMINATION

OF

COMPANY

This examination has been scheduled for the following dates:

Commencement Date: **

Estimated Completion Date: **

The following analyst(s) may be assigned to this examination:

		<u>Phone Number</u>	<u>E-Mail Address</u>
Scott Grindstaff	Analyst III, Examiner-In-Charge	919-807-6879	scott.grindstaff@ncdoi.gov

There will be NO charges levied to the Company for this examination.

Any comments about the examination process that cannot be addressed by the Examiner-In-Charge should be addressed to:

**Teresa Knowles, ACS, MCM
Deputy Commissioner
Market Regulation Division
1201 Mail Service Center
Raleigh, North Carolina 27699-1201
(919) 807-6886**