

Memorandum

To: Multiple Employer Welfare Arrangements (MEWAs)
From: Life and Health Division
Subject: Filing Requirements for MEWAs Licensed in North Carolina

Effective October 1, 2005 the Life & Health Division has added initial MEWA licensing, annual MEWA renewal, and formal forms approval of MEWA member benefit booklets to its Form and Rate review processes.

Electronic submission is encouraged. Filing instructions are posted on the DOI Home Page. The direct link is:

<http://www.ncdoi.com/Industry/Life/LAH/RateFilings/NCNoPaPERInstructions.asp>

NORTH CAROLINA DEPARTMENT OF INSURANCE SUMMARY OF MEWA FILING REQUIREMENTS

Fiscal Year Filing (Renewal) Requirements

Renewal dates are set six months after the MEWA's fiscal year end. This will allow each MEWA to secure the proper financial and actuarial certifications that are required as part of the renewal application. Renewal application packages will be mailed to each MEWA at least sixty days after its fiscal year end and must be returned to the Department's Life and Health Division **not later than 150 days after fiscal year end**.

In order for a new licensure certificate to be issued, you must submit a completed Renewal Application for MEWA Certificate of Authority. In addition to forms attached to the application form, your submission must include:

1. A report prepared in accordance with NCGS 58-49-60(a) showing the financial condition of the MEWA on the last day of the preceding fiscal year.
 - Such report shall contain an audited financial statement prepared in accordance with statutory accounting principles, including its balance sheet and statement of the operations of the preceding fiscal year, verified by the oath of a member of the board of trustees and by an administrative executive appointed by the board and include the appropriate certifications made by an independent certified public accountant.
 - The report must also include an analysis of the adequacy of reserves and contributions or premiums charged, based on a review of past and projected claims and expenses. **Pursuant to North Carolina law, such report must be filed within 150 days after the end of the MEWA's fiscal year.**

2. **Also as provided by NCGS 58-49-60(a) and within 150 days after the end of the MEWA's fiscal year**, certification prepared by an independent qualified actuary that indicates:
 - the MEWA is actuarially sound, with the certification considering the rates, benefits, and expenses of, and any other funds available for the payment of the obligations of, the MEWA;
 - the rates being charged and to be charged for contracts are actuarially adequate to the end of the period for which rates have been guaranteed (prepared in accordance with 11 NCAC 18.0021); and
 - incurred but not reported claims and claims reported but not fully paid have been adequately provided for (prepared in accordance with 11 NCAC 18.0020).

Upon receipt and review of all of the above documentation, a current MEWA license certificate will be issued. The certificate will be valid for a period ending six months after the MEWA's next fiscal year end.

As provided in 58-49-60(e), the Commissioner may ultimately suspend the authority of a MEWA to enroll new insureds or to do business in this state as a result of failure to make required annual filings.

General On-going Filing and Regulatory Requirements

1. NCGS 58-49-40(f) provides that in order to retain its license, "a MEWA shall file **all contracts with administrators or service companies** with the Commissioner, and **report any changes to such contracts to the Commissioner in advance of their implementation**" (emphasis added).
2. NCGS 58-49-40(c) provides that each MEWA shall **notify the Commissioner at least 60 days in advance of any termination or modification to the excess insurance policy covering a MEWA**. Such notice is to be provided by the insurer issuing the coverage, and a provision for such notification must be included in the excess insurance contract. However, the MEWA should also provide notice of change or termination to the Commissioner in order to facilitate timely review and approval.
3. NCGS 58-49-40(g) provides that failure to maintain compliance with the eligibility requirements for MEWA licensure is a ground for denial, suspension, or revocation of the license of a MEWA.