

*Tony Knowles, Governor*



**Division of Insurance**

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## **BULLETIN B 02-14**

**TO: ALL LICENSEES TRANSACTING HEALTH INSURANCE IN ALASKA AND OTHER INTERESTED PARTIES**

**RE: UNAUTHORIZED HEALTH INSURANCE PLANS**

As the cost of health care increases and consumers seek more affordable health insurance coverage, licensed producers are often approached by unauthorized entities to sell their health insurance plans to individuals and employers in Alaska. The Alaska Division of Insurance has become aware of several entities that may be offering health insurance coverage without a license. These entities may call themselves "ERISA exempt," "ERISA plan," "union plans," "association plans," or some other similar term. In many cases, these plans are multiple employer welfare arrangements (MEWAs) that are subject to Alaska insurance laws. These entities claim that they are not subject to state regulation because of the Employee Retirement Income Security Act (ERISA). However, states have explicit authority under ERISA to regulate MEWAs, including self-insured MEWAs, and **they must be licensed by the division and comply with Alaska insurance law in order to offer health insurance coverage in Alaska.**

Certain ERISA plans and union plans may be exempt from state insurance regulation. But legitimate ERISA or union plans are not sold or solicited by insurance producers. They are established by unions for their members or by employers for the employer's own employees.

Please read the information provided by these entities carefully. Consider the following list of circumstances and plan characteristics that should prompt your careful investigation, including contacting the Alaska Division of Insurance:

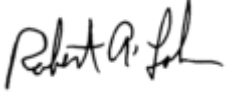
1. The health plan operates like insurance but claims that it is not.
2. You are asked to avoid certain insurance terminology, even though the plan operates like insurance.
3. The plan is covered only by stop loss insurance or refers to reinsurance.
4. You are asked to sell an ERISA plan or union plan.
5. You are asked to sell an "employee leasing" arrangement with self-funded health coverage.
6. The plan targets individuals or groups with employees that have pre-existing conditions.
7. The plan advertises unusually low premiums or unusually generous benefits, low or no minimum participation requirements, or little or no underwriting.

If you are asked by an entity to sell health insurance coverage that is represented to be exempt from insurance regulation under ERISA or is represented to be a union plan, the entity may be operating illegally. A licensee that solicits insurance on behalf of an unlicensed insurer is subject to suspension or revocation of its license, possible criminal prosecution, and monetary penalties.

If you are approached by an entity that seems suspicious or have any concerns about a product

that you have been asked to market or sell, contact the Alaska Division of Insurance by phone at 907-269-7900 by fax at 907-269-7910, or by e-mail at

Dated: July 11, 2002

A handwritten signature in black ink, appearing to read "Robert A. Lohr". The signature is fluid and cursive, with the first name being the most prominent.

Robert A. Lohr  
Director

