Division of Insurance Responses to Questions Relevant to Proposed Regulations Relating to a Reinsurance Program to Reinsure High Risk Residents of this State

The Alaska Division of Insurance provides the following aggregated responses to questions received by the division at least 10 days before the end of the public comment period and relevant to the proposed regulations relating to a reinsurance program to reinsure high risk residents of this state:

Question No. 1

Is the proposed reinsurance program just for individual insurance plans purchased on the Marketplace or is it also for individual plans that are purchased outside of the state Marketplace?

Division Response:

The reinsurance program will be applicable to both on and off Marketplace purchased plans.

Question No. 2

On page five of the proposed regulations, how does the March 1 date work? I thought all policies were in essence terminated on December 31 and then the person would need to purchase new coverage for that next year.

Division Response:

Insurers have until March 1 to submit claims for a previous year. For example, a consumer has an eligible claim on December 15th, and the insurer receives notice of the claim on January 14th, and pays the claim on January 31st. The insurer then can cede the December 15th claim and all other claims for that individual to the reinsurance program. Claims that are submitted after March 1st will be allocated to the future year of funding.

Question No. 3

How is the split year issue handled, i.e., policies are calendar while appropriations are on a different 12 month cycle?

Division Response:

The division has already begun funding the account with premium tax receipts. The fund will have adequate funding to meet the program's limit of $55 million for the first year. We are working closely with the Department of Administration to confirm that there will not be fiscal vs. plan year concerns.

Question No. 4

Can you help me understand 3 AAC 31.525(c) on page seven?

Division Response:

3 AAC 31.525(c) requires the association to hold ceded premiums for administrative and operational expenses of the program and to hold a reasonable amount of excess of ceded premium in reserve for future anticipated administrative and operational expenses. The association may also use a portion of the excess amount to pay reinsurance claims.

Question No. 5

Can you provide me with a better understanding of 3 AAC 31.530(g)?

Division Response:

3 AAC 31.525(g) requires the association to perform an annual financial and programmatic audit on the program to ensure the association has administered the claims and handled appropriated funds correctly. This audit must be provided to the director once completed and a summary must be made available publicly.

Question No. 6

What is your reaction to the following comment I received on the proposed regulations?

"Regarding the annual actuarial study provision, I think its fine the way it is written. If I were asked to prepare the annual study, I would certainly request more details on what is expected in the analysis for the three topics mentioned. In particular, 'measuring the impact of the program' and 'revealing emerging conditions within the market' are a little vague, but that may be sufficient for the regulation."

Division Response:

The division appreciates the feedback provided.