



NC GET COVERED

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MARKETING PRACTICES AGENT & BROKER CONDUCT STANDARDS

Short-term, limited-duration plans

APPLICABLE STATUTES

§ 58-33-5. License required.

A person shall not sell, solicit, or negotiate insurance in this State unless the person is licensed for that kind of insurance in accordance with this Article. (2001-203, s. 2.)

§ 58-33-10. Definitions.

As used in this Article, the following definitions apply:

- (1) "Agent" means a person licensed to solicit applications for, or to negotiate a policy of, insurance. A person not duly licensed who solicits or negotiates a policy of insurance on behalf of an insurer is an agent within the intent of this Article, and thereby becomes liable for all the duties, requirements, liabilities and penalties to which an agent of such company is subject, and such company by compensating such person through any of its officers, agents or employees for soliciting policies of insurance shall thereby accept and acknowledge such person as its agent in such transaction.

APPLICABLE ADMINISTRATIVE CODES

11 NCAC 4.0423

- (a) Every agent, limited representative, broker, adjuster, appraiser, or other insurer's representative shall, when conducting insurance business with a member of the public:
- (1) identify himself or herself and his or her occupation; and
 - (2) provide his or her National Producer Number and the Department's website address phone number for verification of the licensure status when requested to show proof of licensure by any claimant, any repairer while her or she is investigating a claim or loss, any Department representative, or any other person with whom he or she has contact while performing his or her insurance business.

ADVERTISING GUIDELINES

- The Department of Insurance does not review or approve advertising materials submitted directly by agents.
- Agents should submit advertising materials to their appointed companies for approval prior to use.

11 NCAC 12.0517 defines accident and health advertisements to include the following:

- 1) printed and published material, audio visual material and descriptive literature of an insurer used in direct mail, newspapers, magazines, radio scripts, TV scripts, billboards and similar displays; and
- 2) descriptive literature and sales aids of ALL kinds issued by an insurer, agent or broker for presentation to members of the insurance buying public, including but not limited to circulars, leaflets, booklets, depictions, illustrations and form letters; and
- 3) prepared sales talks, presentations and material for use by agents, brokers and solicitors.

COMMON CONSUMER CONCERNS

- Consumers do not always understand that limited duration policies are not ACA compliant and that tax penalties may apply.
- Consumers are not always aware that there are separate and distinct 3 month periods with separate deductibles and no coverage for pre-existing conditions.
- These policies are not major medical and so there should be a great deal of consumer education when selling these policies.
- Uses: These are short-term gap policies for situations such as job to job; school to job; or job to Medicare
- These policies may be helpful to give individuals peace of mind when coverage is needed for a short-period of time and no pre-existing conditions are present.

COMPLAINTS

- In 2016 – 2017 the Consumer Services Division (CSD) received the following relating to limited duration policies:
 - 13 complaints involving misleading marketing/misrepresentation
 - 1 claims complaint
 - 1 complaint relating to high pressure sales tactics
 - 1 complaint that the policy was not ACA compliant

The companies refunded premiums in most cases where there were no claims. CSD obtained agent statements where appropriate.

CONTACT INFORMATION

- Consumer Information and Complaints – Consumer Services Division 1-855-408-1212
- Agent Services Division – 919-807-6800
- The Department's website www.ncdoi.com

Questions

