

Legal, Compliance & Regulatory

Long Term Care Market Conduct Examinations

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16th Annual Intercompany Long Term Care Insurance Conference



- Examination Triggers
- The Exam
 - Preparing for the Exam
 - During the Exam
 - Post-Exam Follow Up
 - Disputes/ Fines/ Enforcement Action
 - Ongoing Claims Operations
- Examination Issues - Trends



- Types of Examinations
 - General Examinations
 - Targeted
- Factors that trigger increased likelihood of examination:
 - Complaints
 - MCAS/ Regulatory Radar
 - Time-based triggers of examination



- Analyze the notification letter
- Understand scope
 - Typically sales, underwriting and claims
 - Timeframe
- Get internal participants involved ASAP
 - Liaison
 - Systems
 - Compliance/ Legal
 - Others based upon scope of exam



- Develop electronic portal to share information with regulators
- Pre- Exam Conference Call
 - Attendees
 - Issues to discuss

During the Exam



- Do an in-depth walk through of systems, products and processes
- Establish Reasonable, Workable expectations for Company responses
- Maintain communications
- Be very cautious with written responses
- Keep diligent records of document and data production



- Thoughtfully and thoroughly respond to written inquiries
- Be cautious when acknowledging errors
- Understand the regulatory requirements and be cautious of the over-reaching examiner
- Engage internal and external counsel
- Consider litigation risk



- Understand the examination resolution and dispute process in the relevant jurisdiction(s).
- Be willing to escalate issues within a Department for resolution
- Offer compromises to resolve disputed issue
- Review the statutory fine structure



- Develop Quality programs which measure state compliance concerns - proactively
- Track compliance with examination resolution commitments
- Educate employees
- Utilize Data and Analytics



- Trends we are seeing
 - Contract Examiners
 - Multi state exams
 - More LTC exams
- Common issues that are raised:
 - Advertising
 - Agent licensure
 - Underwriting guidelines
 - Accurate, timely payment of claims
 - Denied claims