

NOTICE OF INTENT

Department of Insurance
Office of the Commissioner

Regulation 106—Replacement of Limited Benefit Insurance Policies (LAC 37:XIII.Chapter 149)

In accordance with R.S. 49:950 et seq., the Administrative Procedure Act, and through the authority granted under R.S. 22:1 et seq., and R.S. 22:1964 the Department of Insurance hereby gives notice of its intent to promulgate Regulation 106 to implement the provisions of Act 844, of the 2014 Regular Session of the Louisiana Legislature, which prohibits deliberate use of misrepresentation or false statements by insurance producers for the purpose of convincing a customer to replace a limited benefit insurance policy and directs the Commissioner of Insurance to promulgate rules and/or regulations addressing the replacement of limited benefit insurance policies as defined in R.S. 22:47(2)(c).

TITLE 37 INSURANCE

PART XIII. Regulations

Chapter 149. Regulation Number 106— Replacement of Limited Benefit Insurance Policies

§14901. Purpose

A. Regulation 106 implements the provisions of Act 844, of the 2014 Regular Session of the Louisiana Legislature, specifically R.S. 22:1964(27) which mandates that the Department of Insurance promulgate rules and/or regulations addressing the replacement of limited benefit insurance policies as defined in R.S. 22:47(2)(c).

B. The purpose of this regulation is:

1. To regulate the activities of insurers and producers with respect to the replacement of limited benefit insurance policies;
2. To protect the interests of limited benefit insurance policy purchasers by establishing minimum standards of conduct to be observed in a replacement transaction. It will:
 - a. Assure that purchasers receive information with which a decision can be made in his or her own best interest;
 - b. Reduce deliberate use of misrepresentation or false statements in the sale of limited benefit replacement policies.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1964 and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR ___ (_____ 2016).

§14902. Applicability and Scope

A. Regulation 106 shall apply to transactions involving existing limited benefit policies and the new sale of limited benefit insurance policies where it is known or should be known to the producer, or to the insurer if there is no producer that the sale of the limited benefit insurance policy will result in the replacement of an existing policy.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1964 and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR ___ (_____ 2016).

§14903. Authority

A. Regulation 106 is promulgated by the Commissioner pursuant to the authority granted under the Louisiana Insurance Code, R.S. 22:1 et seq., particularly R.S. 22:11, and specifically R.S. 22:1964(27).

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1964 and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR ___ (_____ 2016).

§14904. Definitions

A. For the purposes of Regulation 106 the following terms shall have the meaning ascribed herein unless the context clearly indicates otherwise.

Commissioner—the Commissioner of Insurance of the Louisiana Department of Insurance.

Existing Policy—an in-force limited benefit insurance policy or contract of insurance.

Insurer— as defined in R.S. 22:1962(C).

Limited benefit policy- any health and accident insurance policy designed, advertised, and marketed to supplement major medical insurance that includes accident-only, the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), dental, disability income, fixed indemnity, long-term care, Medicare supplement, specified disease, vision, and any other health and accident insurance, other than basic hospital expense, basic medical-surgical expense, or other major medical insurance or as defined in R.S. 22:47(2)(c).

Producer— a person required to be licensed under the laws of this state to sell, solicit, or negotiate insurance and includes all persons or business entities otherwise referred to in the Title 22 of the Louisiana Revised Statutes as “insurance agent”, “agent”, “insurance broker”, “broker”, “insurance solicitor”, “solicitor”, or “surplus lines broker”.

Replacement— a transaction in which a new policy or contract of insurance is to be purchased, and it is known or should be known to the producer, or to the proposing insurer if there is no producer, that by reason of the transaction, an existing policy or contract of insurance has been or is to be lapsed, forfeited, surrendered or otherwise terminated.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1964 and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR ___ (_____ 2016).

§14905. Exemptions

A. Unless otherwise specifically included, this regulation shall not apply to transactions involving:

1. Group and blanket group limited benefit policies;
2. Medicare Supplement policies except as required by Regulation 33;
3. Long Term Care policies except as required by Regulation 46.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1964 and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR ___ (_____ 2016).

§14906. Duties of Producers

A. A producer who initiates an application shall submit to the insurer, with or as part of the application, a statement signed by both the applicant and the producer that includes a question designed to elicit information as to whether the insurance to be issued is intended to replace any other limited benefit insurance policy presently in force.

1. If the applicant indicates that there are no existing policies to be replaced, then the producer's duties with respect to replacement are complete.
2. If the applicant indicates that there are existing policies, the producer shall present to the applicant, not later than at the time of taking the application, a notice regarding replacements in the form notice as described in Appendix A or such other form notice provided by the insurer and approved by the Commissioner of Insurance. The notice shall be signed by both the applicant and the producer attesting that the notice has been received by the applicant and that the applicant understands that he/she is replacing an existing policy.
3. Notwithstanding Paragraph A(2) above, when the sales presentation is conducted by electronic means and all signatures are obtained via electronic signature technology, the meaning of "at the time of taking the application" shall be extended to allow for the producer's submission of electronic information to the insurer. The requirements of Paragraph A(2) are deemed met when a copy of the required replacement notice electronically signed at the presentation is provided to the applicant within two business days following submission of the policy or contract of insurance to the insurer. The notice may be provided to the applicant by electronic means exclusively only if the applicant has chosen the option to receive it exclusively by electronic means. In no event shall the time for providing the notice exceed five business days from the date the applicant signed the application.

B. In connection with a replacement transaction:

1. The producer shall leave with the applicant the original or a copy of all sales material at the time an application for a new policy is completed. Electronically presented sales material shall be provided to the applicant in printed form no later than at the time of policy delivery.
2. The producer shall submit to the insurer to which an application for a

policy is presented, a copy of each document required by this Section, a statement identifying any preprinted or electronically presented sales materials used, including illustrations related to the specific policy or contract of insurance purchased.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1964 and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR ___ (_____ 2016).

§14907. Duties of Insurers that Use Producers

A. Insurers shall assure compliance with the requirements of this regulation, including at least the following:

1. Informing its producers of the requirements of this regulation and incorporating the requirements of this regulation into all relevant producer training manuals prepared by the insurer;

2. Providing its producers with a written statement of the insurer's position with respect to the acceptability of replacements and giving guidance to its producers as to the appropriateness of these transactions.

B. Insurers shall have the capacity to monitor each producer's limited benefit policy replacements for that insurer, and shall produce, upon request, and make such records available to the Department of Insurance.

C. Insurers shall require, with or as part of each application for limited benefit insurance, a signed statement by both the applicant and the producer that indicates whether the applicant has policies presently in force and whether or not any such existing policy is to be replaced.

D. If there is indication of replacement of any existing limited benefit insurance policy, the insurer shall:

1. Require with each application for limited benefit insurance a completed notice regarding replacements as contained in Appendix A or a form notice approved by the Commissioner of Insurance;

2. Produce completed and signed copies of the notice regarding replacements for at least three years after the termination or expiration of the policy that is being replaced;

3. Provide the applicant a hard copy of the required replacement notice within two business days following a producer's submission conducted by electronic means. The notice may be provided to the applicant exclusively by electronic means only if the applicant has chosen to receive it exclusively by electronic means. In order to show compliance with §14906.A(2) and (3), the provision must occur no later than five business days from the date of applicant's signing of the application.

E. In connection with a replacement transaction, be able to produce copies of any sales material as required by §14906.B, the basic illustration and any supplemental illustrations related to the specific policy which is purchased and the producer's and applicant's signed statements with respect to financing and replacement for at least three years after the termination or expiration of the policy that is being replaced.

F. The insurer shall ascertain that the sales material and illustrations required by §14906.B of this regulation meet the requirements of this regulation and are complete and accurate for the proposed policy or contract of insurance. If an application does not meet the requirements of this regulation, notify the producer and applicant and fulfill the outstanding requirements of this regulation.

G. Records required to be retained by this regulation may be maintained in

paper, photograph, micro process, magnetic, mechanical or electronic media or by any process which accurately reproduces the actual document.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1964 and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR ___ (_____ 2016).

§14908. Duties of Direct Response Insurers

A. Direct response insurers shall deliver to the applicant, upon acceptance of the application and prior to the issuance of the policy, the notice described in Appendix B or other substantially similar form notice approved by the Commissioner of Insurance.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1964 and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR ___ (_____ 2016).

§14909. Violations and Penalties

A. Any failure to comply with this regulation shall be considered a violation of R.S. 22:1964. Violations of this regulation shall subject the violators to penalties as provided by R.S. 22:1969, 1970 and any other applicable provisions of law.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1964 and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR ___ (_____ 2016).

§14910. Effective Date

A. Regulation 106 shall become effective upon final publication in the Louisiana Register and shall apply to any act or practice committed on or after the effective date.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1964 and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR ___ (_____ 2016).

§14911. Severability

A. If any section or provision of Regulation 106 or the application to any person or circumstance is held invalid, such invalidity or determination shall not affect other Sections or provisions or the application of Regulation 106 to any persons or circumstances that can be given effect without the invalid Section or provision or application, and for these purposes the Sections and provisions of Regulation 106 and the application to any persons or circumstances are severable.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1964 and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR ___ (_____ 2016).

§14912. Appendix A – Notice Required by Sec.14906 Subsection A(2)

**NOTICE TO APPLICANT REGARDING REPLACEMENT
OF LIMITED BENEFIT INSURANCE**

According to [your application] [information you have furnished], you intend to lapse or otherwise terminate existing limited benefit insurance and replace it with a policy to be issued by [insert company name] Insurance Company. For your own information and protection, you should be aware of and seriously consider certain factors that may affect the insurance protection available to you under the new policy.

- (1) Health conditions which you may presently have, (preexisting conditions) may not be immediately or fully covered under the new policy. This could result in denial or delay of a claim for benefits present under the new policy, whereas a similar claim might have been payable under your present policy.
- (2) You may wish to secure the advice of your present insurer or its producer regarding the proposed replacement of your present policy. This is not only your right but it is also in your best interests to make sure you understand all the relevant factors involved in replacing your present coverage.
- (3) If, after due consideration, you still wish to terminate your present policy and replace it with new coverage, be certain to truthfully and completely answer all questions on the application concerning your medical/health history. Failure to include all material medical information on an application may provide a basis for the company to deny any future claims and to refund your premium as though your policy had never been in force. After the application has been completed and before you sign it, reread it carefully to be certain that all information has been properly recorded.
- (4) _____ By checking this blank, I agree to receive this notice exclusively by electronic means only.

The above "Notice to Applicant" was delivered to me on:

Applicant's Signature

Date

Producer's Signature

Date

§14913. Appendix B – Notice Required by Sec.14908 Subsection A.

**NOTICE TO APPLICANT REGARDING REPLACEMENT
OF LIMITED BENEFIT INSURANCE**

According to [your application] [information you have furnished], you intend to lapse or otherwise terminate existing limited benefit insurance and replace it with a policy to be issued by [insert company name] Insurance Company. Your new policy provides thirty days within which you may decide without cost whether you desire to keep the policy. For your own information and protection, you should be aware of and seriously consider certain factors that may affect the insurance protection available to you under the new policy.

- (1) Health conditions which you may presently have, (preexisting conditions) may not be immediately or fully covered under the new policy. This could result in denial or delay of a claim for benefits present under the new policy, whereas a similar claim might have been payable under your present policy.
- (2) You may wish to secure the advice of your present insurer or its producer regarding the proposed replacement of your present policy. This is not only your right but it is also in your best interests to make sure you understand all the relevant factors involved in replacing your present coverage.
- (3) If, after due consideration, you still wish to terminate your present policy and replace it with new coverage, be certain to truthfully and completely answer all questions on the application concerning your medical/health history. Failure to include all material medical information on an application may provide a basis for the company to deny any future claims and to refund your premium as though your policy had never been in force. After the application has been completed and before you sign it, reread it carefully to be certain that all information has been properly recorded.

[COMPANY NAME]

DATE MAILED OR PROVIDED TO APPLICANT

Public Comments

Interested persons may submit written comments on the proposed Regulation 106 until 5:00 p.m., September 20, 2016, to Zata Ard, Division of Legal Services, Department of Insurance, P.O. Box 94214, Baton Rouge, LA 70804.

James J. Donelon
Commissioner of Insurance

FAMILY IMPACT STATEMENT

Attachment to Regulation 106

REPLACEMENT OF LIMITED BENEFIT INSURANCE POLICIES

I. Describe the effect of the proposed regulation on the stability of the family.

The proposed amended regulation should have no measurable impact upon the stability of the family.

II. Describe the effect of the proposed regulation on the authority and rights of parents regarding the education and supervision of their children

The proposed amended regulation should have no impact upon the rights and authority of children regarding the education and supervision of their children.

III. Describe the effect of the proposed regulation on the functioning of the family.

The proposed amended regulation should have no direct impact upon the functioning of the family.

IV. Describe the effect of the proposed regulation on family earnings and budget.

The proposed amended regulation should have no direct impact upon family earnings and budget.

V. Describe the effect of the proposed regulation on the behavior and personal responsibility of children.

The proposed amended regulation should have no impact upon the behavior and personal responsibility of children.

VI. Describe the effect of the proposed regulation on the ability of the family or a local government to perform the function as contained in the rule.

The proposed amended regulation should have no impact upon the ability of the family or a local governmental unit to perform the function as contained in the rule.

POVERTY IMPACT STATEMENT

Attachment to Regulation 106 REPLACEMENT OF LIMITED BENEFIT INSURANCE POLICIES

I. Describe the effect on household income, assets, and financial security.

The proposed amended regulation should have no effect on household income assets and financial security.

II. Describe the effect on early childhood development and preschool through postsecondary education development.

The proposed amended regulation should have no effect on early childhood development and preschool through postsecondary education development.

III. Describe the effect on employment and workforce development.

The proposed amended regulation should have no effect on employment and workforce development.

IV. Describe the effect on taxes and tax credits.

The proposed amended regulation should have no effect on taxes and tax credits.

V. Describe the effect on child and dependent care, housing, health care, nutrition, transportation and utilities assistance.

The proposed amended regulation should have no effect on child and dependent care, housing, health care, nutrition, transportation and utilities assistance.

PROVIDER IMPACT STATEMENT

Attachment to Regulation 106 REPLACEMENT OF LIMITED BENEFIT INSURANCE POLICIES

- I. Describe the effect on the staffing level requirements or qualifications required to provide the same level of service.**

The proposed amended regulation will have no effect.

- II. The total direct and indirect effect on the cost to the provider to provide the same level of service.**

The proposed amended regulation will have no effect.

- III. The overall effect on the ability of the provider to provide the same level of service.**

The proposed amended regulation will have no effect.

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES**

**Person Preparing
Statement:** Anita R. Robert
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Baton Rouge, LA
70804-9214

Department: Louisiana Department of
Insurance
Office: Management & Finance
Rule Title: Replacement of Limited
Benefit Insurance Policies
Effective Date: Upon Publication

**SUMMARY
(Use Complete Sentences)**

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

- I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS. (Summary)**
The proposed regulation will not result in costs or savings to the state or local governmental units. The purpose of Regulation 106 is to implement the provisions of Act 844 of the 2014 Regular Session of the Louisiana Legislature which mandates that the LDI promulgate rules and/or regulations addressing the replacement of limited benefit insurance policies as defined in R.S. 22:47(2)(c). This regulation shall constitute the activities of insurers and producers with respect to the replacement of limited benefit insurance policies. In particular, this regulation requires insurers and producers to present to purchasers a notice of the replacement of insurance and both parties must sign the notice.
- II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS. (Summary)**
The proposed Regulation 106 will have no impact on state or local governmental revenues.
- III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON-GOVERNMENTAL GROUPS. (Summary)**
The proposed regulation will prevent any misinterpretation between the consumer and producer and/or insurer for the purpose of replacing limited benefit insurance policies. This will benefit both the consumer and producer/insurer in verifying any lapse in medical coverage that may be overlooked.
- IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT. (Summary)**
The proposed Regulation 106 will have no impact upon competition and employment in the state.



Denise Brignac, Deputy Commissioner
La. Department of Insurance

8-9-16

Date of Signature



Evan Brassef, Staff Director
Legislative Fiscal Officer or Designee

8/9/16

Date of Signature

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES**

The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriated legislative oversight subcommittee in its deliberations on the proposed rule.

- A. Provide a brief summary of the content of the rule (if proposed for adoption or repeal) or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the Notice of Intent and a copy of the rule proposed for initial adoption or repeal (or, in the case of a rule change, copies of the current and proposed rules with amended portions indicated).**

The purpose of Regulation 106 implements the provisions of Act 844 of the 2014 Regular Session of the Louisiana Legislature which mandates that the LDI promulgate rules and/or regulations addressing the replacement of limited benefit insurance policies as defined in R.S. 22:47(2)(c).

The activities of the regulation is:

- 1.) To regulate the activities of insurers and producers with respect to the replacement of limited benefit insurance policies.
 - a. Issue a statement which provides information as to whether the insurance to be issued is intended to replace any other limited benefit insurance policy presently in force.
 - b. If the applicant is replacing policies, the producer shall present to the applicant a notice regarding replacements. The notice shall be signed by both the applicant and the producer attesting that the notice has been received by the applicant and that the applicant understands that he/she is replacing an existing policy.
- 2.) Outlines the requirements for insurers that use producers and how they should train the producers of the requirements of this regulation.

- B. Summarize the circumstances which require this action. If the action is required by federal regulation, attach a copy of the applicable regulation.**

The Department of Insurance is tasked with administering the Insurance Code, which regulates the business of insurance in all of its phases. The proposed regulation promulgates rules and/or regulations addressing the replacement of limited benefit insurance policies as defined in R.S. 22:47(2)(c).

- C. Compliance with Act 11 of the 1986 First Extraordinary Session:**

- 1.) Will the proposed rule change result in any increase in expenditure of funds? If so, specify the amount and the source.

No increase in expenditure of funds is anticipated as a result of the proposed regulation.

- 2.) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase?

(a) _____ Yes. If yes, provide documentation.

(b) _____ No. If no, provide justification as to why this rule change should be published at this time.

**FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET**

I. A. COSTS OR SAVINGS TO STATE AGENCIES RESULTING FROM ACTION PROPOSED.

1. What is the anticipated increase (decrease) in costs to implement the proposed action?

LDI does not anticipate any implementation costs (savings) as a result of the proposed regulation.

COSTS	FY 16-17	FY 17-18	FY 18-19
OPERATING EXPENSES	0	0	0
PROFESSIONAL SERVICES	0	0	0
OTHER CHARGES	0	0	0
EQUIPMENT	0	0	0
TOTAL	0	0	0
MAJOR REPAIR/CONSTR	0	0	0
POSITIONS (Number)	0	0	0

2. Provide a narrative explanation of the costs or savings shown in "A.1" above, including the increase or reduction in workload or additional paperwork (number of new forms, additional documentation, etc.) anticipated as a result of the implementation of the proposed action. Describe all data, assumptions, and methods used in calculating these costs.

LDI does not anticipate any implementation costs (savings) as a result of the proposed regulation.

3. Sources of funding for implementing the proposed rule or rule change.

SOURCE	FY 16-17	FY 17-18	FY 18-19
STATE GENERAL FUND	0	0	0
AGENCY SELF-GENERATED	0	0	0
DEDICATED	0	0	0
FEDERAL FUNDS	0	0	0
OTHER (SPECIFY)	0	0	0
TOTAL	0	0	0

4. Does your agency currently have sufficient funds to implement the proposed action? If not, how and when do you anticipate obtaining such funds?

No additional funding is necessary to implement the proposed regulation.

B. COSTS OR SAVINGS TO LOCAL GOVERNMENTAL UNITS RESULTING FROM THE ACTION PROPOSED.

1. Provide an estimate of the anticipated impact of the proposed action on local governmental units, including adjustments in workload and paperwork requirements. Describe all data, assumptions and methods used in calculating this impact.

The proposed regulation will have no impact on local governmental revenues.

2. Indicate the sources of funding of local governmental unit(s) which will be affected by these cost or savings.

No source of funding is necessary; there is no impact on local governmental units as a result of the proposed regulation.

**FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET
(Continued)**

II. A. What increase (decrease) in revenues can be anticipated from the proposed action?

The proposed Regulation 106 will have no impact on state or local governmental revenues.

SOURCE	FY 16-17	FY 17-18	FY 18-19
STATE GENERAL FUND	0	0	0
AGENCY SELF-GENERATED	0	0	0
DEDICATED	0	0	0
FEDERAL FUNDS	0	0	0
OTHER (SPECIFY)	0	0	0
TOTAL	0	0	0

B. Provide a narrative explanation of each increase or decrease in revenues shown in "A". Describe all data, assumptions and other methods used in calculating these increases or decreases.

The proposed regulation will have no impact on state or local governmental revenues.

III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON-GOVERNMENTAL GROUPS.

A. What persons or non-governmental groups would be directly affected by the proposed action? For each, provide an estimate and a narrative description of any effect on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.) they may have to incur as a result of the proposed action.

The proposed regulation will prevent any misinterpretation between the consumer and producer and/or insurer for the purpose of replacing limited benefit insurance policies. This will benefit both the consumer and producer/insurer in verifying any lapse in medical coverage that may be overlooked.

B. Also provide an estimate and a narrative description of any impact on receipts and/or income resulting from this rule or rule change to these groups.

IV. EFFECTS ON COMPETITION AND EMPLOYMENT.

Identify and provide estimates of the impact of the proposed action on competition and employment in the public and private sectors. Include a summary of any data, assumptions and methods used in making these estimates.

The proposed Regulation 106 will have no impact upon competition and employment in the state.

SMALL BUSINESS STATEMENT

Attachment to Regulation 106

REPLACEMENT OF LIMITED BENEFIT INSURANCE POLICIES

The impact of the proposed regulation on small businesses as defined in the Regulatory Flexibility Act has been considered. It is estimated that the proposed action is not expected to have a significant adverse impact on small businesses. The agency, consistent with health, safety, environmental and economic welfare factors has considered and, where possible, utilized regulatory methods in the drafting of the proposed regulation that will accomplish the objectives of applicable statutes while minimizing the adverse impact of the proposed regulation on small businesses.

I. Identification and estimate of the number of the small businesses subject to the proposed rule.

The proposed amended regulation should have no measurable impact upon small businesses.

II. The projected reporting, record keeping, and other administrative costs required for compliance with the proposed rule, including the type of professional skills necessary for preparation of the report or record.

The proposed amended regulation should have no measurable impact upon small businesses.

III. A statement of the probable effect on impacted small businesses.

The proposed amended regulation should have no measurable impact upon small businesses.

IV. Describe any less intrusive or less costly alternative methods of achieving the purpose of the proposed rule.

The proposed amended regulation should have no measurable impact on small businesses; therefore, will have no less intrusive or less cost alternative methods.