

October 2, 2000

Original: 2143

Mr. Peter J. Salvatore
Regulatory Coordinator
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

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Office of Special Projects

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2000 OCT -5 AM 11:43
REGULATORY
REVIEW COMMISSION

RE: Proposed Changes to 31 Pa. Code Chapters 89 and 89a Published in the Pennsylvania Bulletin on September 2, 2000.

Dear Mr. Salvatore:

I am writing on behalf of Highmark Inc., in regards to the September 2, 2000 publication in the Pennsylvania Bulletin of proposed changes to Chapter 89 of Insurance Department Regulations.

Highmark applauds the Department's efforts to improve the readability and applicability of these regulations through the deletion of outdated filing requirements and the addition of new regulatory requirements in line with current operational practices. Through this effort Highmark believes the Department will better serve the needs of both consumers and the insurance industry.

To this end, Highmark supports the Department's adoption of electronic filing requirements. These requirements, together with the Department's publication on its web site of operational procedures for the electronic submission of filings, work to advance the administrative ease and savings associated with this new technology.

Similarly, the Department's inclusion of a readability requirement is supported by Highmark and in line with our current practice of drafting forms easily understandable to members. It is in furtherance of the goal of making our forms more easily understandable to members that Highmark takes issue with Section 89a.6(c)(3) of the proposed regulations.

Under this requirement, any policy, contract or certificate issued by an insurer must state "...whether the form is participating or nonparticipating." Although we can appreciate the inclusion of such a provision in forms related to other types of insurance products where a member might reasonably expect to participate in the divisible surplus

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of a mutual insurer, the provision only works to add confusion to already complicated health insurance forms. Members may become confused with the addition of this provision in our contracts since they could mistakenly believe the term refers to participating and non-participating providers in an insurer's health provider network. To avoid consumer confusion, we suggest that the Department recognize the commonly understood meaning of this language in the health insurance field and make this provision inapplicable to forms filed by health insurers.

Thank you for the opportunity to provide comments on the Department's proposed changes to these regulations. If there is any question concerning this communication, please direct questions to me at (717) 975-7426, via facsimile at (717) 731-2337, or e-mail at candy.gallaher@highmark.com

Sincerely,

Colleen M. (Candy) Gallaher,
Regulatory Affairs Director

CC: Bruce Hironimus

The Insurance Federation of Pennsylvania, Inc.

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Philadelphia, PA 19103
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Government Affairs

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Office of Special Projects**Re: 31 Pa.Code Chapters 89 and 89a**Dear Mr.  Salvatore:

The Insurance Federation, on behalf of its members and our affiliated national trade associations, offers the following comments on the Department's proposed revisions to Chapter 89 and its proposed addition of Chapter 89a.

On a general note, we are supportive of both proposals. Combined, they should help clarify and modernize the ways in which insurers are to file policy forms. That will not only allow for reduced administrative costs for insurers and the Department; it will also allow for more prompt issuance of new types of coverages into the marketplace, something that is needed to answer the increasingly rapid changes in consumer demands in that marketplace. As to specifics:

1. The remnants of Chapter 89, Subchapter A

We understand some sections of this subchapter will remain to control individual and group life and health filings. As an editorial observation, it may be clearer to include them as part of the new

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Chapter 89a, or at least make a cross-reference to them in that new chapter where applicable. This is particularly important for Sections 89.12 and 89.16, applying to applications, riders and endorsements. It may make sense to have these requirements apply only to life and health policies, not property and casualty filings. But Chapter 89a, which applies to all such filings, expressly covers applications, riders and endorsements. Either these sections should be deleted as already covered in Chapter 89a, or they should be moved to or cross-referenced in that chapter.

2. Chapter 89a

Our lone comment is with respect to the lack of mention of the Group Life and Health Acts, Acts 1 and 9 of 1994. We recommend those acts be referenced, possibly in Section 89a.3. We also recommend the Department include as part of this codification of the resolution we had reached with respect to multi-state group life and health filings.

As another editorial observation, you may want any mention of the group acts and the resolution of the handling of multi-state group life and health acts to go into the remaining portions of Chapter 89, Subchapter A. The important thing is that they be covered.

Thank you for the opportunity to comment, and for the cooperative effort that has led to the proposal of these regulations. We welcome the chance to discuss and resolve these remaining concerns.

Sincerely,



Samuel R. Marshall

C: Robert E. Nyce, Executive Director
Independent Regulatory Review Commission

The Insurance Federation of Pennsylvania, Inc.

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