

FIXED INDEMNITY CHECKLIST FOR CODE 40

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Duties of insurers. 62E.04

Subd 1 & 2 Requirement to Have "Qualified Plans" on File

For each type of qualified plan described in section Minnesota Statute § 62E.06, an insurer or fraternal issuing individual (or group) policies of accident and health insurance in this state, other than group conversion policies, shall develop and file with the commissioner an individual policy which meets the minimum standards of that type of qualified plan. An insurer or fraternal issuing individual (or group) policies of accident and health insurance in this state shall offer each type of qualified plan to each person who applies and is eligible for accident and health insurance from that insurer or fraternal.

◆Mandatory Offer of Major Medical (Qualified) Coverage. 62E.04, Subd 4.

Each insurer and fraternal shall affirmatively offer coverage of major medical expenses to every applicant who applies to the insurer or fraternal for a new unqualified policy, which has a lifetime benefit limit of less than \$1,000,000, at the time of application and annually to every holder of such an unqualified policy of accident and health insurance renewed by the insurer or fraternal. The coverage shall provide that when a covered individual incurs out-of-pocket expenses of \$5,000 or more within a calendar year for services covered in section 62E.06, subdivision 1, benefits shall be payable, subject to any co-payment authorized by the commissioner, up to a maximum lifetime limit of not less than \$1,000,000. The offer of coverage of major medical expenses may consist of the offer of a rider on an existing unqualified policy or a new policy that is a qualified plan. [The definition for "accident and health insurance policy" is found in Minnesota Statute § 62E.02, Subd 11. **Please note that this requirement applies to indemnity policies when sold to an applicant who is not then currently covered by a qualified plan.**]

60A.06 Kinds of Insurance Permitted

Subd 3 Limitation on Combination Policies

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◆ **60A.08 Contracts of Insurance**

Subd 5 Signatures Required

The signatures may be facsimile signatures and may be placed in brackets [] designating a "variable" item.

62A.011 Definitions

Subd 2 Equal Protection

A certificate of insurance or similar evidence of coverage issued to a Minnesota resident shall provide coverage for all benefits required to be covered in group policies in Minnesota by this chapter and chapter 62E. Certain exceptions apply.

Subd 3 Health Plan

Indemnity coverage is not a Health Plan.

◆ **62A.02 Health Care Policy Rates**

For health, we require proof of a reasonable loss ratio. Insurers must forward an actuarial memorandum.

62A.023 Notice of Rate Change

A health insurer or service plan corporation must send written notice to its policyholders and contract holders at their last known address at least 30 days in advance of the effective date of a proposed rate change. This notice requirement does not apply to individual certificate holders covered by group insurance policies or group subscriber contracts.

62A.024 Explanations of Rate Increases; Attribution to Statutory Changes

If any health carrier, as defined in section 62A.011, informs a policyholder or contract holder that a rate increase is due to a statutory change, the health carrier must disclose the specific amount of the rate increase directly due to the statutory change and must identify the specific statutory change. This disclosure must also separate any rate increase due to

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medical inflation or other reasons from the rate increase directly due to statutory changes in this chapter, chapter 62C, 62D, 62E, 62H, 62J, 62L, or 64B.

◆ **62A.03 General Provisions of Policy (Individual)**

All individual contracts of accident and sickness insurance

◆ **62A.04 Standard Provisions (Individual and Group)**

Subd 2 Required Provisions

This is mandated for both individual and group coverage due to statement in 62A.10 which states the following: "These forms shall contain the standard provisions relating and applicable to health and accident insurance and shall conform with the other requirements of law relating to the contents and terms of policies of accident and sickness insurance insofar as they may be applicable to group accident and health insurance..." This statement is cross-referenced with the following statement found in 62A.04: "Any references to "standard provisions" which may appear in other sections and which refer to accident and sickness or accident and health insurance shall hereinafter be construed as referring to accident and sickness policy provisions."

Subd 3 (11) Narcotics

The standard provision excluding "Narcotics" does not include "Alcohol".

Subd 10 Return Of Premium (Limitation)

◆ **62A.042 Family Coverage; Coverage Of Newborn Infants**

- Notice requirements prohibited.
- If dependents are covered, the policy or contract must include as insured or covered family members or dependents any newborn infants immediately from the moment of birth and thereafter which insurance or contract shall provide coverage for illness, injury, congenital malformation, or premature birth.

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- If dependents are covered, the coverage must include benefits for inpatient or outpatient expenses arising from medical and dental treatment up to age 18, including orthodontic and oral surgery treatment, involved in the management of birth defects known as cleft lip and cleft palate

62A.044 Payments to Governmental Institutions

Occasionally, contracts will pay benefits only if “legally” obligated. The word "legally" must be removed from the wording of your prescription drug exclusion. M. S. 62A.044 prohibits exclusions for services in a governmental owned or operated hospital or medical facility in any instance wherein charges for such services are imposed.

62A.081 Payments to Facilities Operated by State or Local Government

◆62A.10 Group Insurance

Even if the group policy/contract is not required to be filed, certificates of insurance evidencing coverage under such a contract, if issued to Minnesota resident, are policy forms that are required to be filed. (Refer to Minn. Stat. [§62A.01, Subd. 2](#) Equal Protection.)

◆62A.135 Fixed Indemnity Policies: Minimum Loss Ratios

Any policy filed as a fixed indemnity policy must establish that 50 percent or more of the total claims are predetermined, specified fixed benefits. If this cannot be evidenced with the filing, the policy must be filed as a comprehensive major medical policy.

62A.18 Disability Offsets Prohibited

Policy may not offset or reduce any benefit due to any increase in disability benefits received or receivable. The disability benefits referred to are social security benefits, railroad retirement benefits, veteran’s disability benefits, workers’ compensation benefits or any other benefit pursuant to federal or state law

62A.22 Refusal to Provide Coverage Because Of Option under Workers' Compensation

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◆ **62A.302 Coverage of Dependents**

The definition of dependent can be no more restrictive than that found in Minn. Stat. §62L.02.

◆ **62E.05 All Plans of Health Coverage, Except Medicare Supplement Policies, Shall Be Labeled As "Qualified" Or "Nonqualified"**

The requirement for a label of "Qualified" or "Nonqualified" applies to policies designed solely to provide payments on a per diem, fixed indemnity or nonexpense incurred basis...when sold to an applicant who is not then currently covered by a qualified plan. (62E.02, Subd 11)

◆ **72A.51 & 72A.52 Right To Cancel (Individual Only)**

The caption "RIGHT TO CANCEL" or alternatively acceptable "RIGHT TO EXAMINE AND CANCEL" and the statutory language must be printed on the contract and comply with the statutory time frames for cancellation and return of premium. The printed notice may not be stapled, pinned, or rubber stamped. However, if necessary we will accept a printed sticker that will completely cover the non-compliant language.

◆ **72C.08 Subd 1(a) "Read Your Policy Carefully"**

Minn Rule 2755 Group Replacement Rules