

Chapter 284-155 WAC

HEALTH CARE DISCOUNT PLAN ORGANIZATION STANDARDS

WAC

284-155-005	Purpose.
284-155-010	Definitions.
284-155-015	Licensing forms and filing procedures.
284-155-020	Audited financial statements.
284-155-025	Indemnity requirements for discount plan organizations.
284-155-030	Discount plan organization—General requirements for records availability and form and report filing.

WAC 284-155-005 Purpose. These regulations implement chapter 48.155 RCW and create the processes and procedures for licensing a discount plan organization.

[Statutory Authority: RCW 48.155.007 and 48.02.060. 09-22-064 (Matter No. R 2009-10), § 284-155-005, filed 11/2/09, effective 12/3/09.]

WAC 284-155-010 Definitions. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise:

"Applicant" means any discount plan organization applying for a license under these regulations, and includes a discount plan organization or person holding a license or other form of authority from another state to operate as a discount plan organization.

"Application" means the written request for a license and the information required by the commissioner to obtain a license to transact discount plan business.

"License" means the license issued by the commissioner required to transact discount plan business under these regulations.

"Renewal application" means the renewal application under these regulations.

[Statutory Authority: RCW 48.155.007 and 48.02.060. 09-22-064 (Matter No. R 2009-10), § 284-155-010, filed 11/2/09, effective 12/3/09.]

WAC 284-155-015 Licensing forms and filing procedures. (1) An applicant applying for a new license or a licensed discount plan organization applying for license renewal must complete and file all required forms. All forms, including the application form, the renewal form, and the annual report form required by this regulation are available on the commissioner's web site at www.insurance.wa.gov. Applicants must fully complete and file only forms approved by the commissioner.

(2) If a licensed discount plan organization fails to file the renewal application or the renewal application fee sooner than ninety days before its license expires, the license will expire on its expiration date and the discount plan organization must complete and file a new application and pay the fee for a new license.

(3) Upon the expiration of a discount plan organization's license, all operations must be immediately suspended, including any advertising, marketing, solicitation, enroll-

(11/2/09)

ment, and renewal of contracts or other activities specified under these regulations.

(4) Annual report filing requirements:

(a) Licensed discount plan organizations are not required to prepare a separate annual report filing or pay the annual report fee if they file the information required for their annual report at the time they file their renewal application, but only if they do so prior to the March 31st deadline for filing the annual report.

(b) If a licensed discount plan organization does not include its annual report information with its renewal application, it must file an annual report with the commissioner prior to the March 31st deadline for filing an annual report. If the renewal application is due after March 31st, a licensed discount plan organization must file an annual report by March 31st, and may not defer filing the annual report on the basis that it plans to include the annual report information with its renewal.

(5) Any discount plan organization that has transacted or is transacting discount plan business to which the regulation applies prior to or as of July 26, 2009, must complete and file the commissioner's required application form along with all other required forms and information, on or before January 26, 2010. If a discount plan organization does not apply for a license as specified by the commissioner on or before October 26, 2009, it must discontinue operations after January 26, 2010, unless the commissioner has issued the license by January 26, 2010.

[Statutory Authority: RCW 48.155.007 and 48.02.060. 09-22-064 (Matter No. R 2009-10), § 284-155-015, filed 11/2/09, effective 12/3/09.]

WAC 284-155-020 Audited financial statements. (1) All audited financial statements filed with the commissioner under these regulations must:

(a) Be prepared in accordance with generally accepted auditing principles;

(b) Be certified by an independent certified public accountant; and

(c) Meet the standards and requirements of WAC 284-07-100 through 284-07-230 to the extent reasonably applicable, provided, that WAC 284-07-100 (5), (6), and (7) shall not apply to discount plan organizations; and provided further, that discount plan organizations shall not be required to file any report, letter, or other document required to be filed with the commissioner by WAC 284-07-100 through 284-07-230 with the National Association of Insurance Commissioners (NAIC).

(2) All audited financial statements filed with an annual report under this regulation shall cover the same fiscal period as the discount plan organization's annual report.

(3) Unless an applicant has the commissioner's written permission, the applicant's own most recent financial state-

[Ch. 284-155 WAC—p. 1]

ments audited by an independent certified public accountant must accompany the application. An applicant granted prior permission by the commissioner to substitute its parent company's audited financial statements for the financial statements of the applicant must specifically segregate and report the applicant's financial results as required by the commissioner.

(4) Unless a licensed discount plan organization has the commissioner's written permission, the licensee must include its own most recent financial statements audited by an independent certified public accountant with its renewal application or the annual report filed with the commissioner. A discount plan organization granted prior permission by the commissioner to substitute its parent company's audited financial statements for the financial statements of the applicant must specifically segregate and report the discount plan organization's financial results as required by the commissioner.

(5) If the commissioner determines there is good cause for a delay, the commissioner may grant an extension of time to file the audited financial statement. Discount plan organizations or applicants must submit a written request for an extension of time to file the audited financial statement at least ten business days prior to the filing deadline.

[Statutory Authority: RCW 48.155.007 and 48.02.060. 09-22-064 (Matter No. R 2009-10), § 284-155-020, filed 11/2/09, effective 12/3/09.]

WAC 284-155-025 Indemnity requirements for discount plan organizations. (1) A discount plan organization providing a surety bond to protect the financial interests of Washington members must name the state of Washington as the obligee, but the bond will be for the benefit of the Washington members who have purchased the discount plan.

(2) All surety bonds obtained by discount plan organizations for the purpose of complying with their financial responsibility under this section must operate to ensure Washington consumers provision of all terms of their discount plan membership, including refunds.

(3) A discount plan organization, in lieu of a surety bond, may provide a deposit in trust with the commissioner to protect the financial interests of Washington members as set forth in RCW 48.155.040.

(a) The deposit in trust must be in cash or other investments specifically authorized and eligible for investment pursuant to chapter 48.13 RCW.

(b) All deposits and withdrawals must be made by using forms found on the commissioner's web site at www.insurance.wa.gov.

[Statutory Authority: RCW 48.155.007 and 48.02.060. 09-22-064 (Matter No. R 2009-10), § 284-155-025, filed 11/2/09, effective 12/3/09.]

WAC 284-155-030 Discount plan organization—General requirements for records availability and form and report filing. (1) All discount plan organization records and reports must be maintained at the discount plan organization's principal business address and are subject to review by the commissioner's representatives during the discount plan organization's usual and customary business hours.

(2) The commissioner may require discount plan organizations to provide copies of discount plan organization documents, records, and reports in lieu of making the records available for on-site review.

(3) All records, reports, notices, or other documents required by this regulation must be transmitted electronically in Adobe Acrobat PDF format.

(4) A discount plan organization must respond promptly to any inquiry from the insurance commissioner relative to the business of a discount plan organization. A lack of response within fifteen business days from the receipt of an inquiry will be considered untimely. A response must be in writing, unless otherwise indicated in the inquiry.

[Statutory Authority: RCW 48.155.007 and 48.02.060. 09-22-064 (Matter No. R 2009-10), § 284-155-030, filed 11/2/09, effective 12/3/09.]