



Department of Commerce

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ADMINISTRATIVE NOTICE: 2013-04

Date: October 11, 2013

To: Health Insurance Providers / Issuers

From: Insurance Commissioner

Subject: Health Insurance Policy or Plan issuance before January 1, 2014

Early renewal of health insurance policy (individual) or plan (group) has become a popular option among health insurance carriers to delay implementing many of the Affordable Care Act¹ mandates by renewing as many plans as possible before the Jan. 1st 2014 effective date.

While some states have passed legislation prohibiting arbitrarily renewing insurance policies early, the CNMI has not banned such practices. However, be aware that if your company decides to offer early renewal to policy holders, these notices are subject to local and federal laws regarding marketing and consumer protection. Additionally, when “early renewed” plans are up for renewal next year, in 2014, they will be subject to the additional ACA provisions, including guaranteed renewability².

An issuer that provides renewal notices to existing enrollees in a way that has the effect of discouraging certain current enrollees from purchasing particular products could violate the requirements of these provisions.

Specifically, any offer to policy holders to renew early³ MUST:

Not issue false or misleading statements, pursuant to CNMI P.L. 6-46, Section 7 §5109 (a):

False or Misleading Statements. It is an offense for any person, or any employee or agent, with intent directly or indirectly to dispose of real or personal property, or to perform services, professional or otherwise, or to induce the public to enter into any obligation relating thereto, to make or disseminate or cause to be made or disseminated before the public in this Commonwealth or from this Commonwealth before the public in any state or territory or foreign country, in any newspaper or other publication, or any advertising device, or by public outcry or proclamation, or in any other manner or means whatsoever, any statement, concerning such real or personal property or services, professional or otherwise, or concerning any circumstances or matter of fact connected with the proposed performance or disposition thereof, which is untrue or misleading, and which is known, or which by the exercise of reasonable care should be known, to be untrue or misleading.

Not make any misrepresentation to any policyholder, pursuant to CNMI P.L. 3-107 §16 (d)(1)(A):

Making any misrepresentation to any policyholder insured in any company for the purpose of inducing or tending to induce the policyholder to lapse, forfeit, or surrender his or her insurance;

¹ See Administrative Notice 2013-03

² PHSa §2703 (As amended in the Affordable Care Act)

³ Prior to January 1, 2014