

REQUEST FOR CHANGES PURSUANT TO G.S. 150B-21.10

AGENCY: Department of Insurance

RULE CITATION: 11 NCAC 12 .0332

DEADLINE FOR RECEIPT: March 13, 2026

PLEASE NOTE: This request may extend to several pages. Please be sure you have reached the end of the document.

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may email the reviewing attorney to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following changes be made:

For item (b), beginning on line 8, is the rule for certifications submitted 16 years ago still necessary? If so, why?

If item (b) is no longer necessary, you may also be able to modify item (c) and (e) to cover all certifications.

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

Seth Ascher
Commission Counsel
Date submitted to agency: March 2, 2026

1 11 NCAC 12 .0332 is amended as published in 39:16 NCR 1098-1099 as follows:

2
3 **11 NCAC 12 .0332 REVIEW/AUDIT OF THIRD PARTY ADMINISTRATORS**

4 (a) Definitions. As used in this rule:

- 5 (1) "Certification" means the certification required by G.S. 58-56-26(c).
6 (2) "Insurer" has the same meaning as in G.S. 58-56-2(4).
7 (3) "Third party administrator" or "TPA" has the same meaning as in G.S. 58-56-2(5).

8 (b) For the certification submitted on July 1, 2010, the insurer shall submit a certification signed by an officer of the
9 insurer, which identifies the name and federal tax identification number of the TPA that is the subject of the
10 certification. The certification shall contain the following language:

11 "I, (name and title of the officer of the insurer), am familiar with the requirements of G.S. 58-56-26(c), and hereby
12 certify that (insurance company full licensed name and federal tax identification number) performed a ~~review, an on-~~
13 ~~site audit, review, an audit,~~ or both in accordance with G.S. 58-56-26(c) for every third party administrator identified
14 in or attached to this certification for calendar year 2009."

15 The certification shall contain the names of TPAs to which G.S. 58-56-26(c) does not apply and the reasons for the
16 exception of each TPA.

17 (c) For certifications submitted on July 1, 2011 and each subsequent year, each insurer shall certify that the insurer's
18 review and ~~on-site~~ audit include:

- 19 (1) An assessment of the TPA's business practices and procedures and evaluations of all of the
20 following:
21 (A) The TPA's compliance with provisions of the written agreement with the insurer;
22 (B) The TPA's compliance and adherence to the TPA's internal policies and procedures for
23 contract management, claims administration, and general administration, if applicable;
24 (C) The TPA's performance of claims adjudication and payment, if applicable;
25 (D) The TPA's performance of underwriting services, if applicable; and
26 (E) The TPA's performance of collecting premiums or other monies; and
27 (2) A written summary of the objectives and scope of the review or ~~on-site~~ audit and the results of the
28 review or ~~on-site~~ audit, including a corrective action plan addressing any deficiencies found during
29 the review or ~~on-site~~ audit.

30 (d) An ~~on-site~~ audit may be conducted either on-site or virtually and shall include an inspection of the TPA's place of
31 ~~business and shall~~ verify the accuracy, integrity, and completeness of the information received during a review
32 conducted by the insurer under G.S. 58-56-26(c). An on-site audit shall also include an inspection of the TPA's place
33 of business.

34 (e) In addition to a statement certifying compliance with the requirements of Paragraphs (c) and (d) of this Rule, a
35 certification submitted on or after July 1, 2011 and each subsequent year shall be dated and include:

- 36 (1) The insurer's name as it appears on the insurer's license or certificate of authority and the insurer's
37 federal tax identification number;

- 1 (2) The name and federal tax identification number of every TPA with which the insurer has a written
2 administrative agreement under G.S. 58-56-6;
- 3 (3) Any exceptions to the certification identifying each excepted TPA by name and federal tax
4 identification number and an explanation for the exception of the TPA;
- 5 (4) The year for which the certification is made; and
- 6 (5) The name, title and signature of an officer of the insurer making the certification.

7 (f) A sample format for the certification is available free of charge from the Life and Health Division at the Department
8 of Insurance Web site at www.ncdoi.com.

9 (g) An insurer that did not have any written administrative agreements with TPAs during the reporting year for which
10 the certification is required shall submit a report instead of a certification. This report shall include the information
11 required under Paragraph (e) of this Rule; except the information required by Subparagraphs (e)(2) and (e)(3) of this
12 Rule need not be included.

13 (h) A review may be conducted on the premises of the insurer or at another location designated by the insurer and
14 may be conducted by electronic means. A review or ~~on-site~~ audit may be performed by either the insurer or the insurer's
15 designated representative. The insurer's designated representative shall not be an employee of or independent
16 contractor with the TPA and shall be an independent, disinterested person or entity.

17 (i) The certification shall be submitted annually to the Life and Health Division through the NAIC system for
18 electronic rate and form filings ("SERFF" or its successor system or program). If an insurer is unable to use the NAIC
19 system or program, the insurer shall submit the certification by way of the U.S. Postal Service or other mail delivery
20 service or by way of electronic mail, compressed in Adobe Acrobat (PDF).

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22 *History Note: Authority G.S. 58-2-40; 58-56-26;*

23 *Eff. July 1, 2010;*

24 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 1, ~~2018~~.*
25 *2018;*

26 *Amended Eff. April 1, 2026*