

**[IN ACCORDANCE WITH CALIFORNIA INSURANCE CODE (CIC) SECTION 12938,  
THIS REPORT WILL BE MADE PUBLIC AND PUBLISHED ON THE  
CALIFORNIA DEPARTMENT OF INSURANCE (CDI) WEBSITE]**

**WEBSITE PUBLISHED REPORT OF THE  
MARKET CONDUCT EXAMINATION OF THE  
CLAIMS HANDLING, RATING, AND UNDERWRITING PRACTICES OF**

**NATIONAL TEACHERS ASSOCIATES LIFE INSURANCE  
COMPANY**

**NAIC # 87963 CDI # 4418-0**

**AS OF SEPTEMBER 30, 2013**

**ADOPTED APRIL 1, 2014**

**STATE OF CALIFORNIA**



**CALIFORNIA DEPARTMENT OF INSURANCE  
MARKET CONDUCT DIVISION**

## NOTICE

**The provisions of Section 735.5(a) (b) and (c) of the California Insurance Code (CIC) describe the Commissioner's authority and exercise of discretion in the use and/or publication of any final or preliminary examination report or other associated documents. The following examination report is a report that is made public pursuant to California Insurance Code Section 12938(b)(1) which requires the publication of every adopted report on an examination of unfair or deceptive practices in the business of insurance as defined in Section 790.03 that is adopted as filed, or as modified or corrected, by the Commissioner pursuant to Section 734.1.**

## TABLE OF CONTENTS

<b>SALUTATION .....</b>	<b>1</b>
<b>FOREWORD.....</b>	<b>2</b>
<b>SCOPE OF THE EXAMINATION.....</b>	<b>3</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>4</b>
<b>RESULTS OF REVIEWS OF MARKET ANALYSIS, CONSUMER COMPLAINTS AND INQUIRIES, PREVIOUS EXAMINATIONS, AND PRIOR ENFORCEMENT ACTIONS .....</b>	<b>5</b>
<b>DETAILS OF THE CURRENT EXAMINATION.....</b>	<b>6</b>
<b>SUMMARY OF EXAMINATION RESULTS.....</b>	<b>7</b>

**DEPARTMENT OF INSURANCE**

Market Conduct Division  
300 Capitol Mall  
Sacramento, CA 95814



April 1, 2014

The Honorable Dave Jones  
Insurance Commissioner  
State of California  
300 Capitol Mall  
Sacramento, California 95814

Honorable Commissioner:

Pursuant to instructions, and under the authority granted under the California Insurance Code Part 2, Chapter 1, Article 4, Sections 730, 733, 736 and Article 6.5, Section 790.04; and California Code of Regulations Title 10, Chapter 5, Subchapter 7.5, Section 2695.3(a), a limited examination was made of the claims handling, rating, and underwriting practices and procedures in California of:

**NATIONAL TEACHERS ASSOCIATES LIFE INSURANCE COMPANY**  
**NAIC # 87963**

Hereinafter, the Company listed above also will be referred to as NTALC or the Company.

This report is made available for public inspection and is published on the California Department of Insurance website ([www.insurance.ca.gov](http://www.insurance.ca.gov)) pursuant to California Insurance Code section 12938(b)(1).

## FOREWORD

This limited desk examination covered the claims handling, rating, and underwriting practices of the aforementioned Company's Individual Disability Insurance line of business during the period October 1 2012 through September 30, 2013. The limited examination was made to discover, in general, if these and other operating procedures of the Company conform to the contractual obligations in the policy forms, the California Insurance Code (CIC), the California Code of Regulations (CCR) and case law.

This report pertains to Section 790.03 and Title 10, California Code of Regulations, Section 2695 et al. A separate report pertains to laws other than Section 790.03 and Title 10, California Code of Regulations, Section 2695 et al.

The report does not present a comprehensive overview of the subject insurer's practices. The report contains a summary of pertinent information about the lines of business examined, details of the non-compliant or problematic activities that were discovered during the course of the examination and the insurer's proposals for correcting the deficiencies. When identified violations result in payments by the Company to policyholders or claimants, those amounts paid are identified as recoveries in this report. All unacceptable or non-compliant activities may not have been discovered. Failure to identify, comment upon or criticize non-compliant practices in this state or other jurisdictions does not constitute acceptance of such practices.

Alleged violations identified in this report, any criticisms of practices and the Company's responses, if any, have not undergone a formal administrative or judicial process.

## **SCOPE OF THE EXAMINATION**

To accomplish the foregoing, the examination included:

1. A review of specified guidelines, procedures, and forms adopted by the Company for use in California.
2. A review of the California Department of Insurance's (CDI) market analysis results; a review of consumer complaints and inquiries about this Company closed by the CDI during the period October 1 2012 through September 30, 2013; and a review of reports on the previous CDI market conduct examination of this Company; and a review of prior CDI enforcement actions.

This limited examination was conducted at the offices of the California Department of Insurance in Sacramento, California.

## **EXECUTIVE SUMMARY**

This desk examination was limited in scope to market analysis information, including California consumer complaint information, to national enforcement activity and to information provided by the Company in response to the Department's data request. There was no review of underwriting or claims files during this examination.

There were no alleged violations or findings of non-compliance within the scope of this report

National Teachers Association Life Insurance Company reported \$ 6,658,000 in written Individual Disability Income premiums in California during 2012. The Company closed 1,423 Individual Disability Income claims during 2012.

**RESULTS OF REVIEWS OF MARKET ANALYSIS, CONSUMER  
COMPLAINTS AND INQUIRIES, PREVIOUS EXAMINATIONS, AND  
PRIOR ENFORCEMENT ACTIONS**

The results of the market analysis review revealed that from October 1, 2012 through September 30, 2013 no specific issues of concern were identified within the scope of this report.

Within the scope of this report from October 1, 2012 through September 30, 2013, there were no specific areas of concern identified in the complaints.

The previous examination was completed by the Field Claims Bureau and reviewed the period from October 1, 2007 through September 30, 2008. The most significant noncompliance issue identified in the previous examination report and within the scope of this report was the Company's failure to include a statement in its claim denial that, if the claimant believes the claim has been wrongfully denied or rejected, he or she may have the matter reviewed by the California Department of Insurance. Also the Company failed to provide in writing the reasons for the denial of the claim in whole or in part. The Company indicated compliance with the related code sections during the current exam.

<b>AREAS OF REVIEW</b>		
<b>SPECIFIC ISSUE REVIEWED</b>	<b>INDICATION OF COMPLIANCE (YES/NO)</b>	<b>SUMMARY OF RESULTS ITEM #</b>
Certification by a company principal of claims training – CCR §2695.6(b) [CIC §790.03(h)(3)]	Yes	--
Copy of written standards for claims – CCR §2695.6(a) [CIC §790.03(h)(3)]	Yes	--
Compliance with Special Investigative Unit Regulations – CIC §1875.20 and CCR §§2698.30 through 2698.43 [CIC §790.03(h)(3)]	Yes	--
Compliance of letters and forms – CIC §1879.2(a) [CIC §790.03(h)(3)]	Yes	--
Quality controls for compliance with – CCR §§2695.4(a), 2695.5(b), 2695.5(e)(1), (2), and (3), 2695.7(b)(1), 2695.11 (a), (b), and (g); and CIC §§10111.2(a), (b), and (c) [CIC §790.03(h)(3)]	Yes	--
Acknowledgement of receipt of claim— CCR §2695.5(e)(1) [CIC §790.03(h)(2)]	Yes	--
Compliance with requirements of HIPAA regulations on medical authorizations forms – CIC §791.06 [CIC §790.03(h)(3)]	Yes	--
Compliance with requirement to reimburse insureds and providers for record copying expenses – CCR §2695.11(g) [CIC §790.03(h)(5)]	Yes	--
Compliance with requirement to identify the factual and legal basis for denial – CCR §2695.7(b)(1) [CIC §790.03(h)(13)]	Yes	--
Compliance with requirement to advise of possibility of CDI review of denials – CCR §2695.7(b)(3) [CIC §790.03(h)(3)]	Yes	--
Compliance with requirement to pay benefits within 30 days – CIC §10111.2(a) [CIC §790.03(h)(4)]	Yes	--
Compliance with requirement to pay interest on benefits paid over 30 days – CIC §10111.2(c) [CIC §790.03(h)(5)]	Yes	--
Compliance with requirement avoid or not apply policy discretionary clauses – CIC §10291.5(b)(1) [CIC §790.03(h)(5)]	Yes	--

## **SUMMARY OF EXAMINATION RESULTS**

There were no alleged violations or criticisms of the Company's practices made within the scope of this report. There were no recoveries discovered within the scope of this report.