

CLIENT BULLETIN

Volume XXVI, Number 8

August 31, 2009

**OHIO DEPARTMENT OF INSURANCE ACTS TO LIQUIDATE THE
PHYSICIANS ASSURANCE CORPORATION**

On August 18, 2009, The Physicians Assurance Corporation (“TPAC”), a health insurance provider in central Ohio, was placed into liquidation under the supervision of the Franklin County Court of Common Pleas. TPAC covered about 350 groups, with approximately 8,000 members. The liquidation of TPAC will affect its members and policyholders, providers and brokers and agents in a variety of ways. *What should you do?*

If you are an insured, policyholder, or member:

- First, continue to pay premiums as they come due until the Liquidator notifies you otherwise or until the policy term expires. Under the court order, your policy remains in effect for now, but only if you pay the premiums.
- Second, contact your insurance agent or broker at once about obtaining a new health insurance provider. Your TPAC policy may end as soon as Thursday, September 17, 2009. You will receive at least 30 days’ notice before your policy is cancelled.
- Third, watch your mail for additional notices about the Liquidation Period. Read each notice promptly. The notice may contain important information about when your TPAC coverage will end or how to resolve claims that are not paid in the ordinary process.

Until your covered policy is cancelled or expires, the Ohio Life and Health Insurance Guarantee Association will provide some benefits under your policy. The Association has a role similar to the FDIC in case of a bank failure. The Association pays benefits on covered policies up to the lesser of the policy limits or \$100,000.

Network providers must continue to provide services under their contracts with TPAC. The provider may collect deductibles, co-pays, and fees for services not covered by the policy. A provider may not require a deposit or guarantee for covered services.

If you are a provider:

- Under the court order you must honor your contract with TPAC. You must continue to provide covered services related to any procedure begun but not completed before August 18, 2009 up to the lesser of the policy limits or \$100,000.
- You may collect deductibles, co-pays, and fees for services not covered by the policy from patients. However, you may not require deposits or guarantees for covered services.

If you are a broker, agent, or agency:

- You may not issue any new policies, contracts, certificates, renewals or commitments on behalf of TPAC.
- You are to notify customers and use your best efforts to obtain new coverage for TPAC policyholders.
- If you have premiums from TPAC policyholders, you must remit them in full to the Ohio Insurance Liquidator immediately. You may not use any portion of such a premium payment for the purpose of now paying for new or replacement coverage from a new insurance company.

If you are due unpaid commissions from TPAC, you will have to submit a claim in the liquidation proceedings. You will receive a notice from the liquidator regarding the procedure for filing a proof of claim with the court.

Additional information about The Physician's Assurance Corporation liquidation is available from the Ohio Department of Insurance or the Ohio Insurance Liquidator.

Ohio Department of Insurance
Telephone: 1-800-686-1526
Website: www.insurance.ohio.gov

Ohio Insurance Liquidator
Attn: TPAC
50 West Town Street, Suite 350
Columbus, OH 43215
Telephone: (614) 487-9200
Website: www.ohliq.com
Email: tpac@ohliq.com

COMMERCIAL "ROBOCALLS" EFFECTIVELY BANNED

Effective September 1, 2009, the Federal Trade Commission ("FTC") Telemarketing Sales Rule (the "Rule") was amended to permit pre-recorded commercial telemarketing calls ("robocalls") to a consumer only if the consumer has agreed in writing to accept such calls. (For the past year, the Rule required the "robocall" to provide a consumer with the ability to "opt out" from future calls from the caller.) The amendment of the Rule to prohibit commercial "robocalls" without written consent should effectively eliminate "robocalls," as those who violate the Rule face penalties of up to \$16,000 per call. The amendment does not apply to "robocalls" of a political nature or from non-profit organizations. Calls received without written consent should be reported to the FTC at www.donotcall.gov or at 1-888-382-1222.

NOTICE

This bulletin provides general information and is not legal advice. Please contact us if you need legal advice.