

The Tribal Unfair Life, Accident and Health Claims Settlement Practices Model Regulation

The Tribal Unfair Life, Accident and Health Claims Settlement Practices Model Regulation establishes standards for the prompt good faith investigation and resolution of claims to protect Indian Country consumers from unfair practices by tribally-chartered insurers.

Purpose of the Regulation

The proposed of the regulation aims to set forth minimum standards for the good faith investigation and disposition of life, accident, and health claims arising under insurance policies issued by tribally-chartered insurers. It is designed to ensure that such insurers handle claims fairly and promptly, the thereby protecting the rights and interests of policyholders and claimants.

Key Provisions:

Standards of Good Faith Claims Handling: The regulation outlines specific procedures that insurers must follow when investigating and settling claims. This includes the timely communication with claimants and adherence to reasonable standards of prompt investigation, giving due consideration to the insurers and policyholders on equal footing with the interests of the insurers.

Prohibited Practices: The regulation identifies various unfair claims practices, such as:

1. Misrepresentation of policy provisions.
2. Failing to adopt reasonable standards for the prompt investigation of claims.
3. Delaying the investigation or payment of claims without valid reasons. Suspected fraud in an insurance application or claim is a valid reason for delayed investigation, so long as the tribally-chartered insurer can show proof to the Tribal Insurance Commissioner that the suspected fraud was reported to all appropriate authorities and efforts to investigate the fraud are documents.
4. Failure to conduct a good faith investigation and pay amounts reasonably due under the insurance policy. Good faith includes obtaining information from all reasonable and available sources and analyzing the information received and giving an insured an opportunity to contradict information that could lead to a denial of the claim.
5. Putting the tribally-chartered insurer's interests ahead of the policy holder or claimant.

Protection of Indian Country Consumers: Tribally-chartered insurers are required to provide clear communication regarding claims, including the reasons for any claim denials. Claimants must be informed of their rights and the processes available for appealing claims decisions.

No Private Cause of Action by an Indian Country Insured: The regulations clarifies that it does not create a private cause of action for violations, meaning that individuals and businesses cannot sue tribally-chartered insurers directly for non-compliance. Enforcement is typically handled by Tribal Insurance Commissioners.

Implications for Insurers:

Tribally-chartered insurers must comply with these regulations to avoid penalties and ensure fair treatment of Indian Country policyholders. The regulation serves as a framework for Tribal Departments of Insurance to monitor and enforce compliance, thereby promoting ethical and best practices within the tribal insurance industry and providing confidence in the insurance products available from tribally-chartered insurers.