

## **Frequently Asked Questions Regarding Licensing Requirements for Third Party Administrator (“TPA”)**

**Q: Where can I find laws and regulations governing TPA in Hawaii?**

A: Act 072, signed into law by Governor David Y. Ige on June 7, 2019, relates to regulation of TPA. A copy of Act 072 is available at:

[https://www.capitol.hawaii.gov/session2019/bills/GM1173\\_.PDF](https://www.capitol.hawaii.gov/session2019/bills/GM1173_.PDF)

**Q: What is the definition of TPA?**

A: “TPA” or “administrator” means a person who collects charges or premiums from, or who adjusts or settles claims on, residents of this State in connection with self-insurance, stop-loss, or life insurance coverage, accident and health or sickness insurance coverage, or mutual benefit societies.

**Q: My insurance administration activities are incidental to a business or profession, or I’m acting in a limited capacity. Do I need a TPA license?**

A: You do not need a TPA license if you are any of the following:

- An employer, on behalf of its employees or the employees of a subsidiary or an affiliated corporation of the employer.
- A union, on behalf of its members.
- An insurer authorized to transact insurance in this State with respect to a policy lawfully issued and delivered in and pursuant to the laws of this State or another state.
- A dental insurer holding a certificate of authority pursuant to chapter 432G.
- A dental service corporation established under chapter 423.
- A producer licensed to sell life insurance coverage or accident and health or sickness insurance coverage in this State, whose activities are limited exclusively to the sale of insurance.
- A managing general agent licensed in this State whose activities are limited exclusively to the scope of activities conveyed under that license.
- An individual adjuster licensed in this State whose activities are limited exclusively to the scope of activities conveyed under that license.
- An individual who adjusts or settles claims in the normal course of practice or employment as an attorney at law and who does not collect charges or premiums in connection with life insurance coverage or accident and health or sickness insurance coverage.
- A creditor, on behalf of its debtors with respect to insurance covering a debt between the creditor and its debtors.
- A trust established in conformity with title 29 United States Code section 186 and trustees, agents, and employees acting under that trust.

- A trust exempt from taxation under title 26 United States Code section 501(a) and trustees and employees acting under that trust, or a custodian and the custodian's agents and employees acting under a custodian account that meets the requirements of title 26 United States Code section 401(f).
- A financial institution subject to supervision or examination by federal or state banking authorities, or a mortgage lender that collects and remits premiums to licensed producers or authorized insurers in connection with loan payments.
- A credit card issuing company advancing for and collecting premiums or charges from its credit card holders who have authorized collection; provided that the company does not adjust or settle claims.
- A person who acts solely as an administrator of one or more employee benefit plans established by an employer or an employee organization.

Consult with your legal counsel to determine if you fit into any of the license exemption category.

**Q: How do I apply for a TPA license?**

A: Visit [www.nipr.com](http://www.nipr.com) to complete an online application and to submit a payment of non-refundable fee through NIPR. All TPA applications will be referred to the state for review and approval. You must also submit a completed TPA CHECKLIST form when submitting your online application. TPA CHECKLIST form can be downloaded at <http://cca.hawaii.gov/ins/producers/forms/>. Please check all appropriate boxes designated on the TPA CHECKLIST to assure completion of the application filing. A completed TPA CHECKLIST must be accompanied with the documents specified on the checklist. Once completed, TPA CHECKLIST can be submitted through [NIPR's Attachments Warehouse](#).

**Q: Can I apply for a TPA license online?**

A: Yes. You can complete an online application at [www.nipr.com](http://www.nipr.com). Please see above for more detailed instruction.

**Q: Do I need to submit every item listed on the "TPA CHECKLIST" when I apply for a TPA license?**

A: Yes, all items listed on the "TPA CHECKLIST" must be checked and submitted together via [NIPR's Attachments Warehouse](#). A complete TPA CHECKLIST must be accompanied with all documents required on the checklist and submitted through NIPR's Attachment Warehouse

**Q: Our company has been in existence for less than two fiscal years, what kind of financial statement should we submit?**

A: If an applicant has been in existence for less than two years, the Application packet should include financial statements or reports, certified by an officer of the applicant and prepared in according with Generally Accepted Accounting Principles, for any completed fiscal years, and

for any month during the current fiscal year for which such financial statements or reports have been completed.

**Q: Are there any bonding requirements for TPA operating in Hawaii?**

A: Yes, The Plan Administrator must obtain a minimum \$100,000 bond to be executed by the TPA and a company authorized to do business in Hawaii as a surety. Bond may not be cancelled or terminated until two years have lapsed from the last day the applicant was a TPA, unless the Commissioner has given prior written consent. The Surety bond shall be undertaken and may be enforced in the name of "Commissioner of Insurance, State of Hawaii". The Surety Bond form is available with the TPA Checklist.

**Q: Can the surety bond requirement be met after an approval is given on the application?**

A: No, the surety bond must be in place at the time that the application is submitted. Failure to acquire the required surety bond prior to application review will result in the disapproval of the application.

**Q: Will an individual be required to be licensed when employed or contracted by the TPA to adjust claims?**

A: Yes, if a TPA employs or has contracted individuals to adjust claims for the administrator, the employees or contracted individuals shall first be licensed as individual adjusters

**Q: Can a TPA also solicit insurance?**

A: A TPA who intends to directly solicit insurance contracts or otherwise act as a producer shall first be licensed as an insurance producer. If a TPA employs or has contracted individuals to sell, solicit, or negotiate insurance business, the employees or contracted individuals shall first be licensed as producers.

**Q: Are continue education ("CE") and the notice of appointment required for TPA?**

A: No.

**Q: I have an out-of-state TPA license, do I still need to file all items listed in the TPA CHECKLIST to apply for a nonresident TPA license in Hawaii?**

A: Yes, due to variations of the license requirements for each state, you are required to submit all items listed in the TPA CHECKLIST when applies for a TPA license in Hawaii.

**Q: If a TPA is licensed near March 1, are they still required to file an annual report?**

A: Yes, a TPA who is licensed on or before March 1 of the reporting year starting 2020 shall file an annual report for the preceding year.

**Q: Where can I file the annual report?**

A: The annual report shall be filed electronically by March 1 starting 2020 at [ins-examtpa@dcca.hawaii.gov](mailto:ins-examtpa@dcca.hawaii.gov). The TPA annual report form is available in <http://cca.hawaii.gov/ins/producers/forms/>.

**Q: What will happen if the TPA fails to file an annual report?**

A: If the TPA fails to timely file the annual report, the Commissioner may deny, refuse to renew, suspend, or revoke the license.

**Q: Who can I contact if I have questions regarding financial requirements and annual report filing for TPA?**

A: You can contact Financial Surveillance and Examination Branch at 808-586-3870 or send inquiry to [ins-examtpa@dcca.hawaii.gov](mailto:ins-examtpa@dcca.hawaii.gov).

**Q: Who can I contact if I have more questions regarding licensing requirements for TPA?**

A: You can call Insurance Division Licensing Branch at 808-586-2788 or send an email to [inslic@dcca.hawaii.gov](mailto:inslic@dcca.hawaii.gov).