

# Publications

May 8, 2025 • Updates

## Delaware Department of Insurance Launches Exams of Third Party Administrators

### Key Takeaways

- The Delaware Department of Insurance (Department) is conducting targeted market conduct exams of Third Party Administrators (TPAs) for compliance with state insurance laws and regulations.
- Reviews will cover areas such as claims handling, premium collection, disclosures, audits and operational practices, following NAIC guidelines.
- The Department will consider each TPAs specific business activities in Delaware and nationally when determining examination requirements.

Recently, the Department began notifying TPAs domiciled in Delaware that they will undergo targeted market conduct examinations.

According to the Department, these market conduct examinations are designed to review TPAs' practices and procedures for compliance with 18 Del Admin Code 1406, Delaware insurance statutes, rules and regulations, and Department of Insurance Bulletins. Additionally, the Department stated that the scope of these market conduct examinations includes all services where a TPA directly or indirectly underwrites, collects charges or premiums, or denies, modifies, adjusts or settles claims on residents of Delaware in connection with health coverage offered or provided by an insurer.

The Department also indicated that the format of the market conduct examination reports will follow the format recommended by the NAIC Market Regulation Handbook and that the functional areas to be reviewed in the exams include:

- Company operations and management;
- Complaints;
- Terminated agreements;
- Advertising;
- Audits;
- Notice to covered individuals;
- Disclosure of charges and fees;

### Related People

- Steven L. Imber
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### Related Capabilities

- Insurance
- Third Party Administrator (TPA) Licensing & Compliance Services

- Requirements of written agreement;
- Payments to the TPA;
- Maintenance of information;
- Premium collection and payment of claims; and
- Delivery of materials to covered individuals.

In our discussions with the Department regarding these examinations, we have learned that the Department will consider the scope of a TPA's actual business and activities in Delaware and nationally when evaluating the information that will be required during an examination.

### **For More Information on Our TPA Team**

Polsinelli's TPA team provides a number of services to TPAs, including licensing, regulatory and compliance services, assistance with audits, government examinations and investigations, drafting administrative services agreements and a myriad of other services. Our TPA team includes former state insurance regulators, former in-house counsel for TPAs and attorneys who are currently members of the Federation of Regulatory Counsel, which provides our TPA clients with significant experience to help navigate complex regulatory challenges efficiently.

By leveraging its extensive experience representing TPAs, our TPA team helps clients avoid the learning curve and related cost implications that can be experienced by working with companies or attorneys less familiar with the regulatory and compliance needs of TPAs.

For questions regarding the Delaware Insurance Department's market conduct examination of TPAs, or other TPA regulatory and compliance matters, please contact one of the authors, a member of Polsinelli's TPA team or your Polsinelli attorney.