

(3) A policy or plan of the trustees of a fund established by one or more labor organizations, one or more employers, or any combination, for any one or combination of the following—

- (i) Employees.
- (ii) Former employees.
- (iii) Members.
- (iv) Former members.

(4) A policy or plan of a profession, trade, or occupational association, if the association—

- (i) Is composed of individuals all of whom are actively engaged in the same profession, trade, or occupation;
- (ii) Has been maintained in good faith for a purpose other than obtaining insurance; and
- (iii) Has been in existence for at least two years before the date of its initial offering of a Medicare supplemental health insurance policy to its members.

(5) For purposes of the voluntary certification program, a policy issued to an employee or to a member of a labor organization as an addition to a franchise plan (a plan that enables members of the same entity to purchase an individual policy marketed to them under group underwriting procedures), if the plan is in existence on July 1, 1982.

[47 FR 32400, July 26, 1982, as amended at 63 FR 35066, June 26, 1998]

**§ 403.206 General standards for Medicare supplemental policies.**

(a) For purposes of the voluntary certification program described in this subpart, a policy must meet—

(1) The National Association of Insurance Commissioners (NAIC) model standards as defined in § 405.210; and

(2) The loss ratio standards specified in § 403.215.

(b) Except as specified in paragraph (c) of this section, the standards specified in paragraph (a) of this section must be met in a single policy.

(c) In the case of a nonprofit hospital or a medical association where State law prohibits the inclusion of all benefits in a single policy, the standards specified in paragraph (a) of the section must be met in two or more policies issued in conjunction with one another.

**§ 403.210 NAIC model standards.**

(a) *NAIC model standards* means the National Association of Insurance Commissioners (NAIC) “Model Regulation to Implement the Individual Accident and Insurance Minimum Standards Act” (as amended and adopted by the NAIC on June 6, 1979, as it applies to Medicare supplemental policies). Copies of the NAIC model standards can be purchased from the National Association of Insurance Commissioners at 350 Bishops Way, Brookfield, Wisconsin 53004, and from the NIARS Corporation, 318 Franklin Avenue, Minneapolis, Minnesota 55404.

(b) The policy must comply with the provisions of the NAIC model standards, except as follows—

(1) *Policy*, for purposes of this paragraph, means individual and group policy, as specified in § 403.205. The NAIC model standards limit “policy” to individual policy.

(2) The policy must meet the loss ratio standards specified in § 403.215.

[47 FR 32400, July 26, 1982; 49 FR 44472, Nov. 7, 1984]

**§ 403.215 Loss ratio standards.**

(a) The policy must be expected to return to the policyholders, in the form of aggregate benefits provided under the policy—

(1) At least 75 percent of the aggregate amount of premiums in the case of group policies; and

(2) At least 60 percent of the aggregate amount of premiums in the case of individual policies.

(b) For purposes of loss ratio requirements, policies issued as a result of solicitation of individuals through the mail or by mass media advertising are considered individual policies.

STATE REGULATORY PROGRAMS

**§ 403.220 Supplemental Health Insurance Panel.**

(a) *Membership*. The Supplemental Health Insurance Panel (Panel) consists of—

(1) The Secretary or a designee, who serves as chairperson, and

(2) Four State Commissioners or Superintendents of Insurance appointed