

Third party administrator contract review checklist

NOTE: All sections of TIC Chapter 4151 that are applicable to the TPA's services to the insurer should be contained in the TPA Agreement.

Section 1: Name of Entities

Name of insurer:

Name of third-party administrator:

Section 2: Answer yes, no or not applicable (N/A) and state the contract provision:

1. §4151.102 (a) Does the agreement include each requirement under Subchapter C – unless not applicable?

Yes No N/A

Contract provision _____

2. §4151.102(a-1) Does the agreement include a statement of the duties that the administrator is expected to perform and the lines, classes, or types of insurance that the administrator is authorized to administer. The agreement must include, as applicable, provisions regarding claims handling and other standards relating to the business underwritten by the insurer.

Yes No N/A

Contract provision _____

3. §4151.102 (c) The agreement may not contain a provision that unreasonably restricts the availability to a plan participant of an individual life, health, or accident policy or annuity through an agent selected by the plan participant.

Yes No N/A

Contract provision _____

4. §4151.103 (a) Does the agreement state that the administrator and the company shall retain a copy of the agreement as part of their official records (1) during the term of the agreement, and (2) until the fifth anniversary of the date on which the agreement expires?

Yes No N/A

Contract provision _____

5. §4151.103 (b) Does the agreement state that the administrator shall make the agreement available to the commissioner (or designee) upon written request?

Yes No N/A

Contract provision _____

6. §4151.104 Does the agreement state that the administrator shall inform plan participants of the administrator's identity and relationship with the company? The notice shall be approved by the company.

Yes No N/A

Contract provision _____

7. §4151.1042 (a) Does the agreement state that the company is responsible for determining the benefits, premium rates, reimbursement procedures, and claims payment procedures, and for securing reinsurance, if any? The company shall provide a copy of the requirements relating to these matters to the administrator.

Yes No N/A

Contract provision _____

8. §4151.1042 (c) Does the agreement state that if the administrator administers benefits for more than 100 certificate holders, injured employees, plan participants, or policyholders on behalf of the company, the company shall, at least semiannually, conduct a review of the operations of the administrator. At least biennially, the company shall conduct an on-site audit of the operations of the administrator.

Yes No N/A

Contract provision _____

9. §4151.105(a)(1) Does the agreement state that a payment to the administrator is considered to have been received by the company?

Yes No N/A

Contract provision _____

10. §4151.105(a)(2) Does the agreement state that a payment to the administrator by the company is not considered a payment until received by the insured?

Yes No N/A

Contract provision _____

11. §4151.106 (a) Does the agreement state that the administrator must identify and state separately in writing the amount of premium specified by the company for the coverage and provide the information to any person who pays premium to the administrator?

Yes No N/A

Contract provision _____

12. §4151.106(b)(1)&(2) Does the agreement state that the administrator has a fiduciary responsibility for the premiums collected on behalf of the company and any return premium received from the company?

Yes No N/A

Contract provision _____

13. §4151.107(a)(1) & (2) Does the agreement state that the administrator is required (1) to promptly deliver premium collected (or return premium received) according to the terms of the agreement, or (2) promptly deposit the funds in a fiduciary bank account established and maintained by the administrator?

Yes No N/A

Contract provision _____

14. §4151.107(b)(1)&(2) Does the agreement state that if the administrator collects funds for more than one company, each company's funds shall be maintained separately; and, upon request of the company, administrator shall provide a copy of the records relating to deposits and withdrawals on behalf of the company.

Yes No N/A

Contract provision _____

15. §4151.108 Does the agreement state that a withdrawal from the fiduciary bank account may be made only as provided in the agreement for any of the following purposes?

- Delivery to the company;
- Deposit in an account controlled and maintained in the name of the company;
- Transfer to a claims payment account for payment of a claim;
- Payment to a group policyholder for delivery to the company;
- Payment of the administrator's commission, fees, or charges;
- Delivery of return premium to the person entitled to payment; or
- Payment of a premium for stop-loss or excess loss insurance.

Yes No N/A

Contract provision _____

16. §4151.109 Does the agreement state that the administrator may not pay a claim from a fiduciary bank account?

Yes No N/A

Contract provision _____

17. §4151.110 Does the agreement address underwriting or other standards of the company if the administrator has the authority to accept or reject a risk?

Yes No N/A

Contract provision _____

18. §4151.111 (a) Does the agreement specify that the administrator shall adjudicate a claim not later than the 60th day after receiving valid proof of loss?

Yes No N/A

Contract provision _____

19. §4151.111 (b) Does the agreement specify that the administrator shall pay each claim on a draft authorized by the company?

Yes No N/A

Contract provision _____

20. §4151.112 Does the agreement state that the administrator shall maintain at its principal administrative office adequate books and records of each transaction in accordance with prudent standards of insurance recordkeeping, and shall maintain the records until the 5th anniversary of the end of the term of the agreement?

Yes No N/A

Contract provision _____

21. §4151.113 (a) Does the agreement grant the commissioner (or designee) access to the books and records?

Yes No N/A

Contract provision _____

22. §4151.113 (c) Does the agreement grant the company access to the books and records sufficient to permit the company to fulfill its contractual obligation to its insureds.

Yes No N/A

Contract provision _____

23. §4151.114 Does the agreement state that upon termination the administrator shall deliver the books and records to a successor administrator or to the company if there is no successor administrator, and shall give written notice to the commissioner of the location of the books and records?

Yes No N/A

Contract provision _____

24. §4151.115 Does the agreement state that information identifying individuals covered by a plan is confidential, and the administrator shall take all reasonable precautions to prevent disclosure or use of the information for a purpose unrelated to administration of the plan? Disclosure is permitted only:

- in response to a court order;
- for an examination conducted by the commissioner;
- for an audit or investigation conducted under the Employee Retirement Income Security Act of 1974;
- to the company or at the request of the company;
- upon written consent of the individual or the individual's legal representative.

Yes No N/A

Contract provision _____

25. §4151.116 Does the agreement state that any advertising done by the administrator on behalf of the company has to be approved by the company?

Yes No N/A

Contract provision _____

26. §4151.117 Does the agreement provide for a permitted form of compensation to the administrator? A percentage of premiums collected, or percentage of claims processed are acceptable bases of compensation. Compensation based on savings accruing to the company because of adverse determinations regarding claims, reductions of benefits, or limitations on benefits are not permitted.

Yes No N/A

Contract provision _____