BULLETIN 25-02

To: All Insurance Companies and Producers Writing in the State of Iowa
From: Doug Ommen, Iowa Insurance Commissioner
RE: Prohibited Use of NPN Overrides in Marketplace Insurance Enrollment

During the past year, the Iowa Insurance Division ("Division") has received an increasing number of complaints from Iowa consumers relating to unauthorized enrollments in Affordable Care Act (ACA) plans offered through the federally facilitated Marketplace ("Marketplace"). These complaints include cases where consumers were enrolled in a new Marketplace plan or had their existing Marketplace plan changed without their knowledge or consent. For consumers, including Medicaid members, who are impacted, this can lead to disruptions in healthcare coverage, unexpected medical expenses and may even result in the person owing additional taxes if they receive ACA tax credits.

The Division has discovered through an investigation a troubling practice known within the Marketplace industry as **"NPN overrides."** Specifically, some agencies are designating one or more agents to obtain and maintain the necessary appointments with Marketplace insurers, while employing numerous unappointed agents to solicit, complete, and submit applications for Marketplace enrollments using the **National Producer Numbers (NPNs)** of the appointed designated agents. Essentially, unappointed agents are submitting applications and plan change requests using the NPNs of appointed agents.

This practice violates Iowa insurance laws and regulations. Under Iowa law, a person must be both **licensed in the State of Iowa and appointed** with the insurer to act as an agent for that insurer. The use of another agent's NPN by an unappointed agent constitutes a misrepresentation and may be deemed fraudulent under the Iowa Unfair Trade Practices Act (Iowa Code chapter 507B) and Iowa Code chapter 522B, for both agents involved in the transaction.

Guidance to Agencies, Agents and Insurers:

- Insurance agencies must ensure that all agents submitting applications or plan changes are both **licensed and properly appointed** with the applicable Marketplace insurer.
- Insurers should verify the identity and appointment status of agents submitting applications and if not appointed, reject the application or submit the proper appointment paperwork and appointment fee to the Division.
- Agencies and agents engaging in or facilitating the NPN override practice may be subject to **disciplinary action**, including fines, costs of investigation, license suspension, or revocation.
- Agencies and Web-brokers must take steps to ensure their platforms comply with Iowa law and do not support or enable NPN override behavior.
- Insurance agencies must create internal policies and procedures designed to guide agent behavior and allow for quality assurance testing.

The Division takes these violations seriously and will continue to investigate and take enforcement actions where necessary to protect Iowa consumers. Any consumers or industry participants aware of these practices should report them directly to the Division.

Questions or reports may be submitted to: Iowa Insurance Division Market Regulation Bureau
iid.marketregulation@iid.iowa.gov or 515-654-6600