Media Release

For Immediate Release
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SCDOI Director Ray Farmer Seeks to Stop the Implementation of the Rehabilitation Plan for Senior Health Insurance Company of Pennsylvania in South Carolina

Columbia, S.C. - Yesterday, Ray Farmer, Director of the South Carolina Department of Insurance (SCDOI) took another step towards protecting consumers who have long-term care insurance with Senior Health Insurance Company of Pennsylvania (SHIP) from potentially detrimental rate increases or benefit reductions.

In January 2020, SHIP was placed into rehabilitation by the Commonwealth Court of Pennsylvania. It is currently projected that the company has a $1.2 billion dollar deficit but has not yet been placed in liquidation.

In an attempt to rehabilitate SHIP, the appointed rehabilitator created a plan that the SCDOI believes will diminish the authority of regulators to protect the policyholders in their state.

The Plan gives state insurance regulators two options: to opt in or opt out of the Plan.
1. To opt in would allow a Pennsylvania entity to raise rates in South Carolina, in some cases over 500 percent.
2. To opt out would result in reduced benefits for all South Carolina policyholders.

“We do not believe Pennsylvania has authority to raise rates or lower benefits for South Carolina consumers,” stated Director Farmer. “If this plan were to prevail, it would be a tragic injustice for our SHIP policyholders.”

Yesterday marked the deadline for states to either opt in or out of the proposed Plan. In response, Director Farmer sent a letter restating his numerous concerns, and his opposition at Pennsylvania’s attempt to avoid state law and to force elderly policyholders to shoulder the burden of the insolvency of this long-term care insurer.

“By taking this position, we are not opting into the Plan, and we are not opting out of a Plan we have opposed from its inception,” said Director Farmer.

Previously, the SCDOI filed a motion for a temporary injunction in the Richland County Court of Common Pleas and a December 2020 filing to stop the implementation of the plan (still pending) in an ongoing attempt to protect consumers.

“Ultimately, this will be an issue decided by the courts, but my job is to protect South Carolina policyholders and that’s what I am going to do,” said Director Farmer. “Until I am directed by a court of competent jurisdiction, I will not participate in implementing a Plan that seeks to put the interests of the industry over those of 87-year-old policyholders at a point in their lives when they may need their policyholder benefits the most.”

If you are a South Carolina SHIP policyholder, or have a family member with a SHIP policy, please email the Office at Consumer Services at consumers@doi.sc.gov or call our Office of Consumer Services at 803-737-6180, or send us a letter at P.O. Box 100105 Columbia, SC 29202

Please visit doi.sc.gov/SHIP for more information.
For financial or legal advice, consumers should contact their personal financial planner or legal adviser.

Governor Henry McMaster
Director Raymond G. Farmer