SUPREME COURT OF NEW HAMPSHIRE

Genworth Life Insurance Company v. New Hampshire Department of Insurance

Genworth Life · No. Merrimack No. 2019-0727 · Decided February 17, 2021

SUMMARY

The Supreme Court of New Hampshire held that rate-increase caps for long-term care insurance policies exceeded the Insurance Commissioner’s authority under RSA 415-D:12. The court concluded that the caps neither promoted premium adequacy nor protected policyholders in the event of substantial rate increases, making them ultra vires and invalid. The court reversed and remanded the trial court’s judgment for the New Hampshire Department of Insurance.

CASE DETAILS

COURT	Supreme Court of New Hampshire
WRITING FOR THE COURT	Donovan, J.; Hicks, J.; Bassett, J.; Hantz Marconi, J.
JURISDICTION	New Hampshire
DECIDED	February 17, 2021
DOCKET	Merrimack No. 2019-0727
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from orders of the New Hampshire Superior Court dismissing Genworth's State and Federal Contract Clause claims and granting the Department summary judgment on ultra vires and takings claims.
STANDARD OF REVIEW	The court reviewed summary judgment rulings by considering the evidence in the light most favorable to each party as the nonmoving party, affirming if no genuine issue of material fact existed and the moving party was entitled to judgment as a matter of law. The court reviewed the trial court's application of law to facts de novo and reviewed the Commissioner's statutory interpretation de novo.
PRECEDENTIAL VALUE	Published opinion of the Supreme Court of New Hampshire; precedential under New Hampshire law.
PARTIES	Genworth Life Insurance Company v. New Hampshire Department of Insurance

TOPICS

insurance · administrative law · judicial review of agency action · statutory interpretation · constitutional law

PRACTICE AREAS

insurance · administrative law · constitutional law

QUESTIONS PRESENTED

1. Whether the age-based premium-rate-increase caps in the amended long-term-care-insurance regulations exceeded the Insurance Commissioner's authority under RSA 415-D:12.
2. Whether the amended regulations promoted premium adequacy as required by RSA 415-D:12.
3. Whether the amended regulations protected policyholders in the event of substantial rate increases as required by RSA 415-D:12.
4. Whether the regulations violated the State and Federal Contract Clauses or Takings Clauses.

HOLDINGS

1. The rate-increase caps did not promote premium adequacy because they deprived the Commissioner of discretion to approve increases exceeding the caps when necessary for insurers to cover anticipated claims costs over the life of their policies.
2. The rate-increase caps did not protect policyholders 'in the event of' substantial rate increases because they prevented substantial rate increases from occurring rather than regulating or protecting policyholders after such increases occurred.
3. The age-based premium-rate-increase caps exceeded the Commissioner's statutory mandate under RSA 415-D:12 and were therefore ultra vires and invalid.
4. The court did not address the constitutional Contract Clause and Takings Clause arguments because invalidating the regulations as ultra vires resolved the appeal.

KEY QUOTATIONS

> *"Accordingly, we conclude that the rate-increase caps set forth in the Amended Regulations, N.H. Admin. R., Ins 3601.19(f), exceed the Commissioner's mandate under RSA 415-D:12 because they are not reasonable rules that either promote premium adequacy or protect policyholders in the event of substantial rate increases."* (9)

> *"Thus, administrative rules may not add to, detract from, or modify the statute which they are intended to implement."* (4)

FACTUAL BACKGROUND

New Hampshire's Long-Term Care Insurance Act authorizes the Insurance Commissioner to issue reasonable rules promoting premium adequacy and protecting policyholders in the event of substantial rate increases. In 2015, amended regulations imposed age-based caps on premium-rate increases and applied those caps retroactively to all long-term-care-insurance policies, including policies issued before the amendments. Genworth, which insured more than 6,000 New Hampshire residents, challenged the caps, asserting that they exceeded the Commissioner's statutory authority and violated constitutional Contract Clause and Takings Clause protections.

PROCEDURAL HISTORY

Genworth sought declaratory and injunctive relief challenging New Hampshire Department of Insurance regulations that capped long-term-care-insurance premium-rate increases. The trial court dismissed the Contract Clause claim, granted the Department summary judgment on the ultra vires and takings claims, and denied Genworth's motion for reconsideration. Genworth appealed, and the Supreme Court of New Hampshire reversed and remanded on the ultra vires claim.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Reverse the trial court's decision denying Genworth's motion for summary judgment and entering summary judgment for the Department on Genworth's ultra vires claim, and remand for further proceedings consistent with the opinion.

CASES CITED

- State v. Brouillette, 166 N.H. 487, 489 (2014)
- Langevin v. Travco Ins. Co., 170 N.H. 660, 663 (2018)
- Appeal of Wilson, 161 N.H. 659, 662 (2011)
- Appeal of Town of Seabrook, 163 N.H. 635, 644 (2012)
- N.H. Resident Ltd. Partners of Lyme Timber Co. v. N.H. Dep’t of Revenue Admin., 162 N.H. 98, 101 (2011)
- Appeal of Town of Lincoln, 172 N.H. 244, 248 (2019)
- Appeal of Morrissey, 165 N.H. 87, 92 (2013)
- Bach v. N.H. Dep’t of Safety, 169 N.H. 87, 92 (2016)
- Working Stiff Partners v. City of Portsmouth, 172 N.H. 611, 617 (2019)
- In the Matter of Bazemore & Jack, 153 N.H. 351, 354 (2006)
- Greenwald v. Keating, 172 N.H. 292, 298 (2019)
- In re Magoon Estate, 109 N.H. 211, 212 (1968)
- Appeal of Nolan, 134 N.H. 723, 728 (1991)
- Weare Bible Baptist Church v. Fuller, 172 N.H. 721, 729 (2019)