Date: 4/22/2020

Conference Call

MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP
Wednesday, May 6, 2020
2:00 p.m. ET / 1:00 p.m. CT / 12:00 p.m. MT / 11:00 a.m. PT

ROLL CALL

Rebecca Rebholz, Chair Wisconsin Paul Hanson Minnesota
October Nickel, Vice Chair Idaho Brent Kabler/Teresa Kroll Missouri
Maria Ailor Arizona Angela Dingus Ohio
Jimmy Harris/Ryan James/ Arkansas Katie Dzurec Pennsylvania
Russ Galbraith
Kurt Swan Connecticut Lisa Borchert/Ned Gaines/ Washington
Amy Groszos/Pamela Lovell Florida John Haworth
Lori Cunningham Kentucky Letha Tate West Virginia

NAIC Support Staff: Tressa Smith/Teresa Cooper

AGENDA

1. Consider Adoption of its Feb. 26, 2020, Minutes—Rebecca Rebholz (WI) Attachment 1

2. Receive an Update on the Existing Market Conduct Annual Statement (MCAS) Line of Business Reviews and the Other Health MCAS Development—Rebecca Rebholz (WI) Attachment 2

3. Consider Private Flood MCAS Premium Threshold for Reporting—Rebecca Rebholz (WI)

4. Discuss Any Other Matters Brought Before the Working Group—Rebecca Rebholz (WI)

5. Adjournment

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The Market Conduct Annual Statement Blanks (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met via conference call Feb. 26, 2020. The following Working Group members participated: Rebecca Rebholz, Chair (WI); October Nickel, Vice Chair (ID); Jimmy Harris (AR); Maria Ailor (AZ); Scott Woods (FL); Sandra Stumbo (KY); Brent Kabler (MO); Angela Dingus (OH); Katie Dzurec (PA); John Haworth and Ned Gaines (WA); and Letha Tate (WV).

1. **Adopted its Dec. 17, 2019, Minutes**

The Working Group met Dec. 17, 2019, and took the following action: 1) adopted its Nov. 21, 2019, minutes; 2) discussed the review of the life and annuity market conduct annual statement (MCAS); 3) discussed the review of the homeowners (HO) and private passenger auto (PPA) MCAS; 4) discussed vendor single interest (VSI) concerns for the lender-placed MCAS; 5) discussed the other health MCAS data call approved by the Market Analysis Procedures (D) Working Group; and 6) discussed the extraordinary circumstance definition for health extension requests.

Prior to adopting the Dec. 17, 2019, minutes, Tom Keepers (Consumer Credit Industry Association—CCIA) pointed out a word change that needed to be made under item 4, in the first sentence of paragraph 5, regarding fees charged for blanket VSI by lenders. The wording was changed from “carriers” to “lenders” for his response.

Ms. Dingus made a motion, seconded by Ms. Nickel, to adopt the Working Group’s Dec. 17, 2019, minutes (Attachment 1). The motion passed unanimously.

2. **Discussed the Review of the Life and Annuity MCAS**

Ms. Rebholz advised that during the last meeting it was discussed that the life and annuity MCAS review subject matter expert (SME) group was being reformed to explore changes to the life and annuity MCAS blanks. These changes include not only the definitions and current data elements, but also the possible inclusion of new types of life insurance products beyond just cash value products and non-cash value products.

If interest was previously expressed in being included in this group, individuals should have received an email this week with documentation and a meeting invitation. The meeting is scheduled to take place on Wednesday, March 4, 2020. Ms. Nickel will lead this effort with the goal of having recommendations to the Working Group by June 1, 2020, if possible, but by the Fall National Meeting at the latest.

Anyone interested in participating in the group that did not receive any communication was advised to send a note to Tressa Smith (NAIC). There was no further discussion on this matter.

3. **Discussed the Review of the HO and PPA MCAS**

Ms. Rebholz said one of the Working Group’s charges for 2020 is to review the MCAS data elements and the data call and definitions for those lines of business that have been in effect for longer than three years and update them as necessary.

Volunteers for this group have come forward, but before review begins, a survey needed to be conducted to see what, if any, appetite there is for changes to the HO and auto lines of business. Market Conduct Analysis Chiefs and MCAS contacts for the states were sent a survey on Feb. 25, 2020. The collection of survey responses will run through March 20, 2020, and then survey results will be analyzed. Volunteers will then meet to determine what action needs to be taken with the results of the survey.

The goal is to have recommendations to the Working Group preferably before June 1, 2020, if possible, but by the Fall National Meeting at the latest.

Individuals interested in participating in the group that did not receive communication about it, should send a note to Ms. Smith. There was no further discussion on this matter.

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4. **Discussed VSI Concerns for the Lender-Placed MCAS**

Ms. Rebholz advised that regarding the questions on the lender-placed insurance MCAS that were discussed during the Dec. 17, 2020, conference call, an SME group has been formed to discuss this. The first discussion will take place on March 11, 2020, and Ms. Rebholz will be leading the group discussions.

Individuals that expressed interest in participating should have received an email and meeting invitation from Ms. Smith on Feb. 24, 2020. Those interested in participating in the group that did not receive communication about it should send a note to Ms. Smith. There was no further discussion of this matter.

5. **Discussed the Other Health MCAS Data Call Approved by the Market Analysis Procedures (D) Working Group**

Ms. Dzurec said that state insurance regulators met Feb. 25, 2020, to discuss the direction and agenda for a full meeting of the other health MCAS SME group. They will meet next March 6, 2020. The other health line of business can be separated into short-term limited-duration (STLD) and mini-med-type products like limited benefits and other products that are used to create a federal Affordable Care Act (ACA) look-alike product or that are being marketed in a way that looks like an alternative ACA product. Because of the data collection needs, the SME group recommends separating this data into two separate blanks. The group will move forward with the STLD blank first, with the goal to get it done and forwarded to the Working Group in the next six weeks to meet the deadline for collecting 2021 data year STLD data in 2022 so state insurance regulators can have the information to meet legislative requests and understand their marketplace. In order to get this done within the next six weeks, comments should be provided by March 4, 2020. Comments should be sent to Randy Helde (NAIC). The MCAS blank review for the non-STLD types of products will proceed after the STLD blank review is complete, as this review will take more time.

Tanya V. Sherman (The INS Companies—INS) indicated that there was nothing in the Working Group webpage exposure drafts for interested parties to provide comments on and asked if comments should be based on the previous survey conducted. Ms. Dzurec explained that creating an exposure draft involves incorporating all considerations, so there is no wording to be considered yet; and all comments are welcome so that as many issues as possible can be factored in, in the context of an MCAS blank. She said the STLD data call that was due on Dec. 13, 2019, has information that can be reviewed for relevant information. There is also a memorandum from West Virginia dated July 27, 2018, addressed to Mr. Haworth regarding creating this MCAS blank.

Ms. Ailor said it would be helpful if the data call documents were posted on the Working Group’s web page. Ms. Smith said this information would be posted.

Birny Birnbaum (Center for Economic Justice—CEJ) asked if the SME group has a working definition of STLD products available for review. Ms. Dzurec said there is not and that proposals for this are also welcome. Mr. Birnbaum also asked why the Feb. 25, 2020, and March 6, 2020, calls are regulator-only and why interested parties are not being asked to participate. Ms. Dzurec said the call is to pull together information for an exposure draft on a short timeline, and she explained that there is specific content regarding actual cases that states have experienced being discussed in these calls that are confidential under the state examination laws. She said the information gathered will be provided back to interested parties for feedback since right now this is still in the preparation phase. Interested parties can provide comments in preparation for the March 6, 2020, conference call. She said future calls will be open after the draft is created to be sure that all feedback is considered.

Ms. Dingus asked how often other health SME group conference calls would be discussed. Ms. Dzurec said once there is a draft to work from, calls will likely be on a weekly basis, and limited benefit calls will be more spread out.

Having no further business, the Market Conduct Annual Statement Blanks (D) Working Group adjourned.
Upcoming Meetings:

Other Health SME Group – May 7, 2020
3:00 p.m. ET / 2:00 p.m. CT / 1:00 p.m. MT / 12:00 p.m. PT

Lender Placed VSI Data Reporting SME Group – May 13, 2020
3:00 p.m. ET / 2:00 p.m. CT / 1:00 p.m. MT / 12:00 p.m. PT

MCAS Blanks (D) Working Group – Life & Annuity Data Elements Call 1 – May 20, 2020
2:00 p.m. ET / 1:00 p.m. CT / 12:00 p.m. MT / 11:00 a.m. PT
Chorus Call: [http://dpregister.com/10143237](http://dpregister.com/10143237)

MCAS Blanks (D) Working Group – Life & Annuity Data Elements Call 2 – May 21, 2020
3:00 p.m. ET / 2:00 p.m. CT / 1:00 p.m. MT / 12:00 p.m. PT
Chorus Call: [http://dpregister.com/10143239](http://dpregister.com/10143239)

MCAS Blanks (D) Working Group – Home & Auto Data Elements Call 1 – May 27, 2020
2:00 p.m. ET / 1:00 p.m. CT / 12:00 p.m. MT / 11:00 a.m. PT
Chorus Call: [http://dpregister.com/10143241](http://dpregister.com/10143241)

MCAS Blanks (D) Working Group – Home & Auto Data Elements Call 2 – May 28, 2020
3:00 p.m. ET / 2:00 p.m. CT / 1:00 p.m. MT / 12:00 p.m. PT
Chorus Call: [http://dpregister.com/10143245](http://dpregister.com/10143245)