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Accident and Sickness Insurance Minimum Standards (B) Subgroup

Virtual Meeting

May 15, 2023

The Accident and Sickness Insurance Minimum Standards (B) Subgroup of the Regulatory Framework (B) Task Force met May 15, 2023. The following Subgroup members participated: Andy Schallhorn, Co-Chair (OK); Rachel Bowden, Co-Chair (TX); Stephen F. Flick (DC); Chris Struk (FL); Camille Anderson-Weddle (MO); Martin Swanson (NE); Shari Miles (SC); Tanji J. Northrup and Heidi Clausen (UT); Anna Van Fleet and Jamie Gile (VT); and Lichiou Lee (WA).

1. Continued Discussion of Comments Received on Section 9 of Model #171

The Subgroup continued its discussion of the comments received on Section 9—Required Disclosure Provisions of the *Model Regulation to Implement the* *Accident and Sickness Insurance Minimum Standards Model Act* (#171), beginning with the NAIC consumer representatives’ comments for Section 9A(2)—Hospital Indemnity or Other Fixed Indemnity Coverage.

Jolie H. Matthews (NAIC) said that during its April 24 meeting, the Subgroup discussed, from a regulatory perspective, the appropriateness of including specific readability and accessibility requirements for consumer disclosures when such requirements are most likely already in other state laws and regulations, as well as other NAIC models. The Subgroup discussed this issue. After extensive discussion, the Subgroup decided not to accept the NAIC consumer representatives’ suggested language on accessibility. The Subgroup decided to add a drafting note to Section 9A(2), alerting states to refer to their state laws and regulations and applicable NAIC models for provisions related to consumer disclosure readability and accessibility standards.

The Subgroup discussed the NAIC consumer representatives’ suggested language for the statement in Section 9A(2) to be provided to consumers before submission of a completed application for coverage on hospital indemnity or other fixed indemnity coverage. The Subgroup raised a concern about the language because it seems to state that this type of coverage provides a benefit when it pays a fixed dollar amount triggered by a hospital stay or other covered health-related event regardless of the actual expense amount. The Subgroup discussed the issue, including other potential language to address it, but deferred deciding on what word to use until its May 22 meeting because of the NAIC consumer representatives’ concerns that consumers would not understand the meaning of the word “trigger.” The Subgroup did agree to bracket both “hospital stay” and “other covered health-related event.”

The Subgroup next discussed the NAIC consumer representatives’ suggested revisions to Section 9A(3). This provision outlines the statement to be provided to consumers on disability income protection coverage. The other suggested language on readability and accessibility requirements for the statement is identical to the suggested language for Section 9A(2). Based on the Subgroup’s discussion on Section 9A(2), the Subgroup agreed to make the same changes to Section 9A(3). The Subgroup discussed the suggested language for the statement. The Subgroup did not have any initial concerns with the suggested statement language.

The Subgroup next discussed the NAIC consumer representatives’ suggested revisions to Section 9A(4). This provision outlines the statement to be provided to consumers on accident-only coverage. The other suggested language on readability and accessibility requirements for the statement is identical to the suggested language for Section 9A(2). Based on the Subgroup’s discussion on Section 9A(2), the Subgroup agreed to make the same changes to Section 9A(4). The Subgroup discussed the suggested language for the statement. The Subgroup did not have any initial concerns with the suggested statement language.

The Subgroup next discussed the NAIC consumer representatives’ suggested revisions to Section 9A(5). This provision outlines the statement to be provided to consumers on specified disease coverage. The other suggested language on readability and accessibility requirements for the statement is identical to the suggested language for Section 9A(2). Based on the Subgroup’s discussion on Section 9A(2), the Subgroup agreed to make the same changes to Section 9A(5). The Subgroup discussed the suggested language for the statement. Like its discussion about the potential issues with the statement for hospital indemnity or other fixed indemnity coverage in Section 9A(2), the Subgroup discussed concerns that the statement could be misleading because it seems to imply the coverage to be provided under a specified disease policy is for diagnosing and treating a specified disease. The Subgroup agreed to revisit the issue during its May 22 meeting.

Having no further business, the Accident and Sickness Insurance Minimum Standards (B) Subgroup adjourned.

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