Virtual Meeting

MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP
Tuesday, April 2, 2024
1:00 p.m. – 2:00 ET / 12:00 p.m. – 1:00 CT / 11:00 a.m. – 12:00 p.m. MT / 10:00 a.m. – 11:00 PT

ROLL CALL

LeAnn Crow, Chair Kansas Julie Hesser/Jo LeDuc Missouri
Rebecca Rebholz, Vice Chair Wisconsin Martin Swanson Nebraska
Maria Ailor Arizona Hermoliva Abejar Nevada
Teri Ann Mecca/Jake Windley Arkansas Patrick Zeller New Mexico
Sheryl Parker Florida Guy Self Ohio
Elizabeth Nunes/ Paula Shamburger Georgia Gary Jones/August Hall/ Karen Veronikis Pennsylvania
Erica Weyhenmeyer Illinois Gwendolyn McGriff/ South Carolina
Shannon Lloyd Kansas Rachel Moore
Lori Cunningham Kentucky Larry D. Deiter South Dakota
Raymond Guzman Maryland Shelli Isiminger Tennessee
Mary Lou Moran Massachusetts Shelley Wiseman Utah
Jeff Hayden Michigan Melissa Gerachis/Will Felvey Virginia
Theodore Patton/ Minnesota John Haworth/John Kelcher Washington
John Fritzberg-Glover Letha Tate West Virginia

NAIC Support Staff: Teresa Cooper/Hal Marsh

AGENDA

1. Consider Adoption of its Oct. 10 Minutes—LeAnn Crow (KS) Attachment 1

2. Discuss Needed Pet Insurance MCAS Clarifications—Randy Helder (NAIC)
   a. Reporting of Partial Payment
   b. Reporting of “Right to Review” data


4. Review Two Sets of Duplicate Data Elements in the MCAS Other Health Blank—LeAnn Crow (KS) Attachments 4 & 5
5. **Discuss Possible Edits to the Definition of Accelerated Underwriting for Clarification Purposes—LeAnn Crow (KS)**

6. **Discuss the Clarification of MCAS Home and Auto Definition of Lawsuit—LeAnn Crow (KS)**

7. **Discuss MCAS Reporting of Life/Annuity Replacements of a Policy/Contract of a Company Under the Same Holding Company Group—Brett Bache (RI)**

8. **Discuss Any Other Matters Brought Before the Working Group—LeAnn Crow (KS)**

9. **Adjournment**
The Market Conduct Annual Statement Blanks (D) Working Group met Oct. 10, 2023. The following Working Group members participated: Erica Weyhenmeyer, Chair (IL); Rebecca Rebholz, Vice Chair (WI); Tolanda Coker (AZ); Jake Windley (AR); Scott Woods (FL); Shannon Lloyd (KS); Ron Kreiter (KY); Danielle Torres (MI); Jennifer Hopper and Jo LeDuc (MO); Martin Swanson and Robert McCullough (NE); Guy Self (OH); Karen Veronikis (PA); Rachel Moore (SC); Tony Dorschner (SD); Shelley Wiseman (UT); Melissa Gerachis (VA); John Kelcher (WA); and Letha Tate (WV). Also participating was: Brett Bache (RI).

1. **Adopted its Sept. 18 and Aug. 24 Minutes**

The Working Group conducted an e-vote that concluded Sept. 18 to adopt two motions to eliminate duplicate data elements in the other health Market Conduct Annual Statement (MCAS) blank. These motions were to: 1) remove element 54, which is a duplicate of data element 61; and 2) remove data element 58, which is a duplicate of data element 62.

The Working Group also met Aug. 24 and took the following action: 1) adopted its July 19 minutes; 2) discussed the report of closed claims for a private passenger auto (PPA) and homeowners lines of business; 3) discussed possible edits to the MCAS data element revision process timeline; and 4) adopted a motion for a May 31 MCAS filing deadline for all health and short-term, limited-duration (STLD) submissions.

Veronikis made a motion, seconded by Hopper, to adopt the Working Group’s Sept. 18 (Attachment XX) and Aug. 24 (Attachment XX) minutes. The motion passed unanimously.

2. **Adopted the Report of Closed Claims for P/CMCAS Lines of Business**

Weyhenmeyer stated that the proposed data element will read, “The number of claims closed in your system with the date and final payment of X days, and, quote, number of claims closed in your system without payment in X days.”

Bache expanded the proposal to include not just homeowners and PPA but also lender place order and home, private flood, and travel. The thought process was that the insurer has been responsible for reporting all their claims as they wrote, knowing if they have a third party, they are accurately reporting the claims and including those. The suggestion would be not to add any wording other than what is being proposed.

Weyhenmeyer asked if there were any comments or questions. There were none.

Rebholz made a motion, seconded by Wiseman, to adopt the reporting of closed claims for the property/casualty (P/C) and casualty annual statement lines of business (Attachment). The motion passed unanimously.

3. **Adopted the MCAS Data Element Revisions**

Weyhenmeyer stated that the draft consideration lists are to provide submission times for the Working Group to review, discuss, and consider reporting data, which should be provided to the Working Group by April 1. The Working Group should provide all other MCAS edits and changes by May 1. These new drafts are provided later...
than April 1, and the Working Group decides on a case-by-case basis if there is a consensus to adopt prior to June 1 for use in the following year or if additional time is needed prior to adoption. Draft best practices are a minimum of five working group jurisdictions should volunteer and participate in subject matter expert (SME) group meetings when creating/reporting for a new MCAS line of business or blank changes to an existing business. Weekly SME meetings from the beginning of work and for formal meeting after the conclusion of the new group meeting and prior to the voting deadline to present the draft document to the Working Group, interested state insurance regulators, and interested parties.

LeDuc made a motion, seconded by Kreiter, to adopt MCAS data element revisions (Attachment). The motion passed unanimously.

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

SharePoint/NAIC Support Staff Hub/Committees/D CMTE/2023 Fall/MCAS Blanks WG/MCASBWG Oct. 10 Minutes.docx
NAIC MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP
Changes/Additions to Approved Blanks and Data Call and Definitions
Proposal Submission Form

NAIC USE ONLY

<table>
<thead>
<tr>
<th>Proposal Submission Date: 2/29/2024</th>
</tr>
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<tbody>
<tr>
<td>Proposed Effective Data Year for Reporting: 2024 Data Year</td>
</tr>
<tr>
<td>Proposed ☐ Substantive Change ☒ Non-Substantive Change/Clarification</td>
</tr>
<tr>
<td>Proposal Number</td>
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**Proposal Status**
- ☒ Received – Date 2/29/2024
- ☐ Accepted ☐ Rejected by MCAS Blanks WG Chair
- ☐ Posted to Web Page for Public Exposure/Comment – Date Click or tap to enter a date.
- ☐ Referred to Another NAIC Group – Date Click or tap to enter a date.
  - Name of Group Click or tap here to enter text.
- ☐ Adopted ☐ Modified ☐ Rejected ☐ Deferred by WG – Date Click or tap to enter a date.

**Substantive Revisions**
- ☐ Adopted ☐ Rejected by D Committee – Date Click or tap to enter a date.
- ☐ Adopted ☐ Rejected by EX/Plenary – Date Click or tap to enter a date.
- ☐ Other – Date Click or tap to enter a date. Specify Click or tap here to enter text.

**NAIC Staff Input** Click or tap here to enter text.

**Proposal Contact Information**

<table>
<thead>
<tr>
<th>Name of Contact Person</th>
<th>Teresa Cooper, Hal Marsh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Organization</td>
<td>National Association of Insurance Commissioners</td>
</tr>
<tr>
<td>Email Address</td>
<td><a href="mailto:toooper@naic.org">toooper@naic.org</a>, <a href="mailto:hmarsh@naic.org">hmarsh@naic.org</a></td>
</tr>
<tr>
<td>Phone Number</td>
<td>816-783-8226</td>
</tr>
<tr>
<td>Affiliation Type</td>
<td>☐ State Regulator ☒ NAIC Staff ☐ Other Regulator ☐ Reporting Company</td>
</tr>
<tr>
<td></td>
<td>☐ Industry Trade Association ☐ Consumer Representative ☐ Other</td>
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**PROPOSAL IS FOR:** ☒ Data Element ☐ Data Definitions ☐ Data Validation

**APPLICABLE LINE(S) OF BUSINESS:**
- ☐ Annuity ☐ Lender Placed Auto and Home ☐ Private Flood
- ☐ Disability Income ☐ Life ☐ Private Passenger Auto
- ☐ Health ☐ Long-Term Care ☐ Travel
- ☐ Homeowners ☐ Other Health ☒ STLD

**PROVIDE A CONCISE STATEMENT OF THE PROPOSED CHANGE:**
Data elements #69 and #75 both ask for covered lives impacted by cancellations resulting from nonpayment.

#69 – Number of Lives on Policies/Certificates Cancelled Due to Non-Payment of Premium During the Period.

#75 – Number of insured lives impacted on terminations and cancellations due to nonpayment.

**PROVIDE THE REASON FOR THE CHANGE:**
Identify duplicate data elements and remove the duplicate element.
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Changes/Additions to Approved Blanks and Data Call and Definitions
Proposal Submission Form

IF ADDITIONAL DOCUMENTS CONTAIN DEFINITIONS, BLANK MOCK-UPS, ETC, PROVIDE A LISTING OF THESE DOCUMENTS BELOW. SEND THE LISTED DOCUMENTS TO NAIC STAFF ALONG WITH THE COMPLETED FORM:

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| Proposal Submission Date: 2/29/2024 |
| Proposed Effective Data Year for Reporting: 2024 Data Year |
| Proposed ☐ Substantive Change ☒ Non-Substantive Change/Clarification |
| Proposal Number 2024.2 |

| Proposal Status | All Submissions |
| ☒ Received – Date 2/29/2024 |
| ☐ Accepted ☐ Rejected by MCAS Blanks WG Chair |
| ☐ Posted to Web Page for Public Exposure/Comment – Date Click or tap to enter a date. |
| ☐ Referred to Another NAIC Group – Date Click or tap to enter a date. |
| – Name of Group Click or tap here to enter text. |
| ☐ Adopted ☐ Modified ☐ Rejected ☐ Deferred by WG – Date Click or tap to enter a date. |

**Substantive Revisions**

| ☐ Adopted ☐ Rejected by D Committee – Date Click or tap to enter a date. |
| ☐ Adopted ☐ Rejected by EX/Plenary – Date Click or tap to enter a date. |
| ☐ Other – Date Click or tap to enter a date. Specify Click or tap here to enter text. |

| NAIC Staff Input | Click or tap here to enter text. |

**Proposal Contact Information**

| Name of Contact Person | Teresa Cooper, Hal Marsh |
| Name of Organization | National Association of Insurance Commissioners |
| Email Address | tcooper@naic.org, hmarsh@naic.org |
| Phone Number | 816-783-8226 |
| Affiliation Type | ☐ State Regulator ☒ NAIC Staff ☐ Other Regulator ☐ Reporting Company |
| ☐ Industry Trade Association ☐ Consumer Representative ☐ Other |

**PROPOSAL IS FOR:** ☒ Data Element ☐ Data Definitions ☐ Data Validation

**APPLICABLE LINE(S) OF BUSINESS:**

| ☐ Annuity | ☐ Lender Placed Auto and Home | ☐ Private Flood |
| ☐ Disability Income | ☐ Life | ☐ Private Passenger Auto |
| ☐ Health | ☐ Long-Term Care | ☐ Travel |
| ☐ Homeowners | ☐ Other Health | ☒ STLD |

**PROVIDE A CONCISE STATEMENT OF THE PROPOSED CHANGE:**

Data elements #64 and #74 both ask for covered lives impacted by cancellations initiated by the policyholder/certificate holder during the period.

#64 – Number of Covered Lives on Policies/Certificates Cancelled at the Initiation of the policyholder/certificate holder During the Period.

#74 – Number of insured lives impacted on terminations and cancellations initiated by the policyholder/certificateholder.
PROVIDE THE REASON FOR THE CHANGE:
Identify duplicate data elements and remove the duplicate element.

IF ADDITIONAL DOCUMENTS CONTAIN DEFINITIONS, BLANK MOCK-UPS, ETC, PROVIDE A LISTING OF THESE DOCUMENTS BELOW. SEND THE LISTED DOCUMENTS TO NAIC STAFF ALONG WITH THE COMPLETED FORM:

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Changes/Additions to Approved Blanks and Data Call and Definitions
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Proposal Submission Date: 2/29/2024
Proposed Effective Data Year for Reporting: 2024 Data Year
Proposed ☐ Substantive Change ☒ Non-Substantive Change/Clarification
Proposal Number 2024.3

Proposal Status

☐ All Submissions
☒ Received – Date 2/29/2024
☐ Accepted ☐ Rejected by MCAS Blanks WG Chair
☐ Posted to Web Page for Public Exposure/Comment – Date Click or tap to enter a date.
☐ Referred to Another NAIC Group – Date Click or tap to enter a date.
    – Name of Group Click or tap here to enter text.
☐ Adopted ☐ Modified ☐ Rejected ☐ Deferred by WG – Date Click or tap to enter a date.
Substantive Revisions
☐ Adopted ☐ Rejected by D Committee – Date Click or tap to enter a date.
☐ Adopted ☐ Rejected by EX/Plenary – Date Click or tap to enter a date.
☐ Other – Date Click or tap to enter a date. Specify Click or tap here to enter text.

NAIC Staff Input Click or tap here to enter text.

Proposal Contact Information

Name of Contact Person Teresa Cooper, Hal Marsh
Name of Organization National Association of Insurance Commissioners
Email Address tcooper@naic.org, hmarsh@naic.org
Phone Number 816-783-8226
Affiliation Type ☐ State Regulator ☒ NAIC Staff ☐ Other Regulator ☐ Reporting Company
☐ Industry Trade Association ☐ Consumer Representative ☐ Other

PROPOSAL IS FOR: ☒ Data Element ☐ Data Definitions ☐ Data Validation

APPLICABLE LINE(S) OF BUSINESS:

☐ Annuity ☐ Lender Placed Auto and Home ☐ Private Flood
☐ Disability Income ☐ Life ☐ Private Passenger Auto
☐ Health ☐ Long-Term Care ☐ Travel
☐ Homeowners ☒ Other Health ☐ STLD

PROVIDE A CONCISE STATEMENT OF THE PROPOSED CHANGE:
Data elements #67 and #71 both ask for number of claims denied, rejected, or returned because the maximum has been exceeded.

#67 – Number denied, rejected, or returned as non-covered or maximum benefit exceeded.

#71 – Number denied, rejected, or returned (in whole or in part) because maximum $ limit exceeded.

PROVIDE THE REASON FOR THE CHANGE:
Identify duplicate data elements and remove the duplicate.
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Click or tap here to enter text.
Proposal Submission Date: 3/19/2024
Proposed Effective Data Year for Reporting: 2024 Data Year
Proposed ☐ Substantive Change ☒ Non-Substantive Change/Clarification
Proposal Number 2024.6
Proposal Status
☐ All Submissions
☒ Received – Date 3/19/2024
☐ Accepted ☐ Rejected by MCAS Blanks WG Chair
☐ Posted to Web Page for Public Exposure/Comment – Date
☐ Referred to Another NAIC Group – Date

- Name of Group

☐ Adopted ☐ Modified ☐ Rejected ☐ Deferred by WG – Date

- Name of Group
Substantive Revisions
☐ Adopted ☐ Rejected by D Committee – Date
☐ Adopted ☐ Rejected by EX/Plenary – Date
☐ Other – Date

- Name of Group
NAIC Staff Input
Click or tap here to enter text.

Proposal Contact Information
Name of Contact Person Teresa Cooper, Hal Marsh
Name of Organization National Association of Insurance Commissioners
Email Address tcooper@naic.org, hmarsh@naic.org
Phone Number 816-783-8226
Affiliation Type ☐ State Regulator ☒ NAIC Staff ☐ Other Regulator ☐ Reporting Company
☐ Industry Trade Association ☐ Consumer Representative ☐ Other

PROPOSAL IS FOR: ☒ Data Element ☐ Data Definitions ☐ Data Validation

APPLICABLE LINE(S) OF BUSINESS:
☐ Annuity ☐ Lender Placed Auto and Home ☐ Private Flood
☐ Disability Income ☐ Life ☐ Private Passenger Auto
☐ Health ☐ Long-Term Care ☐ Travel
☐ Homeowners ☒ Other Health ☐ STLD

PROVIDE A CONCISE STATEMENT OF THE PROPOSED CHANGE:
Data elements #51 and #90 both ask for the number of new policies/certificates denied during the period.

#51 – Number of new policies/certificates denied during the period.

#90 – Number of individual applications/enrollments denied during the period for any reason.

PROVIDE THE REASON FOR THE CHANGE:
Identify duplicate data elements and remove the duplicate.
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Click or tap here to enter text.
Proposed change: For this MCAS, data should be reported as Accelerated Underwriting when artificial intelligence and/or machine learning which utilizes, in whole or in part, Other Non-medical Third-party Data and/or FCRA Compliant Non-medical Third-party Data in the underwriting of life insurance is applied; including when that data is used in combination with Application Data or Medical Data.

Existing definition of MCAS Accelerated Underwriting: For this MCAS, data should be reported as Accelerated Underwriting when artificial intelligence and/or machine learning which utilizes, in whole or in part, Other Non-medical Third-party Data and/or FCRA Compliant Non-medical Third-party Data in the underwriting of life insurance is applied; including when that data is used in combination with Application Data or Medical Data.
part, Other Non-medical Third-party Data and/or FCRA Compliant Non-medical Third-party Data in the underwriting of life insurance; including when used in combination with Application Data or Medical Data.

PROVIDE THE REASON FOR THE CHANGE:
There is a grammatical error which can cause confusion when attempting to interpret the definition. The change will clarify the definition.

IF ADDITIONAL DOCUMENTS CONTAIN DEFINITIONS, BLANK MOCK-UPS, ETC, PROVIDE A LISTING OF THESE DOCUMENTS BELOW. SEND THE LISTED DOCUMENTS TO NAIC STAFF ALONG WITH THE COMPLETED FORM:
Click or tap here to enter text.
Change the first bullet point on the existing definition of lawsuit to “For non-claims related lawsuits, include only lawsuits brought by an applicant for insurance, a policyholder or claimant as a plaintiff against the reporting insurer as a defendant.”

Existing definition of lawsuit – Include only lawsuits brought by applicant for insurance, a policyholder or claimant as a plaintiff against the reporting insurer as a defendant.

PROVIDE THE REASON FOR THE CHANGE:
The current wording of the first bullet-point was added to provide a definition for non-claims related lawsuits. It was copied from the Disability Income MCAS definition of lawsuit, but the last portion of it should have been deleted.

The intent of adding this bullet-point was to define non-claims related lawsuits. But since it was added to the entire definition of lawsuit, the bullet-point also alters how claims-related lawsuits are to be reported. From the inception of MCAS to the most recent filing, claims-related lawsuits were any lawsuit against the insured arising from a claim regardless of whether the insurer was a named defendant. The current wording would drastically reduce the reported number of claims-related lawsuits if the companies read and apply this new definition without questioning the change.

IF ADDITIONAL DOCUMENTS CONTAIN DEFINITIONS, BLANK MOCK-UPS, ETC, PROVIDE A LISTING OF THESE DOCUMENTS BELOW. SEND THE LISTED DOCUMENTS TO NAIC STAFF ALONG WITH THE COMPLETED FORM:
Under the Life Insurance and Annuities Replacement Model regulation [content.naic.org], the incontestability provision in Section 5. B states: “In transactions where the replacing insurer and the existing insurer are the same or subsidiaries or affiliates under common ownership or control, allow credit for the period of time that has elapsed under the replaced policy’s or contract’s incontestability and suicide period up to the face amount of the existing policy or contract.” The interpretation is that the model regulation is calling replacements within the same holding company “internal replacements.” However, the Life and Annuity MCAS Blanks appears to categorize these intra-holding company replacements as an external replacement, as the definition for an “External Replacement of
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Affiliated Company Policies” states: “An external replacement of an affiliated company policy is when the policy and/or annuity to be replaced was issued by a company affiliated to the MCAS reporting company.” If it is determined that a change is needed, then the definition of an “External Replacement of Affiliated Company Policies” would need to be revised and the corresponding data element as well.

Current Definition
External Replacement of Affiliated Company Policies – An external replacement of an affiliated company policy is when the policy and/or annuity to be replaced was issued by a company affiliated to the MCAS reporting company.

Proposed Definition
Internal Replacement of Affiliated Company Policies – An internal replacement of an affiliated company policy is when the policy and/or annuity to be replaced was issued by a company affiliated to the MCAS reporting company.

PROVIDE THE REASON FOR THE CHANGE:
To ensure that the Life and Annuity data call reflects the language used in the Life Insurance and Annuities Replacement Model Regulation.

IF ADDITIONAL DOCUMENTS CONTAIN DEFINITIONS, BLANK MOCK-UPS, ETC, PROVIDE A LISTING OF THESE DOCUMENTS BELOW. SEND THE LISTED DOCUMENTS TO NAIC STAFF ALONG WITH THE COMPLETED FORM:
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