



Draft date: 5/30/24

Virtual Meeting

MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP

Thursday, June 6, 2024

3:00 – 4:00 p.m. ET / 2:00 – 3:00 p.m. CT / 1:00 – 2:00 p.m. MT / 12:00 – 1:00 p.m. PT

ROLL CALL

| | | | |
|---------------------------------------|---------------|--|-----------------------------|
| Rebecca Rebholz, Chair | Wisconsin | Julie Hesser/Jo LeDuc | Missouri |
| Tolanda Coker, Vice Chair | Arizona | Martin Swanson | Nebraska |
| Teri Ann Mecca/Jake Windley | Arkansas | Hermoliva Abejar | Nevada |
| Sheryl Parker | Florida | Patrick Zeller | New Mexico |
| Elizabeth Nunes/ Paula Shamburger | Georgia | Guy Self | Ohio |
| Erica Weyhenmeyer | Illinois | Gary Jones/August Hall/ Karen Veronikis | Pennsylvania |
| Kichelle Henderson/ Charles Thomas | Kansas | Gwendolyn McGriff/ Rachel Moore | South Carolina |
| 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 |
| T.J. Patton/ John Fritzberg-Glover | Minnesota | John Haworth/John Kelcher Letha Tate | Washington West Virginia |

NAIC Support Staff: Teresa Cooper/Hal Marsh

AGENDA

1. Consider Adoption of its May 1 Minutes—*Rebecca Rebholz (WI)* Attachment 1
2. Receive an Update from the Other Health/Short-Term, Limited-Duration (STLD) Subject Matter Expert (SME) Group—*Rebecca Rebholz (WI)*
3. Receive an Update from the Accelerated Underwriting SME Group—*Rebecca Rebholz (WI)*
4. Receive an Update from the Pet Insurance SME Group—*Randy Helder (NAIC)*
5. Receive an Update on Market Conduct Annual Statement (MCAS) Filings and the 2023 MCAS Premium Exhibit Used for Identifying Required Filings—*Teresa Cooper (NAIC)*

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

7. Adjournment

Draft: 5/21/24

Market Conduct Annual Statement Blanks (D) Working Group
Virtual Meeting
May 1, 2024

The Market Conduct Annual Statement Blanks (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met May 1, 2024. The following Working Group members participated: Rebecca Rebholz, Chair (WI); Tolanda Coker, Vice Chair (AZ); Rachel Lozano (FL); Erica Weyhenmeyer (IL); Kichelle Henderson (KS); Raymond Guzman (MD); Jeff Hayden (MI); Julie Hesser (MO); Guy Self (OH); Karen Veronikis (PA); Rachel Moore (SC); Tony Dorschner (SD); Shelli Isiminger (TN); Melissa Gerachis (VA); and John Kelcher (WA). Also participating were: Nina Hunter (LA); and Brett Bache (RI).

1. Adopted its April 19 and April 2 Minutes

The Working Group also met April 2. During this meeting, the Working Group took the following action: 1) adopted its Oct. 10, 2023, minutes; 2) discussed needed pet insurance Market Conduct Annual Statement (MCAS) clarifications; 3) reviewed two sets of duplicate data elements in the MCAS short-term, limited-duration (STLD) blank; 4) reviewed two sets of duplicate data elements in the MCAS other health blank; 5) discussed possible edits to the definition of AU for clarification purposes; 6) discussed the clarification of MCAS home and auto definition of a lawsuit; and 7) discussed MCAS reporting of life/annuity replacements of a policy/contract of a company under the same holding company group.

Kelcher made a motion, seconded by Coker, to adopt its April 2 minutes (Attachment 1). The motion passed unanimously.

Rebholz stated that the Working Group conducted an e-vote that concluded April 19 to adopt grammatical edits to the accelerated underwriting (AU) definition.

Coker made a motion, seconded by Isiminger, to adopt its April 19 minutes (Attachment 2). The motion passed.

2. Discussed the Formation of an SME Group to Review the STLD Rule Change

Randy Helder (NAIC) provided an overview of the new rules of the U.S. Department of Health and Human Services (HHS). The rules change the time periods for what qualifies as an STLD plan. Helder explained that the time period had been 12 months minus one day, with the possibility of two renewals going up to a maximum of 36 months. The new rule changes the time period to three months, with a maximum of four months for renewals. The current blank does not match the new rule that was adopted. Helder stated that John Haworth (WA) suggested the Working Group look at the STLD blank and ensure it is current. Helder stated that a subject matter expert (SME) group needs to be formed to ensure this blank is updated with the rules.

Rebholz said that a state insurance regulator is needed to lead this SME group discussion. She said that any interested parties and state insurance regulators should contact Hal Marsh (NAIC).

3. Adopted a Motion to Remove Duplicate Data Elements in the MCAS STLD Blanks

Rebholz stated that the first set of duplicate data elements is 64 and 74, which were exposed during the Working Group's [insert date] meeting, and the Working Group was invited to send written comments during the provided period. No comments were received regarding these duplicate data elements.

Rebholz described duplicate data elements 64 and 74. She explained that data element 64 reads as the number of covered lives on policies/certificates canceled at the initiation by the policyholder/certificate holder during the period. Data element 74 is its duplicate and reads as the number of insured lives impacted by terminations and cancellations initiated by the policyholder/certificate holder. Rebholz stated the recommendation is to remove data element 64. She explained that the reason is that "insured lives impacted" is more consistent with other data elements within the reporting blank.

Guzman asked if the cancellations were defined as being initiated by the policy/certificate holder or whether they were all cancellations.

Teresa Cooper (NAIC) explained that in data element 64, cancellations are initiated by the policy/certificate holder, whereas in data element 74, its terminations and cancellations are by the policy/certificate holder.

Gerachis made a motion, seconded by Hesser, to remove data element 64. The motion passed unanimously.

Rebholz moved to the next set of duplicate data elements, 69 and 75. Rebholz reviewed that element 69 is the number of lives on policies/certificates canceled due to non-payment of premium during the period. Rebholz explained that data element 75 is the number of insured lives impacted by terminations and cancellations due to non-payment. Rebholz stated that the recommendation is to remove data element 69.

Veronikis made a motion, seconded by Gerachis, to remove data element 69. The motion passed unanimously.

4. Adopted a Motion to Remove Duplicate Data Elements in the MCAS Other Health Blanks

Rebholz said another set of duplicate data elements is 67 and 71. She said data element 67 reads as the number of denied, rejected, or returned as non-covered or maximum benefit exceeded, and data element 71 reads as the number of denied/rejected or returned in whole or in part because the maximum dollar limit has been exceeded. Rebholz stated the recommendation is to eliminate element 71. Rebholz went on to say element 67 includes non-covered, which better aligns with the intent of that element.

Gerachis made a motion, seconded by Hesser, to remove data element 71. The motion passed unanimously.

Rebholz moved to the next set of duplicate data elements, 51 and 90. Rebholz reviewed that element 51 reads as the number of new policies/certificates denied during the period, and element 90 reads as the number of individual applications/enrollments denied during the period for any reason. Rebholz said the recommendation at this time is to keep both and have an SME group review the entire other health blank to determine the best course of action. At this time, there is one year to complete any review and approve any changes that the SME group would bring back to the Working Group.

5. Adopted the Proposed Clarification of the MCAS Home and Auto Definition of a Lawsuit

Rebholz reminded the group that this proposal was presented during the Working Group's April meeting, a comment period was provided, and no comments were received. Rebholz restated that the proposal was to add a clause for non-claims related lawsuits at the first bullet point.

Helder provided an explanation for the edit. He stated that the current wording of the first bullet point was added to define non-claims-related lawsuits. It was copied from the Disability Income MCAS definition of lawsuit, and the intent of adding this bullet point was to define non-claims related lawsuits. Since it was added to the entire definition of a lawsuit, the bullet point also alters how claims-related lawsuits are to be reported. The current wording would drastically reduce the reported number of claims-related lawsuits if the companies read and applied this new definition without questioning the change. Helder explained there was a need to bring consistency to the definition of Lawsuits between the different blanks. Helder clarified that this bullet point only applies to non-claims-related losses.

Veronikis made a motion, seconded by Gerachis, to approve the proposed lawsuit definition edit to change the first bullet point on the existing definition 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.” The motion passed unanimously.

6. Adopted Proposed Edit to the Definition of External Replacement of Affiliated Company Policies in the MCAS Life and Annuity Blanks

Rebholz stated this proposal came from Bache and was presented to the Working Group during its April 19 meeting. A comment period was provided, and no comments were received regarding the proposal.

Bache stated that Rhode Island noticed the definitions of internal and external replacements were broken out on the life and annuity blanks. Bache said it appears that the definitions referred to replacements of affiliated companies as external replacements. He said Rhode Island noticed in the *Life Insurance and Annuities Replacement Model Regulation (#613)* under the incontestability provision. He said Rhode Island’s interpretation is that these affiliated company replacements are actually internal. Bache also stated that this would be a change in definition and a link update, but not in the collected data.

Rebholz stated that if adopted, the proposed definition amendment would be added in 2025 for the 2026 reporting year.

Isiminger made a motion, seconded by Gerachis, to adopt the proposed edit for the data and definition to read “internal replacements” in the definition of external replacement of affiliated company policies in the MCAS life and annuity blanks. The motion passed unanimously.

7. Received an Update on Possible Edits to the Definition of AU for Clarification Purposes

Rebholz gave an update on the AU definition and what the SME group has been working on. The SME group met April 16 to discuss the possible edits. It was decided that a frequently asked questions (FAQ) document needed to be created to provide more information on what was being asked. A draft was written and submitted to the SME group, and feedback was received regarding this draft. Another SME group meeting will take place May 2. Rebholz stated the life and casualty filings were due April 30, and the SME group will continue its work on the FAQ and any other clarifications needed.

8. Received an Update on the Formation of an SME Group to Discuss Needed Pet Insurance MCAS Clarification

Rebholz stated that Kelcher has agreed to lead the pet insurance MCAS within the SME group. Rebholz asked if anyone would like to be part of this SME group to please reach out.

Having no further business, the Market Conduct Annual Statement Blanks (D) Working Group adjourned.
SharePoint/NAIC Support Staff Hub/D Working Groups/MCAS Blanks WG (TES)/2024 MCAS Blanks WG