

Draft date: 7/13/23

Virtual Meeting

MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP

Wednesday, July 19, 2023

12:00 – 1:00 p.m. ET / 11:00 a.m. – 12:00 p.m. CT / 10:00 – 11:00 a.m. MT / 9:00 – 10:00 a.m. PT

ROLL CALL

Erica Weyhenmeyer, Chair	Illinois	Martin Swanson	Nebraska
Rebecca Rebholz, Vice Chair	Wisconsin	Hermoliva Abejar	Nevada
Maria Ailor	Arizona	Leatrice Geckler	New Mexico
Crystal Phelps/Teri Ann Mecca	Arkansas	Guy Self	Ohio
Scott Woods	Florida	Gary Jones/August Hall/ Karen Veronikis	Pennsylvania
Paula Shamburger/ Elizabeth Nunes	Georgia	Rachel Moore/ Gwendolyn McGriff	South Carolina
Shannon Lloyd	Kansas	Larry D. Deiter/Candy Holbrook	South Dakota
Lori Cunningham	Kentucky	Shelli Isiminger	Tennessee
Mary Kwei	Maryland	Shelley Wiseman	Utah
Mary Lou Moran	Massachusetts	Melissa Gerachis/Will Felvey	Virginia
Jeff Hayden	Michigan	John Haworth	Washington
Paul Hanson	Minnesota	Letha Tate	West Virginia
Jennifer Hopper/Teresa Kroll	Missouri		

NAIC Support Staff: Teresa Cooper/Hal Marsh

AGENDA

1. Consider Adoption of its June 22 Minutes—*Erica Weyhenmeyer (IL)* Attachment 1
2. Discuss reporting of closed claims for Private Passenger Auto (PPA) and Homeowners Lines of Business—*Brett Bache (RI)* Attachment 2
3. Discuss the MCAS Data Element Revision Process Timeline—*Erica Weyhenmeyer (IL)* Attachment 3
4. Discuss Filing Deadlines for Other Health and Short-Term, Limited Duration (STLD) Lines of Business—*Erica Weyhenmeyer (IL)* Attachment 4
5. Discuss Any Other Matters Brought Before the Working Group—*Erica Weyhenmeyer (IL)*
6. Adjournment

Draft: 7/6/23

Market Conduct Annual Statement Blanks (D) Working Group
Virtual Meeting
June 22, 2023

The Market Conduct Annual Statement Blanks (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met June 22, 2023. The following Working Group members participated: Erica Weyhenmeyer, Chair (IL); Rebecca Rebholz, Vice Chair (WI); Tolanda Coker (AZ); Pamela Lovell (FL); Shannon Lloyd (KS); Lori Cunningham (KY); Raymond Guzman (MD); Jeff Hayden (MI); Jennifer Hopper, Teresa Kroll, and Jo LeDuc (MO); Martin Swanson (NE); Karen Veronikis (PA); Rachel Moore (SC); Shelli Isiminger (TN); Melissa Gerachis (VA); John Haworth (WA); and Theresa Miller (WV). Also participating was: Brett Bache (RI).

1. Adopted its May 30 and May 22 Minutes

The Working Group met May 30 to: 1) adopt the Pet Market Conduct Annual Statement (MCAS) Data Call and Definitions; and 2) discuss MCAS directions for determining when a claim is closed on the personal property and homeowners lines of business. The Working Group also met May 22 to adopt the Pet Insurance MCAS Data Call and Definitions.

Haworth made a motion, seconded by Martin, to adopt the Working Group's May 30 (Attachment **XX**) and May 22 (Attachment **XX**) minutes. The motion passed unanimously.

2. Discussed MCAS Directions for Determining When a Claim is Closed on the PPA and Homeowners Lines of Business

Bache stated that when doing the Market Analysis Review System (MARS) and looking at data from various companies, the Working Group is finding outlying data with potential concerns with claims delays. The Working Group has been going back to companies who have claims closed with payments and asking what their interpretation of the data is. It is finding that companies differ on how data is reported and how and when a claim is closed within the system. Other companies have found that the system automatically closes after around 30, 60, or 90 days. Therefore, when the final payment is made, it does not close in the system; rather, it stays open for a period of time, which is ultimately used for reporting the MCAS. When going back, it was noticed within the Data Call and Definitions document that there are two definitions for claims closed with a payment : 1) claims closed with payment; and 2) median days. This may be causing confusion for the companies. Companies using different ways of reporting when their claims are closed in the system is not indicative of whether there are actual issues with their claims payments, causing room for additional questions. A suggestion was made to clarify these definitions or add interrogatories and require companies to state how they determine when a claim is closed. This would give more info on instances of extreme claims delays.

Haworth stated that there is space on line 24 for claims comments in the interrogatories, but it is optional. He suggested adding instructions on how to fill that out.

Weyhenmeyer asked for a volunteer from the Working Group to draft this interrogatory.

Hopper reminded the Working Group that the definitions are on all the MCAS links, and they need to be updated there as well.

Randy Helder (NAIC) asked for clarification regarding whether this would say the company has the option to report one way or the other and then put that into the interrogatories. He said he believes giving companies this option would not allow the companies to be compared equally.

Hayden stated that companies have system limitations on how they report the data. When going back, it appears that there are a lot of claims closed late or delayed, when it is actually a limitation of reporting when a claim is paid. Giving them the opportunity to explain the data they are providing will help clarify the data. Hayden asked the Working Group if it is experiencing companies manually going into that level of detail when they are reporting MCAS data. He said in his experience, the Working Group is getting that info, and it is a cause for investigation into things that are not necessarily issues.

Haworth answered that the Working Group spent months asking the same questions. Often, companies have it listed as a reserve, and the claim is not closed until 30 or 60 days after the final payment. There are some situations where it gives a false positive. This is happening with small and large companies. What the number represents is known, so it is run anyway.

Bache stated that after talking to companies, it does not appear that they can manually look up the final payment date. Instead, they have the close date. The states would have to do that. Adding some clarification in the interrogatories is more for when the claim is closed in the system, as it would help the states with some of those false positives.

Birny Birnbaum (Center for Economic Justice—CEJ) said he believes the definitions are clear, but because of company systems, they cannot comply with the instructions. If the companies need to adjust their systems to meet the reporting requirements, then they need to do that. Birnbaum stated that he wants to ensure that companies are reporting consistently regardless of what they say their system capabilities are.

Weyhenmeyer and Bache agreed that there needs to be a more specific language request.

Katie Dzurec (Regulatory Insurance Advisors LLC—RIA) asked if this will be applied to all lines of business or just home and auto. Weyhenmeyer said the Working Group will start with home and auto and see how that goes.

3. Discussed the MCAS Data Element Revision Process Timeline

Weyhenmeyer stated that the timeline requires adoption by the Working Group prior to June 1 to implement or the following day and year. Since the development of new lines of business takes time, the Working Group is not able to move that deadline. It would be beneficial to have more state insurance regulators participate in subject matter expert (SME) group discussions. One option to consider is encouraging participation from the beginning and not delaying the start of that work. Another suggestion is that when SME updates are provided, the Working Group's meetings include a current draft in the meeting materials. The third idea is that reporting changes for existing lines of business could have a later deadline for approval.

LeDuc proposed that the SME group has a deadline for getting the final product to the Working Group in time to give a 45-day public comment period.

Weyhenmeyer asked that comments on this topic be submitted no later than July 14.

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

NAIC USE ONLY

Proposal Submission Date: 4/26/2023	
Proposed Effective Data Year for Reporting: 2025 Data Year	
Proposed <input type="checkbox"/> Substantive Change <input checked="" type="checkbox"/> Non-Substantive Change/Clarification	
Proposal Number	2023.1
Proposal Status	<u>All Submissions</u> <input checked="" type="checkbox"/> Received – Date 4/26/2023 <input checked="" type="checkbox"/> Accepted <input type="checkbox"/> Rejected by MCAS Blanks WG Chair <input type="checkbox"/> Posted to Web Page for Public Exposure/Comment – Date Click or tap to enter a date. <input type="checkbox"/> Referred to Another NAIC Group – Date Click or tap to enter a date. – Name of Group Click or tap here to enter text. <input type="checkbox"/> Adopted <input type="checkbox"/> Modified <input type="checkbox"/> Rejected <input type="checkbox"/> Deferred by WG – Date Click or tap to enter a date. <u>Substantive Revisions</u> <input type="checkbox"/> Adopted <input type="checkbox"/> Rejected by D Committee – Date Click or tap to enter a date. <input type="checkbox"/> Adopted <input type="checkbox"/> Rejected by EX/Plenary – Date Click or tap to enter a date. <input type="checkbox"/> Other – Date Click or tap to enter a date. Specify Click or tap here to enter text.
NAIC Staff Input	Teresa Cooper / Hal Marsh

Proposal Contact Information

Name of Contact Person	Brett Bache
Name of Organization	Rhode Island Insurance Division
Email Address	Brett.Bache@dbr.ri.gov
Phone Number	401-462-9612
Affiliation Type	<input checked="" type="checkbox"/> State Regulator <input type="checkbox"/> NAIC Staff <input type="checkbox"/> Other Regulator <input type="checkbox"/> Reporting Company <input type="checkbox"/> Industry Trade Association <input type="checkbox"/> Consumer Representative <input type="checkbox"/> Other

PROPOSAL IS FOR: Data Element Data Definitions Data Validation

APPLICABLE LINE(S) OF BUSINESS:

- | | | |
|--|--|--|
| <input type="checkbox"/> Annuity | <input type="checkbox"/> Lender Placed Auto and Home | <input type="checkbox"/> Private Flood |
| <input type="checkbox"/> Disability Income | <input type="checkbox"/> Life | <input checked="" type="checkbox"/> Private Passenger Auto |
| <input type="checkbox"/> Health | <input type="checkbox"/> Long-Term Care | <input type="checkbox"/> Travel |
| <input checked="" type="checkbox"/> Homeowners | <input type="checkbox"/> Other Health | <input type="checkbox"/> STLD |

PROVIDE A CONCISE STATEMENT OF THE PROPOSED CHANGE:

Proposed data element wording changes for Homeowners and Private Passenger Auto (no new elements are proposed):

2-33 Number of claims closed in your system with the date of final payment within 0-30 days

2-34 Number of claims closed in your system with the date of final payment within 31-60 days

2-35 Number of claims closed in your system with the date of final payment within 61-90 days

2-36 Number of claims closed in your system with the date of final payment within 91-180 days

2-37 Number of claims closed in your system with the date of final payment within 181-365 days

2-38 Number of claims closed in your system with the date of final payment beyond 365 days

2-39 Number of claims closed in your system without payment within 0-30 days

2-40 Number of claims closed in your system without payment within 31-60 days

2-41 Number of claims closed in your system without payment within 61-90 days

2-42 Number of claims closed in your system without payment within 91-180 days

2-43 Number of claims closed in your system without payment within 181-365 days

2-44 Number of claims closed in your system without payment beyond 365 days

PROVIDE THE REASON FOR THE CHANGE:

It has been observed the P&C companies differ in how and when they close claims within their systems, and depending upon their process, their MCAS data may appear to show claims processing issues which may or may not be accurate. The definitions for Date of Final Payment and Median Days to Final Payment differ on when to report a claim as closed, which may be confusing for companies. The Date of Final Payment definition says to report a claim as closed only when it has been closed in the company's claims system. The definition of Median Days to Final Payment says to report a claim as closed once final payment has been made.

“Closed in the system” date should be used to determine which claims to report because companies often leave claims open for different lengths of time after they make a final payment. This date, “closed in the system,” is a definite event that is easily counted in each reporting period. Once counted as a closed claim, companies sort those claims by how long it took (the company) to make the final payment. The count of claims closed is definite, and the time to make a decision to pay can be fairly compared between companies and can be trended over years.

The proposed data element wording changes would encourage companies to review the definition of “Date of Final Payment” and read the clarification and example. The definition, clarification and example below are taken from the Data Call and Definition documents for the Homeowners and Private Passenger Auto lines of business and provided here to provide a full view of the information made available to companies for the reporting of these claims.

Date of Final Payment – The date final payment was issued to the insured/claimant.

Calculation Clarification:

- If partial payments were made on the claim, the claim would be considered closed with payment if the final payment was made during the reporting period regardless of the date of loss or when the claims was received.
- Report a claim as “closed with payment” or “closed without payment” if it is closed in the company's claims system during the reporting period (even if the final payment was issued in a prior reporting period.)
- If a claim remains open at the end of the reporting period (even though a final payment has been issued) it should be reported as open. Only when the claim is closed in the company's claims system, would you report the days to final payment.

Example:

- A claim is open on 11/1/00 and final payment is made on 12/1/00. The claim is left open until 2/1/01 to allow time for supplemental requests.
 - o The claim would be reported as open in the “00” MCAS submission and closed in the “01” MCAS submission.
 - o The number of days to final payment would be calculated as 30 days and reported in the “01” MCAS submission.

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.

Market Conduct Annual Statement Data Element Revision Process

Adopted by the
Market Conduct Annual Statement Blanks (D) Working Group on
May 10, 2018

The following establishes the procedures of the Market Regulation and Consumer Affairs Committee's Market Conduct Annual Statement Blanks (D) Working Group (hereinafter "MCAS Blanks WG") with respect to: a) Development of new Market Conduct Annual Statement (MCAS) interrogatories, data elements, and definitions for the collection of data for new approved lines of business; and b) Proposed changes to the MCAS data elements for existing lines of business. The procedures are for substantive changes only—such as the addition of data elements or significant (non-technical) changes to their definitions.

1. MCAS Blanks WG may consider relevant changes to the annual statement blank and instructions at any scheduled working group conference call or meeting. The MCAS Blanks WG chair will determine which suggested changes are considered.
2. Suggested changes and amendments to the Market Conduct Annual Statement data elements or definitions may be submitted to the NAIC support staff for MCAS Blanks WG at any time during the year.
3. All recommended changes shall include all of the following:
 - a concise statement of the proposed change;
 - the statement type of the suggested change (Life and Annuity, Property and Casualty, Long Term Care, Health, etc.);
 - the reason for the change; and
 - any supporting information relating to the change.
4. Changes that have been adopted by the MCAS Blanks WG prior to June 1 and subsequently adopted by the Market Regulation and Consumer Affairs (D) Committee by August 1 and by the NAIC Plenary by December 31 of the same year will become effective for the following year's experience reporting.
5. If the MCAS Blanks WG or the D Committee do not adopt a recommended change by their respective date (June 1 or August 1), any adopted change will be effective the second calendar year after the adoption of the change. (For example, if MCAS Blanks WG adopts a change during July 2017 and the D Committee adopts it in September 2017, the change will be effective January 1, 2019 and would be reported in the data filed in 2020).
6. All suggested changes will be made available for comment at least 30 days prior to adoption by the Market Regulation and Consumer Affairs D Committee.

Samantha Burns
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Via Email

June 23, 2023

Ms. Erica Weyhenmeyer
Chair, Market Conduct Annual Statement Blanks (D) Working Group
National Association of Insurance Commissioners

Ms. Rebecca Rebholz
Vice Chair, Market Conduct Annual Statement Blanks (D) Working Group
National Association of Insurance Commissioners

c/o [Teresa Cooper](#)

RE: Uniform Market Conduct Annual Statement Blank (MCAS) Filing Date for Health, “Other Health”, and Short-Term Limited Duration

Dear Ms. Weyhenmeyer and Ms. Rebholz:

The Health Industry Interested Parties (“HIIP”) group is comprised of single and multi-state licensed health insurers and administrators representing comprehensive major medical and managed care insurance carriers of all sizes located throughout the United States. In addition to comprehensive major medical, many members of the HIIP group also offer coverage of products covered under the “Other Health” MCAS and the STLD MCAS. On behalf of the HIIP group, we are writing to request that the Working Group consider adopting a uniform filing date for the Health, “Other Health”, and Short-Term Limited Duration (STLD) MCAS lines.

Currently, the filing deadlines for these three lines of MCAS are as follows:

- The Health MCAS filing deadline of May 31 was approved by the Plenary at the NAIC Spring 2023 National Meeting, effective in reporting year 2023.
- The initial STLD MCAS filing deadline is currently June 30, 2023, and is scheduled to revert to April 30 starting in reporting year 2024.
- The initial “Other Health” MCAS filing deadline is currently June 30, 2024, and is scheduled to revert to April 30 starting in reporting year 2025.

In July, 2022, AHIP and BCBSA, on behalf of the HIIP group, provided this working group a [presentation](#) on the manual and complex nature of the workflow process that health carriers

endure to produce MCAS reports. After much discussion with the working group, a fixed May 31 filing deadline was agreed upon for the health MCAS filing. Since the same systems and processes are used in producing the STLD and “Other Health” MCAS reports, the HIIP group respectively requests that all MCAS lines that are prepared by health carriers have the same fixed filing deadline of May 31.

On behalf of the Health Industry Interested Parties group, we appreciate your consideration of our request to create a uniform filing deadline of May 31 for Health, “Other Health,” and STLD. We would be happy to discuss this further with you, NAIC staff, and members of the MCAS Blanks Working Group should have any questions.

Sincerely,

Samantha Burns
AHIP

Demetria Tittle
Blue Cross Blue Shield Association