



Draft date: 12/2/24

Virtual Meeting

MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP

Thursday, December 5, 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	Martin Swanson	Nebraska
Tolanda Coker, Vice Chair	Arizona	Hermoliva Abejar	Nevada
Teri Ann Mecca/Lori Plant	Arkansas	Alma Tapia	New Mexico
Sheryl Parker	Florida	Guy Self	Ohio
Elizabeth Nunes/ Paula Shamburger	Georgia	Gary Jones/August Hall/ Karen Veronikis	Pennsylvania
Chris Heisler	Illinois	Gwendolyn McGriff/ Rachel Moore	South Carolina
Charles Thomas	Kansas	Larry D. Deiter	South Dakota
Lori Cunningham	Kentucky	Shelli Isiminger/ Rhonda Bowling-Black	Tennessee
Raymond Guzman	Maryland	Shelley Wiseman	Utah
Mary Lou Moran	Massachusetts	Melissa Gerachis/Will Felvey	Virginia
Jeff Hayden	Michigan	John Haworth/John Kelcher	Washington
T.J. Patton/ John Fritzbeg-Glover	Minnesota	Letha Tate	West Virginia
Julie Hesser/Jo LeDuc	Missouri		

NAIC Support Staff: Teresa Cooper/Hal Marsh

AGENDA

1. Consider Adoption of its Sept. 5 Minutes—*Rebecca Rebholz (WI)* Attachment 1
2. Receive an Update from the Subject Matter Expert (SME) Group Reviewing the Other Health Market Conduct Annual Statement (MCAS) Blank and Discuss Topics Where Working Group Feedback is Needed —*Mary Kay Rodriguez (WI)*
3. Receive an Update on the Formation of an SME Group to Review the Private Passenger Auto (PPA) MCAS Blank—*Rebecca Rebholz (WI)*
4. Discuss Comments Regarding the Travel MCAS Blank—*Rebecca Rebholz (WI)* Attachment 2

5. Discuss the Definition of Cancellations on the MCAS Lender-Placed Insurance (LPI) Blank—*Brian Werbeloff (RI)* Attachment 3
6. Discuss Any Other Matters Brought Before the Working Group—*Rebecca Rebholz (WI)*
7. Adjournment

Draft: 9/26/24

Market Conduct Annual Statement Blanks (D) Working Group
Virtual Meeting
September 5, 2024

The Market Conduct Annual Statement Blanks (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met Sept. 5, 2024. The following Working Group members participated: Rebecca Rebholz, Chair (WI); Sheryl Hawley (AZ); Lori Plant (AR); Paul Walker (FL); Paula Shamburger (GA); Erica Weyhenmeyer (IL); Lori Cunningham (KY); Raymond Guzman (MD); Jeff Hayden and Danielle Torres (MI); Julie Hesser (MO); Guy Self (OH); Rachel Moore (SC); Tony Dorschner (SD); Shelli Isiminger (TN); Laura Klanian (VA); John Kelcher and John Haworth (WA); and Letha Tate (WV).

1. Adopted its July 11 Minutes

The Working Group met July 11 and took the following action: 1) reviewed a recommendation from the other health/short-term, limited-duration (STLD) subject matter expert (SME) group to remove duplicate data element No. 51 from the other health Market Conduct Annual Statement (MCAS); 2) reviewed the draft frequently asked questions (FAQ) and definitions related to artificial intelligence (AI) and machine learning (ML) proposed by the accelerated underwriting (AU) SME group; 3) reviewed the draft definitions for partial payments and cancellations proposed by the pet insurance SME group; 4) discussed a review of MCAS other health interrogatory question No. 5; and 5) discussed the review of existing MCAS lines of business.

Dorschner made a motion, seconded by Isiminger, to adopt the Working Group's July 11 minutes (Attachment X). The motion passed unanimously.

2. Discussed the Removal of Duplicate Data Element No. 51 from the Other Health MCAS

Rebholz explained that data element No. 51 was the number of new policy certificates denied during the period. Data element No. 90 was the number of individual applications/enrollments denied during the period for any reason; thus, data elements No. 51 and No. 90 are duplicates. This issue was brought before the Working Group in April, after which the other health SME group reviewed the duplicates and brought back a recommendation to remove data element No. 51. This recommendation was discussed during the Working Group's July 11 meeting and exposed for a twenty-two day comment period that ended August 2. One comment was received.

Rebholz stated if the removal of data element No. 51 is approved, the change will not go into effect until the 2025 data year.

Haworth made a motion, seconded by Isiminger, to remove data element No. 51 from the Other Health MCAS. The motion passed unanimously.

3. Discussed the Draft FAQ and Definitions Related to AI and ML

Rebholz explained the draft FAQ was exposed during the Working Group's July 11 meeting for a twenty-two day comment period that ended August 2. No comments were received. No requests were made to read the draft FAQ word for word, as it was provided as an attachment.

Kelcher made a motion, seconded by Klanian, to accept the draft FAQ. The motion passed unanimously.

Rebholz moved to the draft definitions related to AI and ML.

Hayden stated that throughout the other definitions, there were references to the *Model Bulletin on the Use of Algorithms, Predictive Models, and Artificial Intelligence Systems by Insurers* (AI Model Bulletin). The AI Model Bulletin included a definition for ML as well. Hayden asked if it was considered for inclusion in the definitions. Rebholz replied that in some cases, the Working Group decided that a different resource had a better definition for the purpose of MCAS reporting.

Hearing no other comments, Rebholz stated that if approved, the draft definitions can immediately be added to the life MCAS data call definitions because they add valuable information and do not change the original intent. Rebholz added that a note showing the Working Group's approval date will be included.

Hayden made a motion, seconded by Haworth, to approve the draft definitions related to AI and ML. The motion passed unanimously.

4. Discussed the Draft Definitions for Partial Payments and Cancellations for the Pet Insurance MCAS

Rebholz stated the draft definitions for partial payments and cancellations were exposed during the Working Group's July 11 meeting. No comments were received.

Kelcher explained that there are no good definitions for partial payments and cancellations. The SME group worked through what those definitions should be and worked with industry and state insurance regulators to clarify what partial payments and cancellations look like for reporting purposes.

Rebholz stated that if the draft pet definitions are approved, they can immediately be added to the pet MCAS data call and definitions because they add valuable information to those reporting the data and do not change the original intent. When adding to the document, a note showing the date of approval by the Working Group will be included.

Kelcher made a motion, seconded by Moore, to accept the draft pet definitions. The motion passed unanimously.

5. Discussed MCAS Other Health Interrogatory Question No. 5 Next Steps and Additional Items Related to Comments Received

Rebholz stated that during the Working Group's July 11 meeting, it discussed reporting difficulties experienced regarding other health interrogatory question No. 5. The issues that have been seen are within the MCAS submission application. The limit for the interrogatory response is 4000 characters, which companies routinely exceed. Companies are also saying that providing information takes a lot of work, and they are wondering about the usefulness of that information for state insurance regulators.

Rebholz said that during that meeting, state insurance regulators were asked to think about how they might use the information from this interrogatory and requested comments. Cheryl Parker (FL) suggested amending interrogatory No. 5 to request a list of the states in which this line of business is written. She indicated that Florida would likely not need a list of phone numbers for policies written in every state and that the state would be able to obtain that information directly from other state regulators if that was needed. Tate suggested that rather than asking the company to list the states where other health products are filed, the interrogatory could ask if they file the product in more than five states. A "yes" answer would allow individual jurisdictions to follow up with any other questions. Tate further suggested increasing the 4000-character limit.

Rebholz stated that during the Summer National Meeting, Karen Alvarado (Crum & Forster) provided some detail about concerns that industry members have been experiencing with some of the questions and the definitions that would impact the validity of the data state insurance regulators receive. Rebholz suggested reconvening the other health SME group to further discuss the handling of interrogatory No. 5 and the concerns Alvarado itemized in any other area the SME group may think would need refining.

Rebholz stated that Mary Kay Rodriguez (WI) said she would head the SME group for other health discussions.

6. Received an Update on the Formation of an SME Group to Review the PPA MCAS Blank

Rebholz reminded Working Group members that it was decided to reopen old blanks, starting with the oldest first, the private passenger auto (PPA) blank, to consider any updates that might be necessary given how much time has passed since that blank was originally developed. The PPA SME group has not yet met. Rebholz asked that anyone interested in joining contact Hal Marsh (NAIC).

Rebholz asked the Working Group to keep in mind that best practices have been added to the updated MCAS data element revision process document. One of those was that a minimum of five Working Group jurisdictions would volunteer.

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/MCAS 9_5 MINUTES.docx

November 11, 2024

Sent via email to Rebecca.Rebholz@wisconsin.gov

Regarding some of the specifics we were looking to discuss and get clarification on is:

1. There are several items in the claims section that rely on when a claim is reported or date a claim is opened - not all claims administrators record this information in the same way;
2. Interrogatories ask about a TPA and separately ask about an administrator
3. Interrogatories asks about MGAS but not producers - they are defined differently (as an example we work with many producers but only one MGA)
4. Not all partners capture losses separately for each person
5. Other items such as number of days to closure is impacted when the date claim is reported or open is captured in different ways by different partners
6. Claims closed does not take into account when the claim became clean so numbers are often skewed
7. Lawsuits are asked to be reported based on number of policies or number of people party to the suit – that is not how it is captured currently

Thanks again for reviewing!

Caren Alvarado | Vice President Regulatory Affairs & Industry Relations, A&H Division
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November 18, 2024

Sent via email to Rebecca.Rebholz@wisconsin.gov

Hello Ms. Rebholz,

We were hoping you could provide some background on the MCAS Lender-Placed Insurance (LPI) definition for cancellations.

We noticed that this definition leaves out a lot of the details included in the definitions for MCAS Homeowners cancellations and MCAS Private Passenger cancellations. Specifically, the MCAS LPI cancellations definition does not include a note to exclude “Policies cancelled for ‘re-write’ purposes where there is no lapse in coverage.”

The omission appears to have created some reporting concerns for certificates. Specifically, we have a company stating LPI certificates frequently expire and are reissued with new certificate numbers (with no lapse in coverage). This company says they report such LPI certificate expirations as cancellations and the reissues as new certificates in order to prevent an MCAS error (as the MCAS system says the number of certificates in-force at the end of the period must equal the number of certificates in-force at the beginning of the period + certificates added during the period – certificates cancelled during the period). As a result, a number of LPI MCAS ratios may be skewed by a large number of certificate “cancellations” that are just expirations/reissues with no lapse in coverage.

We don’t know who exactly drafted this language, and what considerations went into the formulation of the ‘cancellation’ definition. We were wondering if anyone in Wisconsin might have thoughts on why the above language wasn’t included in the MCAS LPI cancellations definition? Do you believe adding the Homeowners and Private Passenger ‘re-write’ language would fix this issue, or should we have language specifically excluding expired and reissued certificates from the LPI cancellations definition?

Note: if we do eventually add the exclusion to the definition of LPI cancellations, we should also make the same exclusion to ‘Number of certificates written during the period’ (MCAS ID 3-59), and we may need to adjust the reporting for the ‘Number of certificates in-force at the beginning of the period’ (MCAS ID-58) and the ‘Number of certificates in-force at the end of the period’ (MCAS ID-60) (to account for these certificates remaining active under new certificate numbers). Otherwise, the NAIC will not have the ability to cross-check the data, and a number of those MCAS ratios will be remain skewed.

Thank you for any help you can provide.

Regards,

Brian Werbeloff, MSA, CIE, FLMI, PIR, CICSR, MCM, AIRC, ACS
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