Date: 2/17/21

Virtual Meeting

MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP
Wednesday, February 24, 2021
2:00 – 3:00 p.m. ET / 1:00 – 2:00 p.m. CT / 12:00 – 1:00 p.m. MT / 11:00 a.m. – 12:00 p.m. PT

ROLL CALL

Rebecca Rebholz, Chair	Wisconsin	Teresa Kroll	Missouri
Tate Flott, Vice Chair	Kansas	Martin Swanson	Nebraska
Maria Ailor	Arizona	Hermoliva Abejar	Nevada
Jimmy Harris/Crystal Phelps	Arkansas	Leatrice Geckler	New Mexico
Scott Woods	Florida	Guy Self	Ohio
Sarah Crittenden	Georgia	Katie Dzurec	Pennsylvania
October Nickel	Idaho	Michael Bailes/Rachel Moore	South Carolina
Erica Weyhenmeyer	Illinois	Maggie Dell	South Dakota
Lori Cunningham	Kentucky	Shelli Isiminger	Tennessee
Erica Bailey	Maryland	Shelley Wiseman	Utah
Mary Lou Moran	Massachusetts	Ned Gaines/John Haworth	Washington
Jill Huisken	Michigan	Letha Tate	West Virginia
Paul Hanson	Minnesota		

NAIC Support Staff: Tressa Smith/Teresa Cooper

AGENDA

1. Consider Adoption of its Nov. 16, 2020, Minutes—*Rebecca Rebholz (WI)* — Attachment 1
2. Receive an Update on the Travel Market Conduct Annual Statement (MCAS)—*Rebecca Rebholz (WI)*
3. Receive an Update on the Other Health MCAS—Katie Dzurec *(PA)*
4. Discuss a New Proposal Submission Form for Updates to the MCAS Blanks and Data Call and Definitions—*Rebecca Rebholz (WI)* — Attachment 2
5. Discuss the Placement of Complaint and Lawsuit Data Elements Within the Homeowners and Auto MCAS—*Rebecca Rebholz (WI)* — Attachment 3
6. Discuss MCAS Lawsuit Definitions—*Rebecca Rebholz (WI)* — Attachment 4
7. Discuss the Addition of Accelerated Underwriting (Life) and Digital Claims (Home and Auto) MCAS Data Elements—*Rebecca Rebholz (WI)*
8. Discuss Any Other Matters Brought Before the Working Group—*Rebecca Rebholz (WI)*
9. Adjournment

W:\National Meetings\2021\Spring\Cmte\D\MCAS WG\0224 Meeting\MCAS Blanks WG Agenda 0224.Docx

Draft: 11/24/20

Market Conduct Annual Statement Blanks (D) Working Group
Virtual Meeting
(in lieu of meeting at the 2020 Fall National Meeting)
November 16, 2020

The Market Conduct Annual Statement Blanks (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met Nov. 16, 2020. The following Working Group members participated: Rebecca Rebholz, Chair (WI); October Nickel, Vice Chair (ID); Cheryl Hawley (AZ); Kurt Swan (CT); Sheryl Parker (FL); Erica Weyhenmeyer (IL); Todd Oberholtzer and Guy Self (OH); Katie Dzurec (PA); Michael Bailes (SC); Ned Gaines and John Haworth (WA); and Letha Tate (WV).

1. Adopted its Oct. 28 Minutes

The Working Group met Oct. 28 and took the following action: 1) adopted its Sept. 30 minutes; and 2) heard and discussed a presentation on transactional level detail data collection.

Mr. Gaines made a motion, seconded by Mr. Swan, to adopt the Working Group's Sept. 30 minutes (Attachment Six-A). The motion passed unanimously.

2. Discussed Options for Collection Transaction Level Data

Ms. Rebholz noted that during its Oct. 28 meeting, the Working Group heard a presentation from NAIC information technology (IT) staff, which helped with understanding transaction level data along with potential technical impacts. She asked for comments regarding support or lack of support for collection of transactional level data.

Ms. Dzurec noted that she is not against collecting transaction level data. However, she stated she does not believe the MCAS blanks is the right place and that now is the right time to collect it. She stated from her perspective and the perspective of the Other Health blanks development and the short-term limited-duration (STLD) blanks development, the Working Group will continue with summary level data. Ms. Nickel noted she feels the same way. She believes transaction level data collection for MCAS should be considered after any issues on the IT side of things are vetted. Ms. Ailor noted that the previous blanks have been treated the same way, collecting aggregate-related data because that is the way it has always been done. She noted that for some lines of insurance, such as STLD, because of the way some products are marketed and sold through various associations or trusts, etc., collecting summarized data in an aggregate format will present additional challenges. Ms. Ailor said she believes each blank should be treated on its own merit, and that if starting with a transaction level data pilot would be helpful to better understand it, then that flexibility should be considered.

Ms. Dzurec advised that for STLD, she believes transaction level data would give them more of the information they need, but stated the data provided appears to look less like the Market Conduct Annual Statement (MCAS) and more like a market conduct investigation. She advised her hesitation is not that it has always been done that way. Instead, she said she believes that if the shift to transaction level data is made, the shift should be done thoughtfully and carefully in a manner supported by IT and the different staffing models of the departments of insurance (DOIs). She said she does not believe current structures support the transition to collecting transaction level data. Mr. Self stated he agrees with Ms. Dzurec and prefers summary level data collection at this time. Mr. Swan stated he agrees with Ms. Dzurec and Mr. Self. He stated that now is not the time to collect transaction level data, but developing a plan is appropriate for the future.

Ms. Rebholz noted that what she is understanding is that the Working Group is open to transaction level data collection in the future but that now is not the time, and that even doing a pilot right now is not of interest. She noted she can include and share this concept in a report to the Market Regulation and Consumer Affairs (D) Committee during the Fall National Meeting and let it know a pilot is not being pursued at this time but that the Working Group is open to it in the future. Ms. Dzurec asked if it would be worthwhile to put together a high-level strategy for consideration at the committee level for how transaction level data could be included in the MCAS. She noted that considering what has been learned about transaction level data—how the data would come in, how it would look, what it would take to review and checking the data coming in— it is important to be clear with insurance commissioners so they understand how collecting transaction level data could affect staffing so they have an opportunity to provide input.

Birny Birnbaum (Center for Economic Justice—CEJ) noted that during the presentation during the Working Group's Oct. 28 meeting, the NAIC IT staff said they are prepared for the volume of transaction level data and that their systems are currently capable of collecting that data. He noted that the reporting of transaction level data provides greater abilities for data analysis and data quality and that they could provide the data, metrics and ratios to state insurance regulators in the same format as currently done. He stated that since 2005, when the MCAS began, the insurance industry has undergone a revolution in terms of data they process and utilize for analytics. In contrast, he said he believes the MCAS has remained stagnant. He stated there have been no substantive changes in the granularity or the frequency of the data reporting for the MCAS. He said he believes it is more efficient and less costly for insurers to collect transaction level data as there would be less back and forth between state insurance regulators and insurers over data quality issues and that the focus would be more on insurers who produce bad outcomes. He also stated he has asked the Market Regulation and Consumer Affairs (D) Committee to make a presentation on this topic at the Fall National Meeting.

Ms. Rebholz suggested she provide this information in a report to the Market Regulation and Consumer Affairs (D) Committee at the Fall National Meeting. She stated she can ask for Committee guidance on what it would like to see from this Working Group, such as what type of proposal, feedback or information it may want pulled together if it has further questions or is interested in looking into transactional data collection any further.

Tanya Sherman (The INS Companies) stated she went through all of the types of reports and while there is a lot of functionality, she wanted to point out that the comment made about data being available in the same format as Market Analysis Prioritization Tools (MAPT) is not accurate. She noted the data is not available in the exact format as the MAPT currently, but that Snowflake and some of the other tools that are in process and other upgrades may change that. She said she believes transaction level data is a great thought and would help on the analysis side, but implementing transaction level data now is premature as processes and functionality are being looked at before a line of business has even been decided on. She said she does not believe STLD plans are the best option for transaction level data because of the way the products are marketed and sold and that she agrees that a plan to execute transaction level data is important since it is not a matter of if but when it will happen. J.P. Wieske (Horizon Government Affairs—HGA) noted that one of the things that would be important for the Committee to understand when the report is presented is that this is not a one-size-fits-all for insurers. He stated not every insurance company is deeply embedded in big data and that the IT capabilities of small insurers are not the same as some of the larger carriers, which needs to be considered. Ms. Rebholz stated she would include these considerations in her report at the Committee level requesting feedback and guidance if the Committee would like a more detailed proposal as to the vision of how transaction level data will be utilized in the future on a specific line or otherwise.

3. Considered Clarifications to the Home and Auto MCAS Lawsuits Definitions

Ms. Rebholz noted that the recently adopted home and auto MCAS definitions of "lawsuits" and "lawsuits closed with consideration for the consumer" needed to be discussed. She noted that the new definitions contain language that is more specific to life and annuity business, and the lawsuit data elements for home and auto are found within the claims reporting section of the MCAS blank. She noted that moving the location of these data elements was previously discussed, but that was not something that the Working Group agreed on, so they remain in the claims reporting section.

Ms. Rebholz stated that the new definition has the potential to cause confusion for property/casualty (P/C) companies in preparing to capture data for the 2021 data year. She explained the definitions have already been approved by the Working Group and by the Market Regulation and Consumer Affairs (D) Committee and that the timeline for approving edits to the MCAS for the 2021 data year has passed. However, she said the Working Group can approve a fix and request that the Committee approve it, to accommodate proper reporting for the 2021 data year. Ms. Rebholz stated she would like feedback and said she believes the simplest way to resolve this issue would be to revert to the previously used definition of "suit." In addition to the definition rollback, she stated the Working Group could adjust the definition of "lawsuits closed with consideration for the consumer" to read as shown in the redline attachment provided for the meeting. This adjustment would mean replacing the words "applicant, policyholder or beneficiary" with "claimant" in the definition.

Mr. Birnbaum noted the CEJ opposes the proposed change for three reasons. The first is that the definition of "lawsuit" includes only lawsuits brought by an applicant, policyholder or beneficiary as opposed to the data element for consideration for the consumer. He noted that consequently, the definition clearly envisions reporting of lawsuits for other than claim settlement, as there would be no need to include an applicant if that were not the case. The second reason is there is no rationale for the limiting reporting of lawsuits to include claims-related issues when lawsuits can be brought for any number of reasons other than claims, such as unfair or deceptive sales practices or unfair trading practices. He noted that in the incidence of lawsuits and lawsuits closed with consideration for the consumer for reasons other than claim settlement, it provides relevant and useful information for market analysis in the same way that lawsuit information for claims provides relevant and useful information

The third reason the CEJ opposes this is that the proposed change is a substantive change to a reporting requirement approved by the Market Regulation and Consumer Affairs (D) Committee and that industry had the opportunity to comment on the substantive change during the original consideration. Mr. Birnbaum suggested the appropriate remedy to the term "beneficiary" is to replace it with "claimant" in the two places it shows up, which is in the first sentence of the definition of "lawsuit" and in the definition of "consideration for the consumer." He noted that would be a technical change and that the proposed change would significantly change the scope of reporting and would not be technical but substantive.

Lisa Brown (American Property Casualty Insurance Association—APCIA) noted that Mr. Birnbaum's suggestion is fine for a long-term fix. She noted that this potential issue was brought to her attention by NAIC staff shortly after the Market Regulation and Consumer Affairs (D) Committee adopted the definition. She noted that after looking at it more closely, it did not appear appropriate for P&C data reporting, including homeowners and private passenger auto. She stated that subsequently, she was advised to tell her members to hold off and that it would likely revert back to the old definition and not to move forward with any programming changes because the definition was not settled and was going to be changed in some way. She stated a combination of Ms. Rebholz's suggestion of a fix for 2021 reporting would be appropriate and then to use Mr. Birnbaum's suggestion for 2022. Ms. Brown noted that her concern is that companies have lost three months of programming to make the change to the definition of lawsuits to the new lawsuits wording. She noted that she stands by her request that lawsuits closed with consideration for the consumer be postponed for a year as companies have not been able to program. Ms. Rebholz summarized for clarification that Ms. Brown's proposal is to revert to the earlier definition of "suit" while continuing to use the term "lawsuit," and adjust the definition of lawsuits closed with consideration for the consumer to read as shown in the redlined attachment as a fix for the 2021 data year. Then the Working Group could consider implementing Mr. Birnbaum's suggestion for 2022 data collection. Ms. Brown confirmed that was correct.

Mr. Birnbaum stated he found it troubling that insurers relied on an informal, non-public communication to hold off on programming for changes that were approved. He noted the proposal is a substantive change and that there is no authority for the Working Group to do it. He said he believes it violates the MCAS procedures as the Market Regulation and Consumer Affairs (D) Committee already approved it and that this is not a technical change, but a significant substantive change. Ms. Rebholz noted that if the Working Group agrees to approve the fix as outlined by rolling back the definition, approval would be sought from the Market Regulation and Consumer Affairs (D) Committee. Mr. Birnbaum responded that even the Committee does not have the authority to make these retroactive changes. He noted that the MCAS procedures are explicit. He said that changes must be complete by June 1 and that the Committee must complete its tasks by Aug. 1.

Ms. Rebholz explained this is an issue the Working Group must resolve and that an adequate fix will need to be agreed upon as there has been some confusion on this new definition and that it was more designed for life and annuity and is not as applicable for homeowners and auto. She asked Teresa Cooper (NAIC) if the Working Group can revert the definition and if she could verify with the NAIC whether it is a violation of the MCAS procedures. She suggested if it is not a violation that it be brought up as a proposal for the Working Group during its next meeting. Ms. Cooper asked Randy Helder (NAIC) if he could provide any recommendations. Mr. Helder noted the procedures are put in place primarily to give companies time to adjust their systems so they can collect the data that is being requested. He noted that reverting to the old definition would not cause companies issues as they were already reporting the data that way, which is why he considers this more of a fix. Ms. Rebholz asked that if the Working Group would like to revert the definition for the 2021 data year and then consider implementing Mr. Birnbaum's suggested changes for 2022, would that be permissible. Mr. Helder answered "yes."

Ms. Nickel made a motion, seconded by Mr. Swan, to revert the definition of lawsuit to the one used in the 2019 data year. The motion passed unanimously. Ms. Rebholz noted that hearing no opposition, the definition would be reverted and that the Working Group would review this topic in the future and be sure to allow ample time and notice to the industry.

Mr. Birnbaum noted that he only heard three ayes. He said he believes that would be helpful information to note in the Committee report that will be given. He also said he believes there is a misunderstanding among NAIC staff on some of the procedures regarding this issue. Ms. Brown noted she was participating in all the meetings where these definitions were discussed. She stated that regarding the adoption of the new definition to change from "suit" to "lawsuit," the only explanation or discussion that was had during those meetings was centered on creating consistency among the various lines of business and data elements. She noted there was not a discussion on changing the definition so that it collects more than claims-related suit information; it was about making the definition consistent with all of the other lines of business it was changed for. Ms. Nickel stated she agrees with Ms. Brown's statement. Mr. Birnbaum stated he disagrees because if the intent was just making the "lawsuit" definition consistent across all lines, everyone had the definitions in front of them, and those definitions included "applicant, policyholder or beneficiary," which indicates it would include more than claims. Ms. Brown responded that she understands it would include more than claims, but the adoption of the definition was made under the assumption that it was simply to align definitions and that there was no discussion outside of that. She stated that once she sent out information to

their members after fully reading the definition, she noted it was altering the current definition, which was limited to suits resulting from a claim. She noted that because it was written as "applicant, policyholder or beneficiary," it was narrowing the population of people who could bring a first-party suit rather than any third-party claim, but was expanding the causes of action, whereas the existing "suit" definition that has been used in previous years could be for a first- or third-party claimant bringing suit against a company, but only a suit that results out of a claim. She noted she understands that the definition as it was adopted would have expanded to suits for any reason, but would have been limited to first-party suits as one had to be a policyholder or applicant, and P/C policies do not have beneficiaries.

Ms. Rebholz offered to take a count on the motion to see who abstained from the vote in response to Mr. Birnbaum's concern. Ms. Cooper took count, and the following states responded with a "yes" response for the motion to revert the definition of lawsuit to the one used in the 2019 data year: Arkansas, Arizona, Connecticut, Florida, Idaho, Ohio, Pennsylvania, South Carolina, Washington, West Virginia and Wisconsin.

4. Discussed Disability Income MCAS Required to File Criteria

Ms. Cooper noted that the Working Group needed to discuss a fix to current documentation for the disability income MCAS. She stated that when the disability income MCAS reporting threshold was approved, the Working Group agreed to a $50,000 premium threshold and that no further specification was given in the adoption of the threshold. When the threshold was added to the *Disability Income Data Call and Definitions* document, it was added as $50,000 of earned premium. The data reference for determining if a company is required to submit disability income data for a state is taken from Schedule T, Part 2. An attachment was provided showing that in Attachment 3, Schedule T, Part 2 shows premiums written. Ms. Rebholz suggested approving a fix to the 2021 *Disability Income Data Call and Definitions* document so that the threshold refers to premiums written. This would make the threshold match the reporting of Schedule T, Part 2.

Ms. Nickel made a motion, seconded by Mr. Haworth, to specify $50,000 in premiums written as the threshold in the 2021 *Disability Income Data Call and Definitions* document. The motion passed unanimously.

5. Discussed Other Matters Brought Before the Working Group

Ms. Brown noted that she wants to discuss the new data element for suits closed during the period with consideration for the consumer. She asked how reverting back to the former definition of "suit" affects this new data element. Mr. Helder asked if the earlier vote altered this definition, and Ms. Cooper advised her understanding is that the motion in the third agenda item was just to revert to the former definition of "lawsuit" and did not take into account the definition for "lawsuits closed during the period with consideration for the consumer." Mr. Helder stated in that case, this definition would need to match up with the definition of "lawsuit." Ms. Brown requested that if allowed by the MCAS procedures, that the motion be to delay the collection of this data element for one year as it appears data collection for 2022 will include causes of action for suits/lawsuits more broad than claims filed. She stated the programming needed to pull this subset of data for one year's collection of data that is not comparable to subsequent years does not seem appropriate.

Mr. Birnbaum stated he opposes limiting the wording in the definition to "claimant" from "applicant, policyholder or beneficiary," but he stated if that is to be done, the obvious solution would be to replace the terms "applicant, policyholder or beneficiary" with "claimant" in both of the current and approved definitions. He noted the way to do that would be to say: "For the purposes of 2021 reporting, the terms 'applicant, policyholder, or beneficiary' should be understood to mean only 'claimant.'" Ms. Brown recommended reverting to the previous definition of "suit" for 2021 data and postponing the collection of the new data element of lawsuits closed during the period with consideration for the consumer for one year. Ms. Rebholz noted that she wants to confirm with the NAIC that any proposed fix is an option. Mr. Helder noted in reverting to the previous "lawsuit" definition, which is basically only claims-related lawsuits, he sees no reason that the new data element for lawsuits closed during the period with consideration for the consumer could not be collected, since it includes the term "lawsuit," which is defined, and if it were just changed to "claimant" from "applicant, policyholder or beneficiary," it matches up with the current definition of "lawsuit" that was just adopted. Ms. Rebholz noted that in that case, a motion would be needed to change the wording in the definition for "lawsuits closed during the period with consideration for the consumer" from "applicant, policyholder or beneficiary" to "claimant." She asked Mr. Helder if the Working Group could make that motion, pass it and not be violating any procedures. Mr. Helder noted that he thinks so as he sees this as a fix for a data element already adopted and does not see this as a substantive change.

Mr. Gaines noted that he is concerned with the lack of certainty about whether the Working Group is doing anything in violation of procedures. Mr. Helder noted that he would discuss this with the NAIC Legal Division for feedback. He asked Ms. Brown if industry understood that the new definition of "lawsuit" was to include policyholders in addition to claimants.

She noted that is what she conveyed until NAIC staff advised her that the definition may be reverted to the existing definition. She stated that she told them while it was increasing the causes of action, it would be a change for P/C writers because the new definition for policyholders, applicants and beneficiaries was limited to first-party claims. She noted that it could be an underwriting dispute or a coverage issue, but it would be limited to a first-party claimant. Her original request, regardless of what happens with this definition, is to postpone the collection of the new data element because programming time has been lost. Ms. Brown noted that industry is not suggesting that the new data element for lawsuits closed during the period with consideration for the consumer not be collected. They are just requesting that the collection be postponed for one year until a more settled definition of that data element is determined so there is not one outlier year of data that ends up being thrown out the next year.

Ms. Rebholz asked for feedback from the Working Group on whether lawsuits closed during the period for consideration for the consumer should be the broader definition, which would include third-party claimants, or stay limited to applicant, policyholder, or beneficiary. She noted that considering the definition for "lawsuit" is being reverted to the 2019–2020 definition, she is wondering if the Working Group needs more time to consider that definition and compare it to the definition for lawsuits closed during the period for consideration for the consumer and make sure the terms match, and that correct procedures are being followed to match the terms. Ms. Cooper confirmed with Mr. Helder that the Working Group can meet before the end of this year, after the Fall National Meeting. Mr. Haworth agreed with Ms. Rebholz that it would be appropriate for the Working Group to take some time to consider this topic, as well as to get feedback from the NAIC Legal Division regarding proper procedures and time frames surrounding this.

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

W:\National Meetings\2020\Fall\Cmte\D\MCAS WG\1116 Meeting.docx

Proposal Submission Date: Click or tap to enter a date.
Proposed Data Year for Reporting:Click or tap here to enter text.
Proposed ☐ Change/Deletion ☐ Addition ☐ Clarification
Proposal Contact Information

Name	Click or tap here to enter text.
Email Address	Click or tap here to enter text.
Phone Number	Click or tap here to enter text.
Affiliation Type	☐ State Regulator ☐ Industry ☐Consumer Representative
Affiliation name	Click or tap here to enter text.

NAIC USER ONLY:

Proposal Number	
Proposal Status	☐ Received – Date Click or tap to enter a date. ☐ 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 as a Clarification by WG – Date Click or tap to enter a date. ☐ Adopted by WG – Date Click or tap to enter a date. ☐ Adopted by D Committee – Date Click or tap to enter a date. ☐ Adopted by EX/Plenary – Date Click or tap to enter a date. ☐ Rejected – Date Click or tap to enter a date. ☐ Deferred – 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.

PROPOSAL IS FOR CHANGE/DELETION, ADDITION OR CLARIFICATION TO:

☐ Reporting Blank ☐ Data Call and Definitions ☐ Data Validation

PROPOSAL APPLIED TO WHICH MCAS LINE(S) OF BUSINESS

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

IDENTIFICATION OF PROPOSED CHANGES/DELETIONS, ADDITIONS AND/OR CLARIFICATIONS:
Click or tap here to enter text.

REASON, JUSTIFICATION AND/OR BENEFIT OF PROPOSAL:
Click or tap here to enter text.

NAIC STAFF INPUT
Click or tap here to enter text.

INSTRUCTIONS FOR COMPLETING THE MCAS PROPOSAL SUBMISSION FORM FOR CHANGES/ADDITIONS TO APPROVED BLANKS & DATA CALL AND DEFINITIONS

The Proposal Submission Form must be completed using the most current blanks and data call and definitions. NAIC staff will compile the appropriate form, blank and instructions, when requested.

1. Complete this form for EACH Blank/Data Call and Definitions proposal. Under "Identification of Proposed Changes/Deletions, Additions and/or Clarifications", include the section, line number and column name. Include the precise caption for each item, and the location of each item in the blanks.

2. Present all attachments in a format wherein new language is underscored and deletions struck through.

3. Include the appropriate new instructions or amendments to instructions. Check the appropriate boxes on the proposal form.

4. All Submission Forms and attachments must be typed originals.

5. If the proposal is from another NAIC Committee, Task Force or Working Group, the contact should be a person who served on the appropriate group and who is able to respond to questions related to this proposal.

6. The Reason, Justification For and/or Benefit of Proposal must contain: a. A concise statement of the issue addressed by the proposal; b. The specific reason or justification for the proposal together with background information relating to the proposal.

7. The submission form must contain the anticipated effective reporting year of each proposal. The ultimate "formal" effective reporting year will be based on the timing of the adoption of the proposal.

8. Submit to Teresa Cooper (tcooper@naic.org) and Tressa Smith (tesmith@naic.org).

2021 MCAS Complaint and Lawsuit Placement and Granularity of Reporting

	Annuity	Disability Income	Health	Homeowner	Lender-Placed Home & Auto	Life	Long-Term Care	Private Flood	Private Passenger Auto
Complaints Data Elements	X	X		X	X	X	X	X	X
General Data Section	X					X	X		
Claims Data Section									
UW Data Section				X	X				X
Separate Data Section		X						X	
Reported by Coverage	X	X			X	X	X	X	
Lawsuit Data Elements	X	X		X	X	X	X	X	X
General Data Section	X					X			
Claims Data Section				X	X				X
UW Data Section									
Separate Data Section		X					X	X	
Reported by Coverage	X	X		X	X	X	X	X	X

Life and Annuity, Disability Income, Private Flood, Lender Placed Home and Auto, and Long-Term Care Definitions:

Lawsuit—An action brought in a court of law in which one party, the plaintiff, claims to have incurred a loss as a result of the action of another party, the defendant. For purposes of reporting lawsuits for (MCAS Line of Business) products:

- Include only lawsuits brought by an applicant for insurance, a policyholder or a beneficiary as a plaintiff against the reporting insurer or its agent as a defendant;
- Include all lawsuits, whether or not a hearing or proceeding before the court occurred;
- Do not include arbitrations of any sort;
- If one lawsuit seeks damages under two or more policies or contracts, count the number of policies or contracts involved as the number of lawsuits. For example, if one lawsuit seeks damages under three policies or contracts, count the action as three lawsuits;
- If one lawsuit has two or more complainants, report the number of complainants as the number of lawsuits. For example, if one lawsuit has two complainants, report two lawsuits. If the lawsuit is a class action, see instructions for treatment of class action lawsuits;
- Report a lawsuit in the jurisdiction in which the policy or contract was issued with the exception of class action lawsuits;
- Treatment of class action lawsuits: Report the opening and closing of a class action lawsuit once in each state in which a potential class member resides.
- Include an explanatory note with your submission stating the number of class action lawsuits included in the data and the general cause of action.

Lawsuits Closed During the Period with Consideration for the Consumer—A lawsuit closed during the reporting period in which a court order, jury verdict, or settlement resulted in payment, benefits, or other thing of value, i.e., consideration, to the applicant, policyholder, or beneficiary in an amount greater than offered by the reporting insurer before the lawsuit was brought.

Additional Disability Income Definitions:

Number of class action lawsuits—(1-13) Reporting entities should put the total class action lawsuits for DI business.

Lawsuits open —(9-84) The number of lawsuits in process that have not been resolved or closed at the beginning of the reporting period (January 1).

New lawsuits—(9-85) The number of new lawsuits filed against the reporting entity at any time during the data year.

Lawsuits closed—(9-86) Include all lawsuits closed at any time during the reporting period, regardless of the manner in which the lawsuit was resolved.

Lawsuits Open at the end of the period—(9-88) Total of lawsuits that remain open or active at the end of the reporting period (December 31).

Homeowner and Auto Definitions:

Lawsuit – A court proceeding to recover a right to a claim, including lawsuits for arbitration cases.

Exclude:

- Subrogation claims where lawsuit is filed by the company against the tortfeasor.
- Non-lawsuit legal activity or litigation filed by an insurer, including, but not limited to: request to compel an independent medical examination, an examination under oath, and declaratory judgment actions filed by an insurer.

Calculation Clarification:

- Lawsuits should be reported on the same basis as claims. One lawsuit should be reported for each / claimant / coverage combination, regardless of the number of actual suits filed.
- One lawsuit with two claimants would be reported as two lawsuits as any awards/payments made would be made to the claimants individually.
- One lawsuit filed seeking damages for multiple coverages should be reported as one lawsuit for each applicable coverage.
- Lawsuits should be reported in the state in which the claim was reported on this statement.
- Treatment of class action lawsuits: Report the opening and closing of a class action lawsuit once in each state in which a potential class member resides. Include an explanatory note with your submission state the number of class action lawsuits included in the data and the general cause of the action.

Lawsuits Closed During the Period with Consideration for the Consumer—A lawsuit closed during the reporting period in which a court order, jury verdict, or settlement resulted in payment, benefits, or other thing of value, i.e., consideration, to the claimant in an amount greater than offered by the reporting insurer before the lawsuit was brought.