

Draft: 4/1/25

Market Regulation and Consumer Affairs (D) Committee
Indianapolis, Indiana
March 26, 2025

The Market Regulation and Consumer Affairs (D) Committee met in Indianapolis, IN, March 26, 2025. The following Committee members participated: Dean L. Cameron, Chair (ID); Trinidad Navarro represented by Stephen Taylor, Co-Vice Chair (DE); Scott Kipper, Co-Vice Chair (NV); Alan McClain (AR); Holly W. Lambert (IN); Sharon P. Clark (KY); Robert L. Carey represented by Timothy N. Schott (ME); Angela L. Nelson represented by Jo A. LeDuc (MO); Mike Causey represented by Robert Croom (NC); Carter Lawrence (TN); Cassie Brown represented by Stacie Parker (TX); and Allan L. McVey (WV). Also participating were Mike Peterson (CA); Jason Lapham (CO); Andria Seip (IA); David Buono (PA); and Joylynn Fix (WV).

1. Adopted its March 7 and 2024 Fall National Meeting Minutes

Director Cameron said the Committee met March 7, 2025, and Nov. 19, 2024. During its March 7 meeting, the Committee adopted the 2025 charges of the Pharmacy Benefit Management (D) Working Group.

Schott made a motion, seconded by Commissioner McClain, to adopt the Committee's March 7, 2025, (Attachment One) and Nov. 19, 2024 (*see NAIC Proceedings – Fall 2024, Market Regulation and Consumer Affairs (D) Committee*) minutes. The motion passed unanimously.

2. Heard a Presentation on the NIPR Attachment Warehouse

Director Cameron said that more than 20 years ago, the NAIC Membership envisioned reducing administrative burdens and enhancing the efficiency of regulatory compliance by eliminating the need for state-by-state submission of hard copy documents when a producer applicant answered "yes" to a background question on the NAIC Uniform Application. In order to support this policy direction, the Membership tasked the National Insurance Producer Registry (NIPR) with creating a centralized reporting tool called the Attachment Warehouse. To create a national system of producer licensing, the Membership also recognized the need to have full participation from all Members in accepting membership-driven producer licensing reforms, including the acceptance of producer notifications via the Attachment Warehouse.

Director Cameron said the states are notified of actions reported via the Attachment Warehouse through a Personalized Information Capture System (PICS) alert. He said the alerts ensure that a state is aware of any action against a producer reported through the Attachment Warehouse by the producer licensed in their state or an individual seeking licensure in their state.

Director Cameron encouraged states to review who among their department staff is receiving these alerts to ensure the appropriate staff are receiving the appropriate alerts.

Karen Hornig (NIPR) said the Attachment Warehouse is a tool used by all states that electronically receives, stores, and shares with regulators licensing-related documents submitted by producers and applicants for licensure. She said the NIPR Attachment Warehouse was implemented in 2008 to meet the need for producers and applicants to submit supporting documentation when they respond with a "yes" answer to any of the uniform background questions. Whenever supporting documentation is uploaded, all states with a pending application are notified of the uploaded documentation supporting the background question. The Attachment Warehouse allows producers to provide documents at one time to all states in which they are licensed and that need the documentation.

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Hornig said that in 2009, the Attachment Warehouse was enhanced to allow producers to report any final administrative or criminal action against them. She said when a report of action is uploaded, all states with an active license for the producer are notified.

Hornig said that in 2020, a further enhancement allowed producers to upload documentation that becomes necessary due to recently enacted state regulations. This may include documentation such as proof of citizenship.

Hornig said that all states have participated in accepting documents uploaded to the Attachment Warehouse since it was implemented in 2008. She said a model bulletin was drafted and adopted in some form by all states instructing producers and applicants to use the Attachment Warehouse to meet the requirement to report finalized administrative and criminal actions to states in which they are licensed. She said it is important for all chief regulators to review who in their states are receiving the reports of documents uploaded into the Attachment Warehouse. She noted that the notifications to states are made through PICS. She said PICS is an NAIC tool that is used to report on events that are reported in numerous NAIC databases.

Hornig said NIPR surveyed current users and, as part of a three-year strategic plan, is enhancing the Attachment Warehouse to increase usability by integrating it with NIPR's licensing and reporting websites and building a better way for state regulators to review documents. To do that, the NIPR first needed to modernize its websites into a consistent, clean, and easy-to-use interface and upgrade the identity management capabilities to enable a personalized experience. She said NIPR is on track to complete modernizing the licensing website by the end of 2025.

Director Cameron reiterated the importance of knowing who in the departments receives PICS alerts regarding any documentation uploaded into the Attachment Warehouse. He noted that his state was receiving PICS alerts on actions loaded by states into RIRS but not on reports uploaded into the Attachment Warehouse by individuals. He encouraged all the states to determine if their state adopted the model bulletin and who is receiving PICS alerts about uploads to the Attachment Warehouse. Commissioner Clark said the Attachment Warehouse has worked well in Kentucky for industry. She said it is important to be aware of personnel changes so alerts are being received by the right people in the department.

Seip asked whether RIRS and the Attachment Warehouse are searchable by individual, specific entity, or specific entity type. Laurie Wolf (NIPR) said a state can search the Attachment Warehouse by name, license number, and entity type. Mullen said RIRS can be searched by CoCode, individual, business entity, and multiple other fields.

3. Received an Update from the Pharmacy Benefit Management (D) Working Group

Fix said the Pharmacy Benefit Management (D) Working Group met March 25. She said this was the first meeting since the Working Group was formed a month ago. She said the Working Group reviewed its charges. The Working Group will develop examination standards for pharmacy benefit managers (PBMs). She said the Working Group will also develop licensing and registration standards for PBMs.

Fix said the Working Group welcomes new members and interested regulators to participate in the Working Group and the examination standards drafting groups.

4. Received an Update from the Market Actions (D) Working Group

Director Cameron said he asked Buono to provide an update on the Market Actions (D) Working Group so commissioners, interested regulators, and interested parties have a better understanding of how it works. He said the Working Group will report more frequently than it has previously.

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Buono said that he is the Chair of the Working Group, and Pam O'Connell (CA) is the Vice Chair. The Working Group consists of a diverse and geographically balanced membership of the top market conduct regulators in the country. It provides regulator-only forums where all jurisdictions engage in a free exchange of market conduct information. He said the words "market conduct" and "regulator only" can generate what appears to be a cloud of secrecy and exclusion, but he hoped to shine some light on the process.

Buono said the Working Group meets in regulator-only session because the Working Group discusses potential compliance problems with insurers and other entities engaged in the business of insurance. Buono said investigations cannot be discussed publicly unless an action is completed with a document that requires publication, such as a regulatory settlement agreement (RSA). He said if the Working Group spoke publicly about something prematurely it could not only unfairly impact the reputation of the entity but also damage the credibility of the state-based system of regulation.

Buono said the Working Group does not have independent regulatory authority of its own. Its members work together to complete collaborative analyses, investigations, or examinations. Any exam or investigation is done under individual state authority for such actions. The Working Group appoints a lead state or a team of lead states to perform work under their state authority, and the Working Group facilitates the collaborative work by providing a forum for discussion, information sharing, and guidance for structuring resolutions and settlements that can benefit all to the greatest degree possible.

Buono said the Working Group invites each jurisdiction's collaborative action designee (CAD) to attend all regularly scheduled Working Group meetings and calls so they can be in the know about issues being discussed and ongoing collaborative actions, such as open exams and pending settlements. The Working Group limits attendance at its meetings to better control the flow of information in a confidential manner, and it relies on the CADs to deliver information to their agency's leadership in a fully confidential manner.

Buono said the Working Group is currently discussing topics such as mental health parity, annuity suitability, producer/agent items, and claims and underwriting issues including the use of aerial photos, field inspections, and estimation processes. Its goal is to enhance state-based regulation by reducing duplicative efforts and promoting efficiencies that ensure market issues are adequately addressed.

5. Heard a Panel Discussion on Wildfire Insurance Response and Market Conduct

Peterson said California has tracked 37,700 claim filings because of the Los Angeles fires that destroyed over 15,000 structures. He said California has 27,800 claims with partial payments and \$12.1 billion in claims has been paid as of March 5. He said much of the partial payments are from immediate, advance payments on living expenses which has been very helpful for the fire victims. He said the final expected total could be \$30 to \$40 billion. He said the California Department of Insurance (DOI) was active in the wildfire regions providing support to consumers and victims, hosting weekend insurance workshops, and assisting with claims filing. The DOI also established a consumer hotline and a strike team to fight fraud.

Lapham said that a number of insurance issues arose out of the Marshall fire in 2021 including customers having difficulties preparing itemized inventories of their contents, underinsurance, and a lack of standards for handling partial losses. Colorado passed legislation to 1) require insurers to pay 65% of contents losses without a written inventory in the case of a declared wildfire disaster and simplify the itemization of contents through uniform industry templates; 2) provide increased coverage options on law and ordinance coverage and extended replacement cost coverage; and 3) conduct a remediation study to make recommendations on uniform standards for the remediation of damage to residential structures damaged by fire, smoke, soot, ash and other contaminants.

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Amy Bach (United Policyholders—UP) said UP worked with the California DOI to operate disaster recovery centers and conducted a Roadmap to Recovery workshop series. She said UP has a number of resources available on www.uphelp.org. She said some of the challenges faced after a disaster are:

- Communications with insurers. Bach recommended insurers provide one point of contact for insureds who have a claim.
- Out-of-state adjusters not familiar with local regulations.
- Preparing itemized inventories. Bach said this generates many complaints, and she suggested more uniformity among the states on this issue. She said there is a trend toward tendering partial payments at the outset of a contents claims adjustment.
- Software undervaluing loss estimates and excessive depreciations.
- Underinsurance.
- Insurers refusing to pay for pre-cleaning testing or smoke-damaged homes or for the appropriate cleaning and restoration of smoke damage.
- Companies using third-party administrators in place of trained adjusters.
- Scams, solicitors, and fees that eat up insurance benefits.

Bach said that the work of Commissioner Lara and the California DOI to ensure sustainable homeowners insurance rates has resulted in carriers staying in the state and offering coverage despite the wildfire risk. She said the efforts in Colorado discussed by Lapham have been helpful reforms for consumers. She said DOI claims dispute mediation programs will reduce litigation.

Erica Weyhenmeyer (National Association of Mutual Insurance Companies—NAMIC) said NAMIC member companies represent 61% of the national homeowners insurance market and 61.9% of the California market. Insurance companies have made payments of \$12.1 billion in the Los Angeles wildfires as of early March.

Weyhenmeyer said every claim and every policyholder's situation is different, and NAMIC member companies have taken proactive steps to promptly and efficiently serve consumers by deploying teams of adjusters and customer support specialists to the affected areas to facilitate and expedite the claims process. For example, she said consumers have been able to take advantage of direct bill rental property relationships where adjusters have secured housing for affected policyholders.

Donald Griffin (American Property Casualty Insurance Association—APCIA) said that content coverage is always an issue, and upfront payments are a good idea. He cautioned, however, about legislating advance payments, which could lead to an increased cost of insurance. He said there will always be complaints, but at the end of the day, the insurance policy is a legal contract, and care should be taken not to over-regulate. He said companies compete for customers and will pay as much as possible to maintain customers, but they cannot pay more than they take in.

Director Cameron said he was impressed with California and UP's work communicating and working with consumers during the wildfires. He thanked the companies for stepping up and working with Commissioner Lara and Commissioner Conway to ensure consumers are made whole.

6. Adopted its Task Force and Working Group Reports

Commissioner McClain made a motion, seconded by Commissioner Lawrence, to adopt the reports of the following task forces and working groups: 1) Antifraud (D) Task Force, 2) Producer Licensing (D) Task Force, 3) Market Analysis Procedures (D) Working Group (Attachment Two), 4) Market Conduct Annual Statement Blanks (D) Working Group (Attachment Three), 5) Market Conduct Examination Guidelines (D) Working Group

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(Attachment Four), 6) Market Information Systems (D) Working Group, 7) Market Regulation Certification (D) Working Group, 8) Pharmacy Benefit Management (D) Working Group (Attachment Five), and 9) Speed to Market (D) Working Group (Attachment Six). The motion passed unanimously.

7. Discussed Other Matters

Director Cameron reminded the Committee that it will be cooperating with the Innovation, Cybersecurity, and Technology (H) Committee to on new regulatory standards and tools to monitor industry's use of artificial intelligence.

Having no further business, the Market Regulation and Consumer Affairs (D) Committee adjourned.

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