June 9, 2020

Members of the NAIC Property and Casualty (C) Committee:

These are challenging times for everyone. Since the pandemic first began disrupting normal operations, we have all worked constructively to maintain a high level of service, flexibility, and forbearance for consumers. This has been made possible in significant part by the responsiveness of the regulatory community. Many issues have been raised and successfully resolved for the benefit of all. As we move forward together, there are several issues that we wish to discuss briefly.

Maintaining Solvency

Maintaining the market’s solvency is of paramount concern. The NAIC’s prompt action to protect the solvency of the market by commenting in opposition to proposals to impose converge retroactively was, and remains, critically important. Also, highly important was the role NAIC and the states are playing in supporting the market’s ability to innovate as appropriate. In our view, this is a key aspect of supporting both solvency and competition.

Auto Insurance Premium Flexibility

Auto insurers have provided in excess of $10 billion in refunds and credits. The regulatory community has appropriately allowed insurers to provide the benefits to consumers in ways that reflect their unique business models and customer base. We also note that some of the issues are not as simple as some might make them out to be. For example, while miles driven initially plunged in some areas, unsafe behavior such as speeding, and even fatal crashes, actually increased in some areas. Now, with different states reopening in different ways, we can expect frequency to increase and of what so far has been a successful flexible regulatory approach remains merited.

Credit-Based Insurance Scores

The federal government continues to regulate the credit reporting industry. In addition, many of the states have enacted the “extraordinary life circumstances” language from the NCOIL Model that may apply to pandemic related situations. Under it, insurance companies may provide forbearance to consumers. In states that do not have the extraordinary life circumstances language, we urge them to consider adopting it.

Time Limit Demand Letters

Companies have been forced to move many operations, including claims operations, to online almost overnight, which necessarily meant some delays in receiving and acting on demands. In some states demand letters have provided timeframes that are impossible to meet considering the need to work remotely. This is neither fair nor desirable. It is an area ripe for attention and reform.

Other Ways to Enhance Efficiency

We look forward to continuing to work with the regulatory community on how to deploy technology to better serve consumers. Among other technologically enabled developments that could improve efficiency and consumer service is electronic motor vehicle titling. The federal government has approved the necessary standards and we hope other states will act as several states already have.

Auto Study Report

We support the NAIC’s adoption of the auto study report. The report has had a long gestation period and provides additional information and tools regulators can use to enforce their laws and compliance with legal standards. APCIA urges the committee’s action on it. Thank you for your consideration.

Sincerely,

A necklace hanging on a wire

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