



February 26, 2021

Kevin Baldwin, Co-Chair
Laura Lyon Slaymaker, Co-Chair
Receivership Law (E) Working Group
National Association of Insurance Commissioners

Via e-mail to Jane Koenigsman: jkoenigsman@naic.org

Re: “Essential Services” and Models #440 and #450

Dear Mr. Baldwin and Ms. Slaymaker;

America’s Health Insurance Plans (AHIP) and the Blue Cross Blue Shield Association (BCBSA) welcome the opportunity to comment on the Receivership Law (E) Working Group’s revised and proposed revisions to the *Insurance Holding Company System Regulatory Act, Model #440*, re-exposed for comments on Feb. 4.

We appreciate the Working Group’s continued efforts and deliberative process to find feasible solutions that are satisfactory to all interested stakeholders. Our comments are focused on the proposed revisions in Section 5.A(1)(g), that would “*require the affiliated person(s) to obtain and maintain a bond for the protection of the insurer for the duration of the contract(s) or agreement(s) if required at the discretion of the commissioner at any time.*”

As noted in our Jan. 29 comment letter, we recommend that a better approach would be to limit the bonding requirement to a more targeted application, specifically for insurers in which there is some objective basis for receivership concern and a triggering event or circumstance. Following is suggested language that we propose for the working group’s consideration.

If an insurer subject to this Act is deemed to be in a hazardous financial condition as defined by [insert citation for Model Regulation to Define Standards and Commissioner’s Authority for Companies Deemed to be in Hazardous Financial Condition] then the Commissioner may require the insurer or the affiliated person(s) to obtain and maintain a bond for the protection of the insurer for the duration of the contract(s) or agreement(s).

The Commissioner’s review should consider, for example, whether concerns exist with respect to the affiliated person’s ability to fulfill the contract or agreement if the insurer were to be put into

liquidation. Once the insurer is deemed to be in a hazardous financial condition and a bond is necessary, the Commissioner has discretion to determine the bond amount and whether a bond should be required for a single contract, multiple contracts, or contracts only with a specific person(s).

Again, AHIP and BCBSA appreciate this opportunity to offer comments on this issue, and we look forward to working with you to find the most productive way forward.

Sincerely,

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