

MEMORANDUM

TO: Commissioners, Directors, Superintendents, and Interested Parties
FROM: Jennifer Neuerburg, Legal Counsel
DATE: August 31, 2021
RE: Action on Model Laws, Guidelines, and White Papers at the 2021 Summer National Meeting

This memorandum describes NAIC action on model laws, guidelines, and white papers at the 2021 Summer National Meeting. For further information, including current drafts and staff support contacts for each item, please consult the NAIC web site (www.naic.org), Committees page.

I. Actions by Executive (EX) Committee and Plenary

A. Model Laws and Regulations Considered by the Executive (EX) Committee and Plenary

1. Amendments to *Annuity Disclosure Model Regulation* (#245)

The Executive (EX) Committee and Plenary adopted amendments to the *Annuity Disclosure Model Regulation* (#245). At the 2021 Spring National Meeting, the Life Insurance and Annuities (A) Committee voted to send the participating income annuity amendments to Model #245, which were adopted by the Life Insurance and Annuities (A) Committee in 2018, to the Executive (EX) Committee and Plenary for adoption at the Summer 2021 National Meeting. The Annuity Disclosure (A) Working Group disbanded and will no longer pursue amendments related to illustrated indices. The Executive (EX) Committee approved the model law development request for these amendments at the 2017 Summer National Meeting.

2. New: Pharmacy Benefit Manager (PBM) Model Law

The Executive (EX) Committee and Plenary did not adopt the new Pharmacy Benefit Manager (PBM) Model Law. After discussion, the Executive (EX) Committee and Plenary was unable to get the minimum two-thirds majority vote necessary for adoption. However, the Regulatory Framework (B) Task Force adopted a charge for the Subgroup to develop a white paper just prior to the Committee's June 22, 2021, meeting. The white paper will explore existing and emerging state laws on PBM business practices, such as price transparency and reporting requirements, rebating, spread pricing, and the implications of the *Rutledge vs. Pharmaceutical Care Management Association (PCMA)* court decision on such business practices. The Executive (EX) Committee approved the request for model law development for this model at the 2019 Summer National Meeting.

3. Amendments to *Insurance Holding Company System Regulatory Act* (#440) and *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450)

The Executive (EX) Committee and Plenary adopted amendments to the *Insurance Holding Company System Regulatory Act* (#440) and *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450). The amendments address issues that can arise in a receivership of an insurance company where affiliated entities provide essential services through inter-company agreements. The Executive (EX) Committee approved the model law development requests for these models at the 2020 Summer National Meeting.

B. Guidelines Adopted by the Executive (EX) Committee and Plenary

New: *Guideline for Definition of Reciprocal State in Receivership Laws* (#1985)

The Executive (EX) Committee and Plenary adopted the new *Guideline for Definition of Reciprocal State in Receivership Laws* (#1985). Receivership laws typically provide for a stay of actions on the attachment of assets of an insurance company when it is placed into liquidation in a reciprocal state. In many states, the definition of reciprocal state is more restrictive than the Part A Accreditation Standards. As a result, in some cases, a court may not stay a litigation when an insurance company is placed into liquidation in another state. The Guideline's definition of reciprocal state is consistent with the definition in accreditation standards. The Receivership and Insolvency (E) Task Force adopted the *Guideline for Definition of Reciprocal State in Receivership Laws* on March 12, 2021.

C. Actuarial Guidelines Adopted by the Executive (EX) Committee and Plenary

The Executive (EX) Committee and Plenary did not adopt any actuarial guidelines at the Summer National Meeting.

D. Bulletins/Consumer Alerts Adopted by Executive (EX) Committee and Plenary

The Executive (EX) Committee and Plenary did not adopt any bulletins or consumer alerts at the Summer National Meeting.

E. White Papers Adopted by Executive (EX) Committee and Plenary

The Executive (EX) Committee and Plenary did not adopt any white papers at the Summer National Meeting.

II. Actions by Executive (EX) Committee

A. Model Law and Regulation Requests Approved for Development by the Executive (EX) Committee

The Executive (EX) Committee did not approve any requests for development of model laws or regulations at the Summer National Meeting.

III. Actions by Other Committees, Task Forces and Working Groups

A. Life Insurance and Annuities (A) Committee

Amendments to *Life Insurance Disclosure Model Regulation* (#580)

The Life Insurance and Annuities (A) Committee granted a request for extension of time to the Life Insurance Illustration Issues (A) Working Group to continue drafting amendments to the *Life Insurance Disclosure Model Regulation* (#580). The Working Group is amending Model #580 to include a policy overview document requirement into the model to improve the understandability of the life insurance policy and narrative summaries already required by Section 5A(2) of Model #580. The Executive (EX) Committee approved the request for model law development to amend the model at the 2017 Summer National Meeting.

B. Health Insurance and Managed Care (B) Committee

The Health Insurance and Managed Care (B) Committee did not take action on any model laws at the 2021 Summer National Meeting.

C. Property and Casualty Insurance (C) Committee

New: Pet Insurance Model Law

The Property and Casualty Insurance (C) Committee granted an extension of time to continue drafting the new Pet Insurance Model Act. The Working Group has met several times to discuss Sections 5 through 9 of the proposed model. The Executive (EX) Committee approved the model law development request for this model at the 2019 Summer National Meeting.

D. Market Regulation and Consumer Affairs (D) Committee

The Market Regulation and Consumer Affairs (D) Committee did not take action on any model laws at the 2021 Summer National Meeting.

E. Financial Condition (E) Committee

The Financial Condition (E) Committee did not take action on any model laws at the 2021 Summer National Meeting.