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Sent: Friday, June 11, 2021 4:28 PM

To: Cooper, Teresa <TCooper@naic.org>

Cc: Lisa Brown <lbrown@aiadc.org>

Subject: Re: REMINDER: MCAS Blanks Working Group - Items in Preparation for the June Meeting

Teresa,

CEJ offers the following comments on the proposal to implement reporting of non-claim and claims (all) lawsuits for personal auto and homeowners MCAS lines. Generally, we support the proposal with the following changes:

1. While it makes sense to segregate the claims-related lawsuit data elements from the non-claims-related lawsuit data elements to provide consistency and ease of reporting for insurers for the claims-related lawsuits, the data elements for non-claims lawsuits are new data elements. Consequently, we suggest that the additional definitions and clarifications for claims-related lawsuits be effective for 2022 experience reporting in 2023, but the initial reporting of non-claims related lawsuits data elements be for 2023 experience reported in 2024.

2. There is an inconsistency between the definition of lawsuit -- "An action brought in a court of law in which one party . . ." -- and the definition / instruction for claims-related lawsuits: "include arbitration cases." An arbitration is not an action brought in a court of law. For consistency, either eliminate the instruction to "include arbitration cases" or revise the definition of lawsuit to "An action brought in a court of law or through a mandatory arbitration in which one party"

If arbitrations will be included, we also suggest that further explanation be included instead of "Include arbitration cases."

Include arbitrations demanded by the insurer or claimant pursuant to pre-dispute mandatory arbitration provisions in the insurance contract. Do not include mutually-agreed upon arbitrations, appraisals or mediations.

We offer this clarification to ensure that only demand-type dispute resolution mechanisms are included in the reporting of lawsuits. Pre-dispute mandatory arbitration provisions in an insurance contract permit one party to force the other party into a binding arbitration -- in the same way that one party filing a lawsuit forces the other party into court. In contrast, mutually-agreed upon or voluntary arbitration requires consent of both parties and, consequently, is unlike a lawsuit. Further, we suggest the specific instruction that mediations or appraisals are not considered arbitrations (or lawsuits) for purposes of MCAS reporting.

Birny