

October 14, 2024

Sent via email to hmarsh@naic.org

Good morning Mary Kay and other members of this SME Group. I appreciate the opportunity to be included in the meeting held last week to discuss some of the challenges we discovered during the Other Health MCAS process, in the hopes we may be able to improve upon this going forward.

As promised on the initial call, some of the feedback I would like to share is as follows (I will also be at the NAIC in Denver and am more than happy to get together in person to continue discussions if it would be helpful):

Interrogatories

1. Column 4 – Number of Other Health Products

- With this MCAS applying to so many different lines it is challenging to respond correctly to the interrogatories as they are often Yes or No responses. Depending on which LOB you are responding for, the response can be Yes for one product and No for another.
- Is this based upon filings, TOI or something else?
- As an example: Accident Only is a category defined as Other Health. However, a company may have a group accident only, a group occupational accident only, and a season interruption accident only as 3 separate product filings. Would this be counted as one Other Health Product since all are accident only or would it be 3 as it is 3 separate filings?

2. Column 6 – Are products issued through an association or trust?

- The definitions do not take into account the other group types that are not association/trust or employer groups. Therefore all non-employer groups are being captured under Association, although they may not be associations.
- Eligible groups vary by state, however, in most states the following may be eligible: Employer, Labor Union, Association, Financial Institution, Debtor, other discretionary groups if approved.
- Is the expectation that all of these that are not an Employer be reported under association/trust?
- Do discretionary groups approved in a particular state get reported in this column as well? Occupational Accident may fall under this category as it is often issued to a motor carrier and is available to 1099 independent contactors - where is this to be included?

3. Column 7 – per the above, are we to only list those groups that are actual associations or trusts or should we be responding for all non-employer groups reported in column 6?
4. Responses in columns 10-16 are contingent upon what group types are required in 6 and 7.
5. Columns 17 – 20 – we would like the opportunity to review these items
 - There are several states that require each association to be filed; however, the other non-employer groups that are not associations do not require specific filing. If a company responds Yes in column 6 but it is not a true association group there may not be a response in this section.
 - Is column 17 asking if the company filed the association in the company's state of domicile (i.e. the insurance company is situated in DE and DE does not require each association be filed; therefore the response is NO throughout?)
 - If an association is not situated in a state that requires separate filing the response will be NO due to it not being a requirement.
 - If there are multiple associations in different states completing these questions becomes complicated.
 - If there are different group types included in the association/trust category (i.e. credit union) the responses will not align as those groups may not require specific filings.

Scenario Example: abc association is located in AK which is a state that requires the associations be separately approved. There is also DEF Association located in IN which does Not require separate association filings. The insurer is located in Delaware that does not require each association be separately filed. The insurer is responding to 17-20 for Alabama, another state that does not require each association be separately filed. Would the responses be as follows:

17. NO

18. **YES or NO** – depends on which association we are responding for

20. NO

6. Columns 22 – 35 regarding administrators/ TPAs
 - This is not defined and therefore it is not clear whether this includes producers which are licensed separately from a TPA and are often different entities. The different functions inquired about are sometimes handled by a TPA but may also be handled by a producer. There is no definition for a producer who may handle some of the functions but is not a TPA.
 - A company may work with multiple third party entities and not all are given the same responsibilities. Therefore we can respond affirmatively to 22 but there may be 10

different administrators that for some may be a yes to some of the subsequent questions but not all.

- Many of the other questions in the interrogatories are also yes no which is not always applicable (i.e. Do we use TPAs – but of those TPAs which functions they perform will vary so 1-24 thru 1-33 can be misleading depending on the intent of what you are trying to gather)

7. Columns 39 – 40 pertaining to pre-existing exclusions

- Similar to other notes, a product can be approved with a pre-ex exclusion that is variable and not always used and rated accordingly. It can vary therefore based upon group, plan design, etc... Therefore the response can be a YES or NO for the same LOB depending on the plan.

The above is not all-inclusive but I think a good starting point for further discussions. Again, I appreciate the chance to talk through this more and am happy to help in any way I can. Questions please let me know. Thank you.

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