



August 19, 2020

Rebecca Rebholz, Chair  
NAIC Market Conduct Annual Statement Blanks (D) WG  
c/o Tressa Smith- [tesmith@naic.org](mailto:tesmith@naic.org) /Teresa Cooper- [TCooper@naic.org](mailto:TCooper@naic.org) – NAIC Staff  
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Re: Joint Trades Comment Letter Regarding Data Element Inclusion

Dear Chair Rebholz and Members of the MCAS Blanks WG,

Please find included herein comments of the National Association of Mutual Insurance Companies (NAMIC)<sup>1</sup> and the American Property Casualty Insurance Association (APCIA)<sup>2</sup> in regards to a recently adopted data element for inclusion in the Property and Casualty MCAS dealing with adding “closed claims without payment below the deductible.”

As you may recall, on the Market Conduct Annual Statement Blanks Working Group call held on Friday, July 31, 2020, there was a brief discussion of industry concerns with the addition of this referenced data element concerning closed claims and the working group was gracious enough to allow additional comments on the issue. While we understand that the element has since been adopted by the NAIC, we would like to provide a few thoughts on implementation.

While we understand the ultimate goal of breaking out the claims closed without payment due to the claim being under the deductible, it is important to note that after conferring with our members, this information may not necessarily be uniformly captured, if captured at all. By adding this data element to MCAS, you may actually get less accurate data than you envision. While a claim may be opened and ultimately closed because the amount is lower than the deductible, companies do not always capture

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<sup>1</sup> NAMIC membership includes more than 1,400 member companies. The association supports regional and local mutual insurance companies on main streets across America and many of the country’s largest national insurers. NAMIC member companies write \$278 billion in annual premiums. Our members account for 58 percent of homeowners, 44 percent of automobile, and 30 percent of the business insurance markets. Through our advocacy programs we promote public policy solutions that benefit NAMIC member companies and the policyholders they serve and foster greater understanding and recognition of the unique alignment of interests between management and policyholders of mutual companies.

<sup>2</sup> The American Property Casualty Insurance Association (APCIA) is the primary national trade association for home, auto, and business insurers. APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers, with a legacy dating back 150 years. APCIA members represent all sizes, structures, and regions-protecting families, communities, and businesses in the U.S. and across the globe.

this information in their systems. There may be many reasons an insured does not pursue a claim, and only one of those is because the claimed loss is below the deductible. Many companies do not differentiate in their systems among the various reasons an insured may choose not to pursue a claim payment.

Other thoughts for consideration include an insured simply walking away from a claim without informing the insurer of the reason; differences in state laws on how claims should be ordered in payment; and instances where damage may be unknown to the insurer and possibly not reported.

Consequently, we believe that this element should at least be discussed further as to what is needed and how industry might assuage the concern. Further, if the working group is adamant about the inclusion of this element, we would ask for your consideration of possibly extending its mandatory inclusion date for at least one year.

In closing, we thank the working group for its efforts in this regard, consideration of the stated concern, and look forward to working with you to achieve the positive results you are seeking in oversight of this data element.

Best regards,

Lisa Brown, JD, MCM, Senior Director, Market Conduct & Counsel  
American Property Casualty Insurance Association (APCIA)

Andrew Pauley, CPCU, Government Affairs Counsel  
National Association of Mutual Insurance Companies (NAMIC)