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|   | **mwe.com**Michael ByrnePartnermbyrne@mwe.com+1 212 547 5388 |

January 25, 2021

Rebecca Rebholz, Chair

NAIC Market Conduct Annual Statement Blanks (D) Working Group1100 Walnut Street, Suite 1500

Kansas City, MO 64106-2197

Dear Chairwoman Rebholz:

The U.S. Travel Insurance Association (UStiA)[[1]](#footnote-2) appreciates the continuing opportunity to provide comments and input to the NAIC Market Conduct Annual Statement (MCAS) Blanks (D) Working Group (the Working Group) in developing a template for travel insurance market conduct annual statement reporting (Template). In addition to this comment letter and the comment letter and proposed template UStiA submitted in October 2020, we also very much appreciate participating in the regular Working Group meetings you have been leading.

We are writing in advance of the upcoming Working Group meeting on January 26, 2021 to oppose the addition of Schedule 4 of the Template concerning “Travel Marketing and Sales Elements” (Schedule 4). Schedule 4 suggests possible reporting breakouts for retailer type (airline/cruise line, websites) and policy duration. We oppose Schedule 4 for several reasons, in no particular order, and some related to/overlapping with one another.

First, we disagree with the premise on which we understand Schedule 4 is proposed that the nature of travel insurance marketing and sales warrants special reporting. Other MCAS reporting lines are also sold via websites and various retailers, as well as via mobile applications and aggregators. Certain MCAS reporting lines are marketed extensively via television and social media without special MCAS reporting on such activities.

Second, the requested breakout would likely lead to inaccurate/incomplete comparisons. For example, a person flying on an airline may have the option to obtain coverage through a travel agency, tour operator, cruise line, insurance aggregator site, administrator’s website, or the airline itself.

Third, the resources required to identify, collect, test and validate the marketing and sales data elements in Schedule 4 would be new and significant. Although we of course do not contend an insurer’s cost to prepare the Template should be determinative, the cost should be balanced against regulators’ need for the data, especially in the initial phase of the MCAS process and because at least some of the cost ultimately may be passed along to consumers.

Fourth, neither any other MCAS blank nor the NAIC annual financial reporting format requires insurers to report the detail suggested for Schedule 4. As we have commented with respect to other proposals for the Template, we understood the Working Group to be developing the Template based on existing MCAS blanks, or at least we respectfully request the Working Group should generally be developing a Template that is consistent with other MCAS blanks.

Fifth, we do not understand what insights are expected to be gained from the data elements in Schedule 4 in the context of an insurer’s MCAS report. For example, the current draft of Schedule 1-Interrogatories of the Template, if adopted, would require insurers to report on the use of managing general agents and third party administrators, which should provide sufficient information on an insurer’s distribution methods for the insurer’s initial MCAS report. Any state(s) wanting to conduct a deeper review of a specific travel insurer’s particular sales channel can certainly request such information *from that insurer*. There is no reason to require *all* travel insurers to report on the front end this type of granular data, without a compelling need.

Thank you for considering our comments. We look forward to participating in the upcoming Working Group call to discuss Schedule 4 in greater detail, and would be happy to answer any questions you or the other Working Group members may have.

Sincerely,



Michael Byrne

McDermott Will & Emery LLP

Counsel, U.S. Travel Insurance Association

1. UStiA is a national association of insurers, third party administrators, insurance agencies and related businesses involved in the development, administration and marketing of travel insurance and travel assistance products. UStiA's mission is to foster ethical and professional standards of industry conduct, cultivate effective state and federal government relations, inform and assist members, and educate consumers. [↑](#footnote-ref-2)