

Draft: 8/22/23

Market Regulation and Consumer Affairs (D) Committee
Seattle, Washington
August 15, 2023

The Market Regulation and Consumer Affairs (D) Committee met in Seattle, WA, Aug. 15, 2023. The following Committee members participated: Jon Pike, Chair (UT); Mike Causey, Co-Vice Chair, represented by Jackie Obusek (NC); Michael Humphreys, Co-Vice Chair, and David Buono (PA); Peni Itula Sapini Teo (AS); Karima M. Woods (DC); Trinidad Navarro and Susan Jennette (DE); Dean L. Cameron (ID); Sharon P. Clark (KY); Chlora Lindley-Myers represented by Cynthia Amann and Jo LeDuc (MO); Jon Godfread represented by John Arnold (ND); Michael Wise (SC); Cassie Brown, Matthew Tarpley, and Jamie Walker (TX); Kevin Gaffney represented by Karla Nuisl (VT); and Jeff Rude (WY). Also participating were: Dana Popish Severinghaus and Erica Weyhenmeyer (IL); Larry D. Deiter (SD); Rebecca Nichols (VA); and Mike Kreidler and John Haworth (WA).

1. Adopted its July 27 Minutes

Commissioner Pike said the Committee met July 27 and took the following action: 1) adopted the pet insurance Market Conduct Annual Statement (MCAS) data call and definitions; 2) adopted a new charge for the Producer Licensing (D) Task Force to amend the NAIC's *Public Adjuster Licensing Model Act* (#228); and 3) received the Voluntary Market Regulation Certification Program from the Market Regulation Certification (D) Working Group.

Commissioner Clark made a motion, seconded by Commissioner Navarro, to adopt the Committee's July 27 minutes (Attachment One). The motion passed unanimously.

2. Adopted Revisions to the *Market Regulation Handbook*

Tarpley said revisions to the NAIC *Market Regulation Handbook*, Chapter 4—Collaborative Actions, Section E. Conclusion of Collaborative Enforcement Actions are meant to provide non-regulators with transparency and insight regarding the multistate settlement process that occurs in the Market Actions (D) Working Group. The revisions were adopted by the Market Conduct Examination Guidelines (D) Working Group on July 18.

Director Cameron made a motion, seconded by Commissioner Humphreys, to adopt the revisions to Chapter 4 of the *Market Regulation Handbook* (Attachment Two). The motion passed unanimously.

3. Adopted the Voluntary Market Regulation Certification Program

Commissioner Pike said during the Committee's call, the Market Regulation Certification (D) Working Group reported that it had completed its work, and the final draft of the Voluntary Market Regulation Certification Program, guidelines, checklist, and implementation plan have been exposed on its web page since May 9.

Commissioner Kreidler said the completed Voluntary Market Regulation Certification Program consists of 11 requirements; checklists and guidelines for each requirement; a scoring matrix; and the implementation plan. He said the program is a long-needed response to the federal government's critiques of market conduct regulation in the separate states and territories of the U.S. It is also a step forward to promoting best practices and consistency for all NAIC members' market regulation activities, and it promotes collaboration among the NAIC members.

Haworth presented an overview of the contents of the program to the Committee. He said the program has 11 requirements that are broken into five major categories, including: 1) the appropriate statutory authorities for

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market regulation departments to conduct market regulation activities and maintain the confidentiality of information obtained from their own activities and received from other NAIC jurisdictions; 2) staffing resources and qualifications to conduct market regulation activities and/or to oversee contractors; 3) the use of the *Market Regulation Handbook*; 4) the reporting of timely, accurate, and complete data to NAIC databases and participation MCAS; and 5) collaboration with other jurisdictions through NAIC working groups.

Haworth said in the first three years of the program, jurisdictions will have the ability to self-certify themselves using the program checklist and scoring matrix. After three years, jurisdictions will have the option to either self-certify or be fully certified by an independent panel of state insurance regulators. Re-certification would occur every five years.

Commissioner Clark made a motion, seconded by Director Cameron, to adopt the Voluntary Market Regulation Certification Program and Scoring Definitions (Attachment Three). The motion passed unanimously.

4. Adopted its Task Force and Working Group Reports

A. Antifraud (D) Task Force

Commissioner Navarro said the Antifraud (D) Task Force met Aug. 14. The Task Force discussed its current charges in preparation for developing its 2024 charges, and he requested that suggestions be submitted by Sept. 22. He said the Task Force will meet in October to adopt its 2024 proposed charges.

Commissioner Navarro said the Task Force heard a presentation concerning Workers' Compensation Premium Fraud from the United Brotherhood of Carpenters and Joiners of America (UBC). He said the Task Force discussed the importance of workers' compensation insurance fraud related to the construction industry and agreed that additional discussions in regulator-to-regulator and open meetings are necessary to further address this type of insurance fraud.

Commissioner Navarro said the Task Force received a report from the Improper Marketing of Health Insurance (D) Working Group. The Working Group met July 27 to discuss the revised draft amendments to the NAIC's *Unfair Trade Practices Act* (#880). He said the Working Group also met Aug. 14 to discuss the revised draft and comments and adopt the amendments to Model #880. He said the Task Force will expose the adopted amendments for comment and meet in September to consider them for adoption.

Commissioner Navarro said the Task Force received an update from the Antifraud Technology (D) Working Group. He said the Working Group chair is working with NAIC staff concerning the redesign of the NAIC's Online Fraud Reporting System (OFRS). The Working Group will be holding conference calls to discuss necessary enhancements to the OFRS to include fields provided from the National Insurance Crime Bureau (NICB) data.

Commissioner Navarro also said the Task Force heard a presentation from the Coalition Against Insurance Fraud (CAIF) regarding a research study on who commits insurance fraud and why. The study showed how different generations across the nation view insurance fraud. He said the Task Force also received reports on matters of interest from the CAIF and the NICB.

B. Market Information Systems (D) Task Force

Director Severinghaus said the Market Information Systems (D) Task Force met July 31. She said this year, the Task Force is beginning work on implementing the recommendations contained in the Artificial Intelligence (AI) report it adopted last year. She said the Market Information Systems Research and Development (D) Working Group is working on the first recommendation to develop methods to ensure better MIS data quality, and the Market

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Analysis Procedures (D) Working Group is working on the second recommendation to assess MIS data and scoring methodologies for its effectiveness and make suggestions for needed improvements. The Task Force heard reports from both working groups on their progress with their charges related to the AI report.

Director Severinghaus said the Task Force also heard a report from NAIC staff regarding the progress on a variety of projects that affect the MIS, including those that are incorporated into the *State Connected* strategic plan and those prioritized through the Uniform System Enhancement Request (USER) forms.

C. Producer Licensing (D) Task Force

Director Deiter said the Producer Licensing (D) Task Force met May 31 and adopted a new charge to review and amend, as needed, Model #228 to enhance consumer protections in the property/casualty (P/C) claims process. He said the Task Force also adopted new Continuing Education Recommended Guidelines for Instructor Approval to create a more uniform process for the approval of continuing education (CE) instructors and a quicker process for such approval. He said these items were adopted by the Committee during its July 27 meeting.

Director Deiter said if the new charge is adopted by the Committee, the Task Force will move forward with drafting proposed revisions to Model #228. He said the model will be amended to strengthen regulatory standards for the following four issues: 1) individuals acting as unlicensed public adjusters; 2) contractors who are also acting as public adjusters on the same claim; 3) limiting the assignment of benefit rights to the contractor; and 4) limits on public adjuster compensation. He said Commissioner Navarro has agreed to lead this effort due to recent legislative changes regarding public adjusters in Delaware. He also said because some of the issues to be discussed on potential fraudulent practices, it will be helpful to have Commissioner Navarro, who chairs the Antifraud (D) Task Force, lead this effort.

Director Deiter said during its May 31 meeting, the Task Force continued its discussion of the template for the review of 1033 requests, which are required by the federal Violent Crime Control and Law Enforcement Act of 1994. He said the Task Force discussed the following three issues: 1) whether the definition of “conviction” should include pleas of abeyance and expungements should be excluded from this definition; 2) whether states use the long-form or short-form for requests and why one form is preferred; and 3) the factors a jurisdiction may consider when evaluating a 1033 waiver request and how states inform individuals about the 1033 waiver application process. He said NAIC staff are working with a small group of subject matter experts (SMEs), and the Task Force will continue its discussions in the coming months.

Director Deiter said the Task Force also received a report from the National Insurance Producer Registry (NIPR) Board of Directors. He said NIPR’s year-to-date (YTD) revenue was \$24 million, which is 3.7% over budget. The NIPR senior team and Board of Directors have begun work on the NIPR strategic plan for 2024–2026, and a vote on the final plan is scheduled for the end of the year. Director Deiter said NAIC staff are coordinating with NIPR and states, including any back-office system support vendors, to conduct an analysis of how long it will take to implement proposed changes and the cost to implement. The Task Force will be discussing the time and cost estimates in the coming months to determine the next steps.

Director Deiter said the Task Force also adopted the reports for the Adjuster Licensing (D) Working Group and the Uniform Education (D) Working Group.

D. Market Analysis Procedures (D) Working Group

LeDuc said the Market Analysis Procedures (D) Working Group will meet July 17. She said the Working Group was assigned a new charge to “assess current market analysis data to identify needed improvements in the effectiveness of the data for market analysis and the predictive abilities of the market scoring systems utilizing

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the data.” She said in considering this charge, the Working Group began by compiling a list of what data market analysts use. She said the list is not exhaustive, but it is extensive and covers data provided through the NAIC MIS, data available within the states, and data obtained from sources outside the NAIC and states. She said the Working Group will continue to add to the list as data sources continue to be identified, but it will also begin identifying how market analysts use the data and discuss the data’s effectiveness.

LeDuc said the Working Group will also begin its assessments of the scoring systems that are in the NAIC MIS, which includes the Market Analysis Prioritization Tool (MAPT) and the MCAS-MAPT rankings.

LeDuc said the Working Group also adopted the Other Health MCAS standard ratios (Attachment Four) to be posted publicly after each annual filing. She said they will be effective for the 2023 data year collected in 2024.

LeDuc said the Working Group is also discussing the inclusion of fraternal insurance organizations in the MCAS. She said fraternal are exempted from filing the MCAS, and the Working Group is discussing whether the exemption should remain.

LeDuc said the Working Group is also putting together a plan to provide regulator-only training on market analysis tools and methods using the tools for market analysis. She said the training sessions will be informal and address topics most in demand. She noted that there are quite a few new market analysts that will benefit from informal sessions with more experienced market analysts.

E. Market Conduct Annual Statement Blanks (D) Working Group

Weyhenmeyer said the Market Conduct Annual Statement Blanks (D) Working Group met July 19. She said the Working Group is discussing revisions to the homeowners and private passenger auto (PPA) blanks to clarify to companies which closed claims to report and how to report them. She said a proposal will be considered for adoption during the Working Group’s next meeting.

Weyhenmeyer said the Working Group also received a request to permanently move the MCAS filing deadline for the short-term limited-duration (STLD) and other health MCAS blanks to May 31 to match the deadline already established for the health MCAS blank.

Weyhenmeyer also said in the last couple years, the Working Group adopted two MCAS blanks with less than 30 days of exposure after the final draft was complete. She said to avoid this in the future, the Working Group is working on adding guidelines to the written process for adopting new blanks and revising data elements. She said the guidelines will encourage a 60-day exposure prior to the June 1 deadline date for adoption.

F. Market Conduct Examination Guidelines (D) Working Group

Tarpley said the Market Conduct Examination Guidelines (D) Working Group met March 28 and July 18.

Tarpley said during its March 28 meeting, the Working Group discussed its 2023 charges and items to be carried forward from 2023 to 2024, including the travel insurance in-force policy standardized data request (SDR), the travel insurance claims SDR, and an exposure draft of the *Market Regulation Handbook’s* Chapter 23—Conducting the Life and Annuity Examination.

Tarpley said during its July 18 meeting, the Working Group adopted revisions to the *Market Regulation Handbook’s* Chapter 4, Section E. He said the revisions provide non-regulators with insight on the multistate settlement process that occurs in the Market Actions (D) Working Group. He said the Working Group also discussed a June 6 draft of Chapter 23 and reviewed comments received on the draft. The comment period was

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extended to Sept. 4. Tarpley said revisions to Chapter 23 arise from the changes recently made to the *Suitability in Annuity Transactions Model Regulation* (#275). He said the Working Group also received updates on the SDRs for travel insurance in-force policies and claims.

G. Market Regulation Certification (D) Working Group

Commissioner Kreidler said the Market Regulation Certification (D) Working Group met June 6 and adopted the Voluntary Market Regulation Certification Program. He said the Working Group is on hold until further instruction from the Committee.

H. Speed to Market (D) Working Group

Nichols said the Speed to Market (D) Working met July 25. She said the Working Group reviewed suggested changes to the uniform product coding matrices (PCMs). She said three suggestions for additional types of insurance (TOIs)/sub-TOIs were submitted for the P/C matrix and the Life, Health, and Annuity matrix. She said the Working Group adopted new sub-TOIs for paid family medical leave products for the Life, Health, and Annuity matrix. She said alternative solutions, such as new filing types were also discussed for a couple of the suggestions. She said two suggestions for the P/C matrix were tabled to see if a solution can be provided by the System for Electronic Rates & Forms Filings (SERFF) Modernization project.

Nichols said the Working Group's revisions to the *Product Filing Review Handbook* are nearly complete. She said the next steps are to expose the revisions and ask for Working Group member volunteers to review a few of the chapters for any technical gaps or inaccuracies. She expressed appreciation to Petra Wallace (NAIC) for her support, hard work, and commitment to the work on the *Product Filing Review Handbook*.

LeDuc made a motion, seconded by Commissioner Navarro, to adopt the other health MCAS standardized ratios and the following reports: 1) the Antifraud (D) Task Force; 2) the Market Information Systems (D) Task Force; 3) Producer Licensing (D) Task Force; 4) the Market Analysis Procedures (D) Working Group (Attachment Five); 5) the Market Conduct Annual Statement Blanks (D) Working Group (Attachment Six); 6) the Market Conduct Examination Guidelines (D) Working Group (Attachment Seven); 7) the Market Regulation Certification (D) Working Group (Attachment Eight); and 6) the Speed to Market (D) Working Group (Attachment Nine). The motion passed unanimously.

5. Heard an Update on International Issues Regarding Market Regulation

Commissioner Pike said the Committee has a standing charge to coordinate with the International Insurance Relations (G) Committee to develop input and submit comments to the International Association of Insurance Supervisors (IAIS) or other related groups on issues regarding market regulation concepts.

Nikhail Nigam (NAIC) said the NAIC is a member of the IAIS and serves on its Market Conduct Working Group (MCWG). He said the MCWG is tasked with developing and enhancing high-level principles-based supervisory and supporting material in relation to market conduct supervision. He said the MCWG coordinates with other international bodies dealing with the market conduct of insurers and intermediaries and financial consumer protection. The MCWG reports to the IAIS Policy Development Committee, and it is composed of representatives of IAIS members with experience in market conduct supervision and regulation.

Nigam said in June, the MCWG finalized a Members Report on the Use of Conduct Indicators in Insurance Supervision. He said the report provides members with guidance on the identification, assessment, and appropriateness of specific types of indicators and data-gathering techniques. He said the report puts an emphasis on adopting more outcomes-based approaches to conduct supervision in many jurisdictions. He said the MCWG

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believes the ability to draw informative, actionable, and well-targeted “indicators” from data is central to achieving this objective. He said the report follows a member survey conducted in 2021 and 2022 focusing on current supervisory approaches and challenges regarding the use of data and key indicators to assess conduct-related outcomes. He said the NAIC provided two examples. The first focused on claims handling and a review of the NAIC MCAS and the data it collects on claims and underwriting for various lines of business. The second NAIC example reviewed the use complaints index.

Nigam said another project the MCWG has been focusing on is related to Diversity, Equity, and Inclusion (DE&I), and the NAIC has been involved in these efforts at both the MCWG, as well as the Governance Working Group (GWG) of the IAIS. He said the project focuses on the link between DE&I and insurers’ governance, risk management, and corporate culture. He said the project is exploring the hypothesis that applying a DE&I paradigm to the Insurance Core Principle (ICP) 19 requirement of fair treatment of customers can result in better outcomes and fairer treatment for diverse consumers. He said the NAIC has regularly updated the IAIS on the work of the Special (EX) Committee on Race and Insurance, and it held a special session where the NAIC’s DE&I Director, Evelyn Boswell, presented on the work of her team and the assistance they provide to NAIC members.

Nigam said a few other initiatives being worked on at the MCWG include work to incorporate climate risk into ICP 19. He said the IAIS’s Climate Risk Steering Group and the MCWG are working on an application paper for supervisors that will focus on instances when sustainability-related risks and considerations can lead to the unfair treatment of consumers.

Nigam said the MCWG is focused on supporting the parent committees and secretariat at the IAIS in developing its strategic plan for the next five years. He said one initiative has been proposed by the MCWG to share Suptech tools and initiatives.

6. Heard a Presentation on the Use of Visualization in Market Analysis

Commissioner Pike said the Market Analysis Procedures (D) Working Group has a charge this year to assess the effectiveness of data used by market analysts. He said to provide some background on this work, he asked LeDuc to provide the Committee with an overview of the current state of market analysis techniques, especially regarding the use of tools to provide visualizations of the data used by analysts.

LeDuc said the visualization of data leverages human perception skills to allow the analyst to absorb more information and remember it more easily. She said this allows analysts to analyze a large quantity of data more quickly and identify more complex issues. The analyst can identify new trends, patterns and anomalies when they are able to visualize data using visualizations incorporating graphs, charts, and the deliberate use of color instead of viewing a mere dataset of numbers. LeDuc said this gives analysts a better understanding of the data, removes subjectivity, and creates repeatable outcomes for verification. Additionally, LeDuc noted that this is further enhanced when incorporating text analytics, machine learning, predictive analytics, and network analysis. She said to fully utilize visualizations and advanced analytics, the data needs to be available, accessible, usable, consumable, reliable, consistent, and complete.

LeDuc provided examples illustrating how to create effective visualizations used to provide comparisons of data over time, the relationships between different categories and data points, the composition of data over multiple periods of time, and the distribution of data points. She gave examples of the best ways to create visualizations to answer the different questions that can be asked about the data.

LeDuc said there are best practices to keep in mind when creating data visualizations. She said the visualization should be kept as simple as possible to answer the question being asked. It should direct the focus of the user to the most relevant points in the data. The data and visualization should be clearly explained and identified to the

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user reviewing the visualization. LeDuc also emphasized that the use of color must be intentional and with the purpose of clearly bringing out the meaning in the data.

LeDuc showed how the MAPT and the MCAS data can be made more useful by presenting the data into visualizations.

LeDuc concluded with things to consider: 1) the visualization should add value; 2) it is important to consider the cost and benefits of obtaining and creating new data sources; 3) visualizations change both the process and mindset in the analysis of data; and 4) using visualizations moves market analysis from an examiner's skillset to an analyst's skillset.

Having no further business, the Market Regulation and Consumer Affairs (D) Committee adjourned.

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2024 Proposed Charges

MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE

The mission of the Market Regulation and Consumer Affairs (D) Committee is to monitor all aspects of the market regulatory process for continuous improvement. This includes market analysis, regulatory interventions with companies, and multi-jurisdictional collaboration. The Committee will also review and make recommendations regarding the underwriting and market practices of insurers and producers, as those practices affect insurance consumers, including the availability and affordability of insurance.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Market Regulation and Consumer Affairs (D) Committee** will:
 - A. Monitor the centralized collection and storage of market conduct data, national analysis, and reporting at the NAIC, including issues regarding the public availability of data.
 - B. Monitor and assess the current process for multi-jurisdictional market conduct activities, and provide appropriate recommendations for enhancement, as necessary.
 - C. Oversee the activities of the Antifraud (D) Task Force.
 - D. Oversee the activities of the Market Information Systems (D) Task Force.
 - E. Oversee the activities of the Producer Licensing (D) Task Force.
 - F. Monitor the underwriting and market practices of insurers and producers, as well as the conditions of insurance marketplaces, including urban markets, to identify specific market conduct issues of importance and concern. Hold public hearings on these issues at the NAIC national meetings, as appropriate.
 - G. In collaboration with other technical working groups, discuss and share best practices through public forums to address broad consumer concerns regarding personal insurance products.
 - H. Coordinate with the International Insurance Relations (G) Committee to develop input and submit comments to the International Association of Insurance Supervisors (IAIS) and/or other related groups on issues regarding market regulation concepts.
 - I. Coordinate with the Health Insurance and Managed Care (B) Committee to provide policy recommendations regarding uniform state enforcement of the federal Affordable Care Act (ACA).
2. The **Advisory Organization (D) Working Group** will:
 - A. Revise the protocols, as necessary, for the examination of national or multistate advisory organizations (including rating organizations and statistical agents) to be more comprehensive, efficient, and possibly less frequent than the current system of single-state exams. Solicit input and collaboration from other interested and affected committees and task forces.
 - B. Monitor the data reporting and data collection processes of advisory organizations (including rating organizations and statistical agents) to determine if they are implementing appropriate measures to ensure data quality. Report the results of this ongoing charge, as needed.
 - C. Actively assist with and coordinate multistate examinations of advisory organizations (including rating organizations and statistical agents).
3. The **Market Actions (D) Working Group** will:
 - A. Facilitate interstate communication and coordinate collaborative state regulatory actions.

MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE *(Continued)*

4. The **Market Analysis Procedures (D) Working Group** will:
 - A. Recommend changes to the market analysis framework based on results over the past five years, including the current set of Level 1 and Level 2 questions.
 - B. In accordance with the second recommendation of the adopted *Review of Artificial Intelligence Techniques in Market Analysis*, assess currently available market analysis data to identify needed improvements in the effectiveness of the data for market analysis and the predictive abilities of the market scoring systems utilizing the data.
 - C. Discuss other market data collection issues, and make recommendations, as necessary.
 - D. Consider recommendations for new lines of business for the Market Conduct Annual Statement (MCAS).

5. The **Market Conduct Annual Statement Blanks (D) Working Group** will:
 - A. Review the MCAS data elements and the “Data Call and Definitions” for those lines of business that have been in effect for longer than three years and update them, as necessary.
 - B. Develop an MCAS blank to be used for the collection of data for additional lines of business, where appropriate.

6. The **Market Conduct Examination Guidelines (D) Working Group** will:
 - A. Develop market conduct examination standards, as necessary, for inclusion in the *Market Regulation Handbook*.
 - B. Monitor the adoption and revision of NAIC models, and develop market conduct examination standards to correspond with adopted NAIC models.
 - C. Develop updated standardized data requests, as necessary, for inclusion in the *Market Regulation Handbook*.
 - D. Discuss the development of uniform market conduct procedural guidance (e.g., a library, repository, or shared collaborative space with market conduct examination templates, such as an exam call letter, exam exit agenda, etc.) for inclusion in, or for use in conjunction with, the *Market Regulation Handbook*.
 - E. Coordinate with the Innovation, Cybersecurity, and Technology (H) Committee to develop market conduct examiner guidance for the oversight of regulated entities’ use of insurance and non-insurance consumer data and models using algorithms and artificial intelligence (AI).

7. The **Market Regulation Certification (D) Working Group** will:
 - A. Implement the *Voluntary Market Regulation Certification Program* by: i) provisionally certifying each jurisdiction that submits a self-certification report; ii) assessing the submission and monitoring the progress of each provisionally certified jurisdiction towards compliance to each certification standard; and iii) providing peer-review and guidance for any participating jurisdiction that requests guidance.
 - B. Develop a mechanism for enabling participating jurisdictions to apply for full certification. This will include: i) forming an NAIC Review Team; and ii) developing methods for assessing and auditing full-certification requests.
 - C. Review feedback from jurisdictions concerning any issues or recommended changes to the *Voluntary Market Regulation Certification Program* requirements and the *Market Regulation Certification Program Self-Assessment Guidelines* and *Checklist Tool*
 - D. Consider new standards to be incorporated into the *Voluntary Market Regulation Certification Program*.

8. The **Speed to Market (D) Working Group** will:
 - A. Consider proposed System for Electronic Rates & Forms Filing (SERFF) features or functionality presented to the Working Group by the Product Steering Committee (PSC). Review periodic reports from the PSC, as needed.

MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE *(Continued)*

- B. Provide feedback and recommendations concerning the SERFF modernization when requested by the Executive (EX) Committee and any group assigned oversight of the SERFF modernization by the Executive (EX) Committee.
- C. Discuss and oversee the implementation and ongoing maintenance/enhancement of speed to market operational efficiencies related to product filing needs, efficiencies, and effective consumer protection. This includes the following activities:
 - i. Provide a forum to gather information from the states and the industry regarding tools, policies, and resolutions to assist with common filing issues. Provide oversight in evaluating product filing efficiency issues for state insurance regulators and the industry, particularly regarding uniformity.
 - ii. Use SERFF data to develop, refine, implement, collect, and distribute common filing metrics that provide a tool to measure the success of the speed to market modernization efforts, as measured by nationwide and individual state speed to market compliance, with an emphasis on monitoring state regulatory and insurer responsibilities for speed to market for insurance products.
 - iii. Facilitate proposed changes to the product coding matrices (PCMs) and the uniform transmittal document (UTD) on an annual basis, including the review, approval, and notification of changes. Monitor, assist with, and report on state implementation of any PCM changes.
 - iv. Facilitate the review and revision of the *Product Filing Review Handbook*, which contains an overview of all the operational efficiency tools and describes best practices for industry filers and state reviewers regarding the rate and form filing and review process. Develop and implement a communication plan to inform the states about the *Product Filing Review Handbook*.
- D. Provide direction to NAIC staff regarding SERFF functionality, implementation, development, and enhancements. Receive periodic reports from NAIC staff, as needed.
- E. Conduct the following activities, as desired, by the Interstate Insurance Product Regulation Commission (Compact):
 - i. Provide support to the Compact as the speed-to-market vehicle for asset-based insurance products, encouraging the states' participation in, and the industry's usage of, the Compact.
 - ii. Receive periodic reports from the Compact, as needed.

NAIC Support Staff: Tim Mullen/Randy Helder

https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Committee%20Charges/2024/03_ToBeAdoptedByCmte_Plenary/018_DCMte.docx

Adopted by the Executive (EX) Committee and Plenary, XX, 2023

Adopted by the Market Regulation and Consumer Affairs (D) Committee, XX, 2023

Adopted by the Antifraud (D) Task Force, Oct. 23, 2022

2024 Charges

ANTIFRAUD (D) TASK FORCE

The mission of the Antifraud (D) Task Force is to serve the public interest by assisting the state insurance supervisory officials, individually and collectively, through the detection, monitoring, and appropriate referral for the investigation of insurance crime, both by and against consumers. The Task Force will assist the insurance regulatory community by conducting the following activities: 1) maintaining and improving electronic databases regarding fraudulent insurance activities; 2) disseminating the results of research and analysis of insurance fraud trends, as well as case-specific analysis, to the insurance regulatory community; and 3) providing a liaison function between state insurance regulators, law enforcement—i.e., federal, state, local, and international—and other specific antifraud organizations. The Task Force will also serve as a liaison with the NAIC Information Technology Group (ITG) and other NAIC committees, task forces, and/or working groups to develop technological solutions for data collection and information sharing. The Task Force will monitor all aspects of antifraud activities by its working groups on the following charges.

Ongoing Support of NAIC Programs, Products or Services

1. The **Antifraud (D) Task Force** will:

- A. Work with NAIC committees, task forces, and working groups (e.g., Title Insurance (C) Task Force, etc.) to review issues and concerns related to fraud activities and schemes related to insurance fraud.
- B. Coordinate efforts to address national concerns related to agent fraud and activities of unauthorized agents related to insurance sales.
- C. Coordinate the enforcement and investigation efforts of state and federal securities regulators with state insurance fraud bureaus.
- D. Coordinate with state, federal, and international law enforcement agencies in addressing antifraud issues relating to the insurance industry.
- E. Review and provide comments to the International Association of Insurance Supervisors (IAIS) on its Insurance Core Principles (ICPs) related to insurance fraud.
- F. Coordinate activities and information from national antifraud organizations and provide information to state insurance fraud bureaus.
- G. Coordinate activities and information with state and federal fraud divisions to determine guidelines that will assist with reciprocal involvement concerning antifraud issues resulting from natural disasters and catastrophes.
- H. Coordinate efforts with the insurance industry to address antifraud issues and concerns.
- I. Evaluate and recommend methods to track national fraud trends.
- J. Develop seminars, trainings, and webinars regarding insurance fraud. Provide three webinars by the 2024 Fall National Meeting.

2. The **Antifraud Technology (D) Working Group** will:

- A. Work with the NAIC to develop an Antifraud Plan Repository to be used by insurers to create and store an electronic fraud plan for distribution among the states/jurisdictions. Complete by the 2024 Fall National Meeting.
- B. Evaluate sources of antifraud data and propose methods for enhancing the utilization and exchange of information among state insurance regulators, fraud investigative divisions, law enforcement officials, insurers, and antifraud organizations. Complete by the 2024 Fall National Meeting.

ANTIFRAUD (D) TASK FORCE *(Continued)*

3. The **Improper Marketing of Health Insurance (D) Working Group** will:
 - A. Coordinate with state insurance regulators, both on a state and federal level, to provide assistance and guidance monitoring the improper marketing of health plans and coordinate appropriate enforcement actions, as needed, with other NAIC committees, task forces, and working groups.
 - B. Review existing NAIC models and guidelines that address the use of lead generators for sales of health insurance products and identify models and guidelines that need to be updated or developed to address current marketplace activities.

NAIC Support Staff: Greg Welker/Lois E. Alexander

*Adopted by the Executive (EX) Committee and Plenary,
Adopted by the Market Regulation and Consumer Affairs (D) Committee,
Adopted by the Market Information Systems (D) Task Force, Oct. 20, 2023*

2024 Charges

MARKET INFORMATION SYSTEMS (D) TASK FORCE

The mission of the Market Information Systems (D) Task Force is to provide business expertise regarding the desired functionality of the NAIC Market Information Systems (MIS) and the prioritization of regulatory requests for the development and enhancement of the MIS.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Market Information Systems (D) Task Force** will:
 - A. Ensure that the MIS support the strategic direction set forth by the Market Regulation and Consumer Affairs (D) Committee.
 - B. Analyze the data in the MIS. In accordance with the first recommendation of the adopted *Review of Artificial Intelligence Techniques in Market Analysis*, recommend methods to ensure better data quality.
 - C. In conjunction with the Market Analysis Procedures (D) Working Group and in accordance with the second recommendation of the adopted *Review of Artificial Intelligence Techniques in Market Analysis*, assess currently available market analysis data to identify needed improvements in the effectiveness of the data for market analysis and the predictive abilities of the market scoring systems utilizing the data.
 - D. Provide guidance on the appropriate use of the MIS and the data entered in them.
 - i. Complaints Database System (CDS).
 - ii. Electronic Forums.
 - iii. Market Actions Tracking System (MATS).
 - iv. Market Analysis Profile.
 - v. Market Analysis Prioritization Tool (MAPT).
 - vi. Market Analysis Review System (MARS).
 - vii. Market Conduct Annual Statement (MCAS).
 - viii. Regulatory Information Retrieval System (RIRS).
 - ix. 1033 State Decision Repository (SDR1033) (in conjunction with the Antifraud (D) Task Force).
2. The **Market Information Systems Research and Development (D) Working Group** will:
 - A. Serve as the business partner to review and prioritize submitted Uniform System Enhancement Request (USER) forms to ensure an efficient use of available NAIC staffing and resources.
 - B. Assist the Task Force with tasks as assigned, such as:
 - i. Analyze MIS data.
 - ii. Provide state users with query access to MIS data.
 - iii. Provide guidance on the appropriate use of the MIS.

NAIC Support Staff: Randy Helder

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Adopted by the Market Regulation and Consumer Affairs (D) Committee, XX, 2023

Adopted by the Producer Licensing (D) Task Force, Oct. 23, 2023

2024 Proposed Charges PRODUCER LICENSING (D) TASK FORCE

The mission of the Producer Licensing (D) Task Force is to 1) develop and implement uniform license applications, standards, interpretations, and treatment of producer and adjuster licensees and licensing terminology; 2) monitor and respond to developments related to licensing reciprocity; 3) coordinate with industry and consumer groups regarding priorities for licensing reforms; and 4) provide direction based on NAIC membership initiatives to the National Insurance Producer Registry (NIPR) Board of Directors regarding the development and implementation of uniform producer licensing initiatives, with a primary emphasis on encouraging the use of electronic technology.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Producer Licensing (D) Task Force** will:
 - A. Work closely with NIPR to encourage the full utilization of NIPR products and services by all the states and producers, and encourage accurate and timely reporting of state administrative actions to the NAIC's Regulatory Information Retrieval System (RIRS) to ensure that this data is properly reflected in the State Producer Licensing Database (SPLD) and the Producer Database (PDB).
 - B. Facilitate roundtable discussions, as needed, with the state producer licensing directors for the exchange of views, opinions, and ideas on producer licensing activities in the states and at the NAIC.
 - C. Discuss, as necessary, state perspectives regarding the regulation and benefit of the activities of the federal Affordable Care Act (ACA), established enrollment assisters (including navigators and non-navigator assisters and certified application counselors), and the activities of producers in assisting individuals and businesses purchasing in the health insurance marketplaces. Coordinate with the Health Insurance and Managed Care (B) Committee and the Antifraud (D) Task Force, as necessary.
 - D. Monitor the activities of the National Association of Registered Agents and Brokers (NARAB) in the development and enforcement of the NARAB membership rules, including the criteria for successfully passing a background check.
 - E. Coordinate through NAIC staff to provide guidance to NIPR on producer licensing-related electronic initiatives. Hear a report from NIPR at each national meeting.
 - F. Coordinate with the Market Information Systems (D) Task Force and the Antifraud (D) Task Force to evaluate and make recommendations regarding the entry, retention, and use of data in the NAIC's Market Information Systems (MIS).
 - G. Coordinate with the Special (EX) Committee on Race and Insurance on referrals affecting insurance producers.
 - H. Discuss how criminal convictions may affect producer licensing applicants, review, and amend the NAIC's *Guidelines for State Insurance Regulators to the Violent Crime Control and Law Enforcement Act of 1994* as needed to create a more simplified and consistent approach in how states review 1033 waiver requests.

2. The **Adjuster Licensing (D) Working Group** will:
 - A. Monitor state implementation of adjuster licensing and reciprocity; update the NAIC adjuster licensing standards, as necessary.

3. The **Producer Licensing Uniformity (D) Working Group** will:
 - A. Work closely with state producer licensing directors and exam vendors to ensure that 1) the states achieve full compliance with the standards in order to achieve greater uniformity and 2) the exams test the qualifications for an entry-level position as a producer.
 - B. Provide oversight and ongoing updates to the *State Licensing Handbook*, as needed.
 - C. Monitor and assess the state implementation of the Uniform Licensing Standards (ULS) and update the standards, as needed.
 - D. Review and update the NAIC's uniform producer licensing applications and uniform appointment form, as needed. Provide any recommended updates to the Producer Licensing (D) Task Force by the NAIC Summer National Meeting.

4. The **Public Adjuster Licensing (D) Working Group** will:
 - A. Review and amend the *Public Adjuster Licensing Model Act* (#228) as needed to enhance consumer protections in the property/casualty (P/C) claims process.

5. The **Uniform Education (D) Working Group** will:
 - A. Update the reciprocity guidelines, the uniform application forms for continuing education (CE) providers, and the process for state review and approval of instructors and courses, as needed. Provide any recommended updates to the Producer Licensing (D) Task Force by the Fall National Meeting.
 - B. Coordinate with NAIC parent committees, task forces, and/or working groups to review and provide recommendations on prelicensing education and CE requirements that are included in NAIC model acts, regulations, and/or standards, as necessary.

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