

Draft: 3/12/25

Market Regulation and Consumer Affairs (D) Committee
Virtual Meeting
March 7, 2025

The Market Regulation and Consumer Affairs (D) Committee met March 7, 2025. The following Committee members participated: Dean L. Cameron, Chair (ID); Trinidad Navarro, Co-Vice Chair, represented by Robin Pyfer (DE); Alan McClain represented by Teri Ann Mecca (AR); Peter M. Fuimaono represented by Elizabeth Perri (AS); Holly W. Lambert (IN); Sharon P. Clark (KY); Robert L. Carey represented by Timothy N. Schott (ME); Angela L. Nelson represented by Jo A. LeDuc (MO); D.J. Bettencourt (NH); Mike Causey represented by Robert Croom (NC); Carter Lawrence represented by Emily Marsh (TN); Cassie Brown represented by Matthew Tarpley (TX); and Allan L. McVey represented by Joylynn Fix (WV).

1. Adopted the Pharmacy Benefit Management (PBM) (D) Working Group Charges

Director Cameron said the PBM (D) Working Group will now report to the Committee. He said the Executive (EX) Committee and NAIC president determined that the Working Group had completed its work under the Health Insurance and Managed Care (B) Committee and that the work of drafting examination standards, as well as licensing and registration requirements, should be under the Market Regulation and Consumer Affairs (D) Committee. Director Cameron said the drafting work has already begun under the Health Insurance and Managed Care (B) Committee, and all the participants are transferring over with the Working Group and some new members.

Director Cameron said the Committee needs to adopt the Working Group's new charges so it can meet at the Spring National Meeting and begin its work.

Joel Kurzman (National Community Pharmacists Association—NCPA) asked if the work begun under the Health Insurance and Managed Care (B) Committee will continue or if there will be a clean break and a new start. Director Cameron said the work that has begun will continue under the Market Regulation and Consumer Affairs (D) Committee, but the process for completing the work may change. He said the process is still being determined and will be ready by the Spring National Meeting.

Schott asked if the charge relating to data collection refers to the Market Conduct Annual Statement (MCAS). He said he did not think pharmacy benefit managers (PBMs) report data in MCAS. Director Cameron said that the charge is for the Working Group to develop protocols for data collection and the analysis of data if a state decides it will collect data from PBMs.

Fix made a motion, seconded by Commissioner Clark, to adopt the proposed charges for the Pharmacy Benefit Management (D) Working Group (Attachment xx). The motion passed unanimously.

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

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Draft: 11/22/24

Market Regulation and Consumer Affairs (D) Committee
Denver, Colorado
November 19, 2024

The Market Regulation and Consumer Affairs (D) Committee met in Denver, CO, Nov. 19, 2024. The following Committee members participated: Jon Pike, Chair (UT); Barbara D. Richardson, Co-Vice Chair (AZ); Trinidad Navarro, Co-Vice Chair (DE); Dean L. Cameron (ID); Sharon P. Clark (KY); Timothy J. Temple represented by ---- (LA); Robert L. Carey represented by Timothy N. Schott (ME); Chlora Lindley-Myers represented by Jo LeDuc (MO); Mike Causey represented by Robert Croom (NC); Jon Godfread represented by John Arnold (ND); Scott Kipper (NV); Michael Humphreys and David Buono (PA); and Cassie Brown represented by Matthew Tarpley and Randall Evans (TX). Also participating were: Larry D. Deiter (SD); Rebecca Nichols (VA); John Haworth (WA); and Rebecca Rebholz (WI).

1. Adopted its Summer National Meeting Minutes

Director Richardson made a motion, seconded by Commissioner Navarro, to adopt the Committee's Aug. 15 minutes (see *NAIC Proceedings – Summer 2024, Market Regulation and Consumer Affairs (D) Committee*). The motion passed unanimously.

2. Adopted its 2025 Proposed Charges

Commissioner Pike said the Market Regulation and Consumer Affairs (D) Committee charges include the adoption of the charges for the Antifraud (D) Task Force, the Producer Licensing (D) Task Force, and the disbanding of the Market Information Systems (D) Task Force. He said the activities of the Market Information Systems (D) Task Force are very technical, and this work will now be moved to a Market Information Systems (D) Working Group reporting to the Committee. The intent is to streamline the reporting while maintaining the activities that have been occurring under the Task Force. Commissioner Pike said the other substantive change to the charges for 2025 is the Producer Licensing (D) Task Force will not reappoint the Public Adjuster Licensing (D) Working Group because the Working Group completed its review and recommendations on amending the NAIC's *Public Adjuster Licensing Model Act (#228)*.

LeDuc made a motion, seconded by Commissioner Clark, to adopt the Committee's 2025 proposed charges (Attachment One). The motion passed unanimously.

3. Adopted Revisions to the *Market Regulation Handbook*

Tarpley said revisions to Chapter 23—Conducting the Life and Annuity Examination of the *Market Regulation Handbook* were adopted by the Market Conduct Examination Guidelines (D) Working Group on Nov. 7. He said the purpose of the revisions is to update the chapter based on March 2023 adopted revisions to *Actuarial Guideline XLIX-A—The Application of the Life Illustrations Model Regulation to Policies with Index-Based Interest to Policies Sold on or After December 14, 2020* (AG 49-A).

Tarpley said the revisions to the chapter occur in:

- Operations/Management Examination Standard 1.
- Subsection 2 Techniques of Section C, Marketing and Sales.
- Marketing and Sales Examination Standards 1, 4, and 14.

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- The supplemental checklist for Marketing and Sales Examination Standard 4.

Tarpley said the majority of changes reflected the revised title of AG 49-A. A few revisions removed unnecessary references to the original adoption in 2015. Lastly, implementation testing examples were removed because examiners are no longer testing for implementation compliance issues from 2015 or 2016.

Schott made a motion, seconded by LeDuc, to adopt the revisions to Chapter 23—Conducting the Life and Annuity Examination of the *Market Regulation Handbook* (Attachment Two). The motion passed unanimously.

4. Adopted Proposed Amendments to the NAIC Uniform Producer Licensing Application and Continuing Education (CE) Audit Guidelines

Director Deiter said the Producer Licensing Uniformity (D) Working Group completed its review and adopted proposed changes to the Individual Uniform Application on May 7. Then, on June 4, it adopted proposed changes to the Individual Renewal Uniform Application, the Business Entity Application, and the Business Entity Renewal Application.

Director Deiter said that based on prioritization of existing strategic priorities, the National Insurance Producer Registry (NIPR) reported during the Summer National Meeting that the work on amending the Uniform Producer Licensing Application will begin in October 2025. NIPR estimates development will be completed by February 2026, and implementation into production will be scheduled between March and May 2026.

Director Deiter said that after the Summer National Meeting, a request for comments was circulated on the proposed amendments and the timeline for implementation. He said that other than some formatting and grammatical edits from Ohio, which will be addressed with implementation, no comments were submitted on the proposed amendments and timeline for implementation.

Director Deiter said the Producer Licensing (D) Task Force adopted the proposed changes and the timeline for implementation on Oct. 31.

Director Deiter also said the Task Force adopted continuing education (CE) audit guidelines on Nov. 17. He said the Uniform Education (D) Working Group adopted the guidelines on Oct. 29. The Working Group developed the audit guidelines for each state to use for auditing courses of its home state providers and to avoid duplicative audits by states. The guidelines provide detailed steps for the audit process.

Commissioner Clark made a motion, seconded by Commissioner Navarro, to adopt the amendments to the Uniform Producer Licensing Application (Attachment Three) and the CE audit guidelines (Attachment Four). The motion passed unanimously.

5. Adopted Proposed Amendments to the NAIC's Public Adjuster Licensing Model Act (#228)

Commissioner Pike said the Producer Licensing (D) Task Force adopted amendments to the Model #228 on Nov. 17. He said that, in consultation with the NAIC legal division, it was subsequently determined that two technical edits were necessary to ensure the proposed model is presented in the correct format as it progresses. He said these technical edits do not change policy and only address drafting oversights by removing language that is no longer applicable due to the proposed amendments. These edits align with the revisions included in the amendments adopted by the Task Force.

Commissioner Navarro said he was pleased to present the proposed amendments to Model #228 following the NAIC Membership's adoption of a model law review request at the 2024 Spring National Meeting. He said the

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model law review request provided guidance that Model #228 should be amended to strengthen regulatory standards governing the conduct of public adjusters on four issues: 1) individuals acting as unlicensed public adjusters; 2) contractors who are also acting as public adjusters on the same claim; 3) inappropriate assignment of benefit (AOB) rights; and 4) excessive fees charged by public adjusters.

Commissioner Navarro said the Public Adjuster Licensing (D) Working Group moved forward with the work by seeking comments on draft revisions and meeting on April 5. After the April 5 meeting, another request for comments was circulated, and a second meeting was held on June 18.

During the April 5 meeting, the Working Group discussed proposed modifications to Section 3 and Section 14, which address public adjuster fees. During the June 18 meeting, the Working Group focused on proposed amendments to Section 15, Section 16, and Section 19 to strengthen regulatory standards regarding individuals acting as unlicensed public adjusters, contractors who are also acting as public adjusters on the same claim, and inappropriate AOB rights. He said the Working Group adopted the proposed amendments on July 17 and presented the model to the Producer Licensing (D) Task Force at the Summer National Meeting.

Commissioner Navarro said that because of industry concerns regarding proposed fee caps of 10% for catastrophe claims and 15% for all other claims, the Task Force provided the industry with an opportunity to present its concerns to the Task Force at the meeting and then accepted additional written comments after the meeting.

Commissioner Navarro said the Task Force met Oct. 31 and again invited the industry to comment on the model. The Task Force adopted the model on Nov. 17.

Commissioner Navarro said the amendments to the model law are:

- The “Purpose and Scope” section of the model law is being amended to exclude public adjusters settling claims for either personal or commercial auto lines of insurance.
- Section 3A is being amended to prohibit a person from soliciting or negotiating a contract for public adjusting services unless the person is licensed as a public adjuster.
- Section 14 is being amended to provide specific guidance that a public adjuster shall not charge more than 10% for any catastrophic claim settlement and no more than 15% for any insurance claim settlement.
- Section 15H is being amended to require an insurer to verify that a public adjuster holds a valid license with a department of insurance.
- Section 15L is a new section addressing inappropriate AOBs. This section specifies that the rights under an insurance policy may only be assigned to a person who has the legal authority to represent the named insured or a subsequent owner of the property and prohibits the assignment of rights and benefits to any other person, including a property repair contractor.
- Section 16 is a new section that provides clarification that a person who conducts business as a public adjuster without a proper license is committing a fraudulent insurance act.
- There are two new sections being added to Section 19. The first amendment prohibits a public adjuster from inferring damage has occurred unless an inspection has been completed. The second amendment prohibits a public adjuster from paying an insured’s deductible or claiming the insured’s deductible will be waived.
- Section 19F was amended to prohibit a public adjuster from having a financial interest in any aspect of a claim other than the salary or fee for public adjusting services.
- Section 19H was amended to prohibit a public adjuster from referring the insured to get needed repairs from any person with whom the public adjuster has a financial interest. A public adjuster is also prohibited

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from receiving compensation for any referral for repairs. With the amendments to Section 19H, Section 19G was deleted.

Commissioner Navarro made a motion, seconded by Commissioner Humphreys, to adopt the amendments to the Model #228 (Attachment Five). The motion passed unanimously. Arizona and Texas abstained.

6. Adopted its Task Force and Working Group Reports

A. Antifraud (D) Task Force

Commissioner Navarro said the Antifraud (D) Task Force met Nov. 18 and adopted its Oct. 31 and Summer National Meeting minutes. The Task Force also discussed its 2025 proposed charges.

Commissioner Navarro said the Task Force heard presentations from the American Academy of Actuaries (Academy) concerning the impacts on premiums and claim costs on the public, and it also heard a presentation from Health Agents for America (HAFA) on federal fraud prevention efforts concerning agents.

Commissioner Navarro said the Task Force adopted the report from the Improper Marketing of Health Insurance (D) Working Group. He said the Working Group received updates from the federal Centers for Medicare & Medicaid Services (CMS) on efforts to address unauthorized agent transfers of policies. Additionally, the Working Group was informed about issues related to Special Enrollment Periods (SEPs) and other Medicare Advantage open enrollment matters. He said the Working Group also listened to a presentation from HAFA regarding federal fraud prevention efforts concerning agents.

Commissioner Navarro said the Task Force received an update from the Antifraud Technology (D) Working Group. He said the Working Group will continue assisting with the implementation of the new NAIC web service for the Online Fraud Reporting System (OFRS). Additionally, the Working Group plans to hold open conference calls in 2025 to review suggested enhancements to the OFRS.

Commissioner Navarro said the Task Force heard reports on antifraud activity from the Coalition Against Insurance Fraud (CAIF) and the National Insurance Crime Bureau (NICB).

B. Producer Licensing (D) Task Force

Director Deiter said the Producer Licensing (D) Task Force met Nov. 17 and Oct. 31. In addition to adopting the revisions to the NAIC's Uniform Producer Licensing Application and the CE audit guidelines, the Task Force continued to discuss the 1033 waiver template, which is being developed as a resource that states can voluntarily use to enhance their review of 1033 waiver requests.

Director Deiter said that NIPR is offering producer licensing zone training in collaboration with the NAIC. He said this program will discuss the intricacies of producer licensing practices, tackle current and emerging industry issues, and foster peer regulator dialogue. There will be two zone training courses offered in 2025, and the funding will cover all expenses for two regulators from each respective zone to attend the in-person training. He said the Midwest Zone has already reserved one of the slots. He said any interested zone should contact Laurie Wolf (NIPR) for more information on the training.

Director Deiter said the Adjuster Licensing (D) Working Group is continuing its review of the adjuster licensing chapter of the *State Licensing Handbook* and concluding its work on a survey concerning the verification of designated home state data submitted to the State Producer Licensing Database (SPLD).

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Director Deiter said the Producer Licensing Uniformity (D) Working Group is assessing what chapters of the *State Licensing Handbook* warrant further discussion for potential revisions.

Director Deiter said the Uniform Education (D) Working Group is discussing draft guidelines for CE course introduction statements and beginning a review of chapters of the *State Licensing Handbook* that address pre-licensing education, continuing education, and examinations.

C. Market Analysis Procedures (D) Working Group

LeDuc said the Market Analysis Procedures (D) Working Group met Oct. 21 and adopted its Summer National Meeting minutes. The Working Group also received an update from the Market Analysis Prioritization Tool (MAPT) Recommendations group. The group has been diligently working through all sections of the MAPT looking for ways to enhance the prioritization tool. She said some of the more significant recommendations this group will be putting forward to the Working Group for consideration include:

- Eliminating data elements that do not add value to the overall result.
- Retaining data elements that provide context around the data but not using them in the actual prioritization mechanism.
- Adding new data elements, including data elements from data sources such as the Market Conduct Annual Statement (MCAS) that were unavailable when MAPT was developed.

LeDuc said the Working Group also discussed the Market Analysis Review System (MARS) Level 1 requirements. She said that in 2016, the Working Group adopted a plan to gradually increase the Level 1 requirement from 10 reviews per jurisdiction in 2017 to 30 reviews by 2021. Only 17 states, however, are currently on track to complete 30 Level 1 reviews in 2024. LeDuc said several factors were identified as possible contributors to this trend, including the COVID-19 pandemic, high employee turnover, and the lack of a national analysis being pursued in recent years. She said that as part of the discussion, the Working Group touched on the relationship between Level 1 analyses and the Voluntary Market Regulation Certification Program and discussed the possibility of state-specific requirements based on varying considerations.

LeDuc said the Working Group also discussed ratio No. 7 on the private passenger auto (PPA) and homeowners MCAS blanks. This ratio compares the reported number of lawsuits to the reported claims closed without payment. She said the discussion centered around whether the data elements currently used in calculating the ratio were producing meaningful results. The Working Group will continue to discuss potential changes to the ratio in its next meetings.

LeDuc said the Working Group's lunch-and-learn sessions continue. She thanked Luis Marquez (NY) and Brett Bache (RI) for their insightful talk on using MARS Level 1 data and for providing valuable advice on using Level 1's in the market analysis process. She said the Working Group plans on continuing its lunch-and-learn sessions, with the next one focusing on Level 2 reviews.

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

Rebholz said the Market Conduct Annual Statement Blanks (D) Working Group met Sept. 5 and adopted its July 11 meeting minutes. Rebholz said the Working Group considered the removal of duplicate data element No. 51 from the other health MCAS and reviewed the next steps related to the other health MCAS blank interrogatory question No. 5 and additional items related to comments received regarding the other health MCAS blank. She said the Working Group also discussed a draft of frequently asked questions (FAQ) and definitions related to artificial intelligence (AI) and machine learning (ML) in the life and annuity MCAS blank. Rebholz said the Working

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Group also considered draft definitions for “Partial Payment” and “Cancellation” for the pet insurance MCAS blank.

Rebholz said the Working Group has formed a subject matter expert (SME) group to review the PPA MCAS blank.

E. Market Conduct Examination Guidelines (D) Working Group

Tarpley said the Market Conduct Examination Guidelines (D) Working Group met Nov. 7. In addition to adopting the revisions to Chapter 23—Conducting the Life and Annuity Examination of the *Market Regulation Handbook*, the Working Group received an update on the progress made by the regulator-only pet insurance SMEs on the development of a new pet insurance examination chapter in the *Market Regulation Handbook* and development of new pet insurance standardized data requests (SDR). He said the SMEs are creating new examiner guidance based on the *Pet Insurance Model Act* (#633). When the SMEs complete their drafting work, the drafts will be publicly exposed.

Tarpley said the Working Group received an update on the progress made by the regulator-only travel insurance SMEs who are updating the travel examination chapter of the *Market Regulation Handbook* to incorporate new review procedures and criteria in marketing and sales examination standards 3, 4, 8, and 11 and the underwriting and rating standard 1. He said they are creating the content based on the *Travel Insurance Model Act* (#632).

Tarpley said that on Oct. 29, the Working Group launched its group page on NAIC Connect. The Working Group discussed the applicability of the NAIC Connect platform as a possible means to address its charge to develop a shared regulator-only collaborative space where state insurance regulators can share tools, such as exam call letter templates, report templates, and other helpful market regulation tools. He said the Working Group discussed that the Connect page can also be considered an opportunity to address the Working Group’s charge to coordinate with the Innovation, Cybersecurity, and Technology (H) Committee in the development of market conduct examiner guidance for the oversight of regulated entities’ use of AI.

Tarpley said the Working Group received a formal referral from the Accelerated Underwriting (A) Working Group, regarding a regulatory guidance document designed to provide a framework for state insurance regulators to reference when evaluating life insurers’ use of accelerated underwriting programs. He said the Accelerated Underwriting (A) Working Group will collaborate with the Market Conduct Examination Guidelines (D) Working Group in 2025 to draft market conduct guidance based on the Accelerated Underwriting (A) Working Group’s adopted regulatory guidance document.

F. Market Regulation Certification (D) Working Group

Haworth said the Market Regulation Certification (D) Working Group met Sept. 23 and discussed the implementation plan for the peer review process for both self-certifying and fully certifying jurisdictions in the certification program. He said the implementation plan states that jurisdictions can request peer review, guidance, and training at any time. During the discussion, the Working Group explored ideas for a peer review program and the importance of similarly situated NAIC zone-specific peer review groups but also recognized the importance of maintaining national consistency among the jurisdictions. He said that to avoid unwritten zone-specific standards, the Working Group is considering a single national peer review group with representation from each zone, including both large and small states.

Haworth said the Working Group also heard requests to make the scoring matrix more user-friendly. Vice-chair Bryan Stevens (WY) has streamlined the scoring matrix, which was used during the Summer National Meeting exercises, and is also developing a new format with fillable response fields to allow for more detailed self-

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certification. He said that currently, an editable Word version of the checklist and scoring matrix is available on the Market Regulation and Consumer Affairs (D) Committee's Connect page.

Haworth said that 11 jurisdictions—Connecticut, Iowa, Kentucky, Louisiana, Minnesota, Missouri, Oklahoma, Vermont, Virginia, Washington, and Wisconsin—have submitted their self-assessments and are now provisionally certified. The Working Group is also aware of several states that are planning to submit self-certification assessments. He encouraged all states to conduct a self-certification assessment and forward it to the Working Group through NAIC staff support. He said any self-assessment will be automatically provisionally certified.

Haworth said that he and Stevens hosted a session on the certification program at the NAIC Insurance Summit in September and addressed a number of concerns about the certification program requirements, including:

- Concerns about staffing, hiring, and training new individuals.
- Concerns about the qualifications for examiners.
- Training processes within states that may not be able to require employees to obtain specific designations.
- The need for training market analysts and finding more ways to provide this training for new hires.

G. Speed to Market (D) Working Group

Nichols said the Speed to Market (D) Working Group met Oct. 31 and adopted its July 30 meeting minutes via an e-vote. During its Oct. 31 meeting, the Working Group heard a presentation from Bridget Kieras (NAIC), who provided an update on the System for Electronic Rates & Forms Filing (SERFF) modernization project, which is posted to the Working Group's webpage. Nichols said the Working Group also heard an update from Renee Brownfield (NAIC) on the implementation of changes to the 2025 product coding matrices (PCMs), which included a new type-of-insurance (TOI) and five subtypes-of-insurance (sub-TOIs) adopted by the Working Group, which will be effective on Jan. 1, 2025. Nichols said the Working Group also received an update from Sue Ezalarab (Interstate Insurance Product Regulation Commissions—Compact) on the Compact's work in 2024.

Nichols said that when the Working Group adopted the updated version of the *Product Filing Review Handbook* earlier in the year, it discussed the importance of revisiting the handbook periodically to ensure that it remains up to date on the technical and substantive content and remains accurate, current, and complete. The details for making these reviews and revisions will be established at a subsequent Working Group conference.

Director Richardson made a motion, seconded by Commissioner Navarro, to adopt the reports of the following task forces and working groups: 1) Antifraud (D) Task Force; 2) Producer Licensing (D) Task Force; 3) Market Analysis Procedures (D) Working Group (Attachment Six); 4) Market Conduct Annual Statement Blanks (D) Working Group (Attachment Seven); 5) Market Conduct Examination Guidelines (D) Working Group (Attachment Eight); 6) Market Regulation Certification (D) Working Group (Attachment Nine); and 7) Speed to Market (D) Working Group (Attachment Ten). The motion passed unanimously.

7. Heard an Update on Federal Activities

Alexander Swindle (NAIC) said that the 2024 election resulted in a second Trump administration and a new Republican majority in the Senate and likely in the House of Representatives as well. He said cabinet picks are still being announced and will require Senate confirmation, but a significant shift away from the Biden administration's policies can be expected.

Swindle said President-Elect Trump has promised aggressive regulatory cuts, aiming to eliminate 10 rules for every new one implemented. This continues the deregulation efforts from his first term. However, rolling back existing consumer protection regulations may face legal challenges, as such actions require a formal process, including public comment periods.

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Swindle said that during his first term, Trump appointed leaders like Mick Mulvaney to head the Consumer Financial Protection Bureau (CFPB), who reduced enforcement and fines. Swindle said that going forward, Trump's administration can be expected to prioritize a lighter regulatory approach, with pro-business leaders appointed to key agencies such as the Federal Trade Commission (FTC). Swindle said the Trump administration may also use the Congressional Review Act (CRA) to roll back certain rules published by the CFPB. Under the CRA, Congress has 60 days to override rules passed by executive agencies. While challenging, this is more feasible with a Republican-controlled Congress. Among the targets could be recently finalized rules by the CFPB, such as those around consumer reporting of medical debt, financial data rights, and non-bank enforcement. Swindle said the new CFPB director is also likely to revisit or revise guidance and interpretive rules issued by current Director Rohit Chopra. He said Chopra has relied heavily on such non-rulemaking guidance to shape the CFPB's policies, but this would lose power if the new director took a different approach. Recent FTC regulations, including the recent "click-to-cancel" rule and ban on fake reviews, have broad support and are less likely to be targeted.

Swindle said that after an active hurricane season, the CFPB, Federal Communication Commission (FCC), and the Federal Emergency Management Agency (FEMA) have been warning consumers of post-storm fraud and scams. Resources like the FEMA disaster fraud hotline are expected to stay in place, but the NAIC will be monitoring any changes in the next administration's approach.

Swindle said the expected lighter regulatory environment will likely spur innovation and competition in the fintech sector, as new financial products can enter the market with fewer constraints. However, as fintech grows, its potential impact on the stability of the financial system will likely prompt increased scrutiny from state regulators. Additionally, President-Elect Trump may continue efforts to regulate big tech, building on the work of his first administration to address monopolistic practices.

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

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*2025 Spring National Meeting
Indianapolis, Indiana*

ANTIFRAUD (D) TASK FORCE

Tuesday, March 25, 2025

12:30 – 1:30 p.m. EST

Meeting Summary Report

The Antifraud (D) Task Force met March 25, 2025. During this meeting, the Task Force:

1. Adopted its Nov. 18 Minutes.
2. Heard a presentation from the NAIC Consumer Representatives on Consumers' Need for Help Finding Insurance Advisors. The presentation addressed the consumers are facing increasingly difficult insurance markets, and many would benefit from ethical, knowledgeable advice about which insurance policies to purchase.
3. Adopted the report of the Improper Marketing of Health Insurance (D) Working Group, which met Feb. 27. The Working Group met in a regulator only meeting to discuss improper marketing of health insurance.
4. Received an update from the Antifraud Technology (D) Working Group. The Working Group did not meet prior to the Spring National Meeting. However, it will be continuing assisting with the implementation process of the new web service and reviewing necessary enhancements to the OFRS.
5. Heard reports from the Coalition Against Insurance Fraud (CAIF) and the National Insurance Crime Bureau (NICB) on antifraud activity.

*2025 Spring National Meeting
Indianapolis, Indiana*

PRODUCER LICENSING (D) TASK FORCE

Tuesday, March 25, 2025

8:00 – 9:00 a.m.

Meeting Summary Report

The Producer Licensing (D) Task Force met March 25, 2025. During this meeting, the Task Force:

1. Adopted its 2024 Fall National Meeting minutes.
2. Heard a presentation from the Wholesale & Specialty Insurance Association (WSIA), the Council of Insurance Agents & Brokers, and the Steptoe law firm on how the surplus lines market operates. The presentation emphasized that “insurance producers” must have a license to sell, solicit, or negotiate insurance, while a person shall not procure a contract of surplus lines insurance with a surplus lines insurer without a surplus lines insurance producer license.
3. Discussed the draft 1033 waiver template, which is being developed as a template that states can voluntarily use to enhance their review of 1033 waiver requests.
4. Adopted the report of the Adjuster Licensing (D) Working Group, which is seeking approval to begin drafting a new Adjuster Licensing Model Act to replace the *Independent Adjuster Licensing Guideline* (#1224). The Working Group also met Feb. 27 and took the following action:
 - A. Discussed its 2025 charges and priorities.
 - B. Discussed its review of Chapter 18—Adjusters of the *State Licensing Handbook*.
5. Adopted the report of the Producer Licensing Uniformity (D) Working Group, which met Feb. 26. During this meeting, the Working Group took the following action:
 - A. Discussed its 2025 priorities.
 - B. Discussed its review of 14 chapters of the *State Licensing Handbook* for potential revision.
6. Adopted the report of the Uniform Education (D) Working Group, which met March 7. During this meeting, the Working Group took the following action:
 - A. Discussed its priorities for 2025.
 - B. Discussed its review of Chapter 6—Prelicensing Education, Chapter 8—Testing Programs, and Chapter 14—Continuing Education of the *State Licensing Handbook*.
 - C. Discussed the publication of 2024 producer examination pass rates.
7. Heard a report from the National Insurance Producer Registry (NIPR) Board of Directors. In 2024, NIPR had a record revenue year with more than \$82 million, which represents a 14% year-over-year increase. NIPR moved \$1.37 billion in state fees. Through February 2025, NIPR revenue is \$15.8 million, which is 9.6% over budget. NIPR continues to expand its electronic solutions for states

and industry, enabling efficient processing of licensee updates like name changes and Designated Responsible Licensed Producer (DRLP) changes. This spring, NIPR will launch a redesigned website, NIPR.com, offering a streamlined user experience that makes it easier for producers to navigate applications and renewals. NIPR also reported on the successful completion of the NIPR Western Zone producer licensing training, funded by NIPR and in collaboration with the NAIC. NIPR Midwest Zone training is scheduled for June 10–12, in Chicago, with plans to host the remaining zone trainings in 2026.

*Virtual Meeting***MARKET ANALYSIS PROCEDURES (D) WORKING GROUP**

March 3, 2025

Summary Report

The Market Analysis Procedures (D) Working Group met March 3, 2025. During this meeting, the Working Group:

1. Adopted its 2024 Fall National Meeting minutes.
2. Discussed its charges for 2025. An additional charge was added to create and monitor the effectiveness of public Market Conduct Annual Statement (MCAS) ratios.
3. Heard a report from the subject matter expert (SME) group developing recommendations for improving the Market Analysis Prioritization Tool (MAPT). The SME group has completed its review of the private passenger auto (PPA) MAPT and MCAS-MAPT and is preparing to review other data sources that may be useful to include in the MAPT. The SME group recommends that the MCAS data include the claims data but not at the coverage part level.
4. Discussed the minimum requirements for the number of Market Analysis Review System (MARS) Level 1 reviews each jurisdiction should complete. There are significant differences in how Level 1 analyses are completed and their usefulness in jurisdictions that rely on other methods, such as data calls and continuum actions. The Working Group will refer the matter to the Market Regulation Certification (D) Working Group for consideration as a new requirement.
5. Discussed the possibility of adding a new line of business to the MCAS. Members, interested regulators, and interested parties were requested to submit suggestions.
6. Discussed the lunch-and-learn schedule for 2025. There will be one lunch-and-learn per quarter. The next lunch-and-learn will be April 14 and cover the MARS Level 2 analysis. Ohio and West Virginia will host it.
7. Announced that it will form a drafting group to review and update the MARS Level 2 guidance located in the *Market Regulation Handbook*.

*Virtual Meeting***MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP**

Thursday, March 6, 2025

Summary Report

The Market Conduct Annual Statement Blanks (D) Working Group met March 6, 2025. During this meeting, the Working Group:

1. Reviewed its 2025 charges.
2. Adopted its Dec. 5, 2024, minutes, which included the following action:
 - a. Adopted its Sept. 5 minutes, which included the following action:
 - i. Discussed the removal of duplicate data element No. 51 from the other health Market Conduct Annual Statement (MCAS) blank.
 - ii. Discussed the draft frequently asked questions (FAQ) and definitions related to artificial intelligence (AI) and machine learning (ML).
 - iii. Discussed the draft definitions for partial payments and cancellations for the pet insurance MCAS.
 - iv. Discussed the next steps related to the other health MCAS interrogatory question No. 5 and additional items related to comments received.
 - b. Received an update from the subject matter expert (SME) group reviewing the other health market MCAS blank and discussed topics on which Working Group feedback was needed.
 - c. Received an update on the formation of an SME group to review the private passenger auto (PPA) MCAS blank.
 - d. Discussed comments regarding the travel MCAS blank.
 - e. Discussed the definition of cancellations on the lender-placed insurance (LPI) MCAS blank.
3. Received an update from the SME group reviewing the other health MCAS blank. The SME group has completed its review of the other health MCAS blank and continues to meet to review its final recommendations. The group intends to submit the updated blank, along with its proposed edits and additions to definitions, to the Working Group in time for its April meeting.
4. Received recommendations from the PPA SME group. The SME group submitted its recommendations for changes to the PPA MCAS blank to the Working Group and asked that comments related to the recommended changes be sent to the NAIC prior to the Working Group's April meeting.
5. Discussed comments and questions regarding the travel MCAS blank. Industry sent comments and questions regarding the travel MCAS blank to the Working Group for review. The Working Group is working to form an SME group to review the questions but needs additional participation to move forward.
6. Considered the removal of a bullet point in the definition of a lawsuit in the pet MCAS data call and definitions. The creation of the pet MCAS blank and data call and definitions in 2022 overlapped with

a change to the definition of a lawsuit that was being adopted for the other MCAS lines of business. The change was not incorporated into the definition of a lawsuit used in the pet MCAS data call and definitions. The Working Group voted to remove the following bullet point: “For non-claims related lawsuits, include only lawsuits brought by an applicant for insurance, a policyholder or claimant as a plaintiff against the reporting insurer as a defendant.” The removal of this bullet point makes the definition of a lawsuit in the pet MCAS data call and definitions consistent with the definition of a lawsuit in the other MCAS lines of business.

7. Discussed the MCAS blanks proposal form for the definition of cancellations in the LPI blank. There has been confusion on how an insurer should report the issuance of a subsequent LPI individual policy or certificate on the same property following the expiration of the term of the previous individual policy or certificate. The proposal clarifies that such policies do not involve cancellations and adds data elements to further clarify reporting.

*Virtual Meeting***MARKET CONDUCT EXAMINATION GUIDELINES (D) WORKING GROUP**

March 13, 2025

Summary Report

The Market Conduct Examination Guidelines (D) Working Group met March 13, 2025. During this meeting, the Working Group:

1. Discussed its 2025 charges and work plans, which include: 1) exposing a revised Chapter 21A—Conducting the Property and Casualty Travel Insurance Examination of the *Market Regulation Handbook* (Handbook); 2) developing a new pet insurance chapter for the Handbook; 3) developing a pet insurance standardized data request (SDR); 4) developing market conduct examiner guidance for inclusion in the Handbook based upon the Regulatory Guidance Document adopted by the Accelerated Underwriting (A) Working Group (disbanded in 2025) on Aug. 6, 2024, and by the Life Insurance and Annuity (A) Committee at the 2024 Summer National Meeting; 5) discussing the development of a shared regulator-only collaborative space in NAIC Connect where uniform guidance can be shared by market regulators; and 6) coordinating with the Innovation, Cybersecurity, and Technology (H) Committee to develop artificial intelligence (AI)-related market conduct examiner guidance.
2. Heard from the Working Group chair that the forthcoming pet insurance chapter, the pet SDR, and market conduct examiner guidance based upon the Accelerated Underwriting (A) Working Group's Regulatory Guidance Document are subject to the Working Group's established adoption process, which includes public exposure, a comment period or periods, and review and discussion at Working Group meetings. When state insurance regulator-only subject matter experts (SMEs) complete their work on preliminary drafts of each of these items, the drafts will be publicly exposed, and regulators and non-regulators will have the opportunity to submit and present comments/provide feedback about the exposure drafts during Working Group meetings.
3. Discussed a Feb. 11 exposure draft of an updated Chapter 21A—Conducting the Property and Casualty Travel Insurance Examination. The revisions to the chapter add review procedures/criteria to Marketing and Sales Standards 3, 4, 8, and 11 and to Underwriting and Rating Standard 1. Updated content was also added to other areas of the travel insurance chapter. The exposure draft was circulated to Working Group members, interested regulators, and interested parties on Feb. 11. The comment due date on the draft was March 12. Comments were received from and presented by the U.S. Travel Insurance Association (USTIA) and from the American Property Casualty Insurance Association (APCIA).
4. Received an update from the Working Group chair that the Working Group's page on the regulator-only NAIC Connect site went live on Feb. 11. The Working Group discussed the applicability of the NAIC Connect platform as a possible means to address the Working Group's charge to develop a shared regulator-only collaborative space where state insurance regulators can share tools, such as exam call letter templates, report templates, and other helpful market regulation tools.

5. Discussed that the NAIC Connect page is also an opportunity to address the Working Group's charge to coordinate with the Innovation, Cybersecurity, and Technology (H) Committee in the development of market conduct examiner guidance for the oversight of regulated entities' use of AI.
6. Received an update from the Working Group chair that a new Conducting the Pet Insurance Examination chapter for inclusion in the Handbook may be distributed for exposure before the next scheduled Working Group meeting. The chapter is based on the *Pet Insurance Model Act* (#633).

*Virtual Meeting***MARKET INFORMATION SYSTEMS (D) WORKING GROUP**

March 4, 2025

Summary Report

The Market Information Systems (D) Working Group met March 4, 2025. During this meeting, the Working Group:

1. Reviewed its charges for 2025. The Working Group's charges include the charges of the disbanded Market Information Systems (D) Task Force.
2. Received an update on two Uniform System Enhancement Request (USER) forms regarding the inclusion of new codes in the Complaint Database System (CDS) and a new USER form to activate a reason code that has been inactivated.
3. Reviewed the status of outstanding USER forms.
4. Discussed the *Market Information Systems (MIS) Data Analysis Metrics Report*. A new process is being designed to improve the timeliness and availability of the report.

*2025 Spring National Meeting
Indianapolis, Indiana*

MARKET REGULATION CERTIFICATION (D) WORKING GROUP

Sunday, March 23, 2025

4:00 – 5:00 p.m.

Meeting Summary Report

The Market Regulation Certification (D) Task Force met March 23, 2025. During this meeting, the Working Group:

1. Adopted its Sept. 23, 2024, minutes, which included the following action:
 - A. Discussed assistance to jurisdictions and peer review.
 - B. Discussed using the scoring matrix for self-certification.
 - C. Discussed the certification session at the NAIC Insurance Summit.
 - D. Discussed certification program revisions.
2. Discussed its 2025 charges. The Working Group will assess applications for self-certification, create a formal peer review team that will eventually become the assessment team for full certification applications, and consider new standards for the Voluntary Market Regulation Certification Program.
3. Reviewed and began the assessment of self-certification applications received for provisional certification. All jurisdictions submitting self-certification are automatically provisionally certified.
4. Discussed the constitution of a peer review team. It will be a national team with members from each NAIC zone and both small and large market regulation departments. The Working Group began discussion on the qualifications to be a member.
5. Discussed a new standard for performing a minimum number of Market Analysis Review System (MARS) Level 1 and Level 2 analyses or similar analyses. The Working Group will seek volunteers to be part of a subject matter expert (SME) drafting group to develop the first draft of a requirement.

*2025 Spring National Meeting
Indianapolis, Indiana*

PHARMACY BENEFIT MANAGEMENT (B) WORKING GROUP

Tuesday, March 25, 2025
10:30 – 11:30 a.m.

Meeting Summary Report

The Pharmacy Benefit Management (B) Working Group met March 25, 2025. During this meeting, the Working Group:

1. Reviewed its 2025 charges.
2. Received updates on its work to develop a chapter for inclusion in the *Market Regulation Handbook* to establish examination standards for pharmacy benefit managers (PBMs) and related regulated entities for consideration by the Market Conduct Examination Guidelines (D) Working Group. The Working Group is seeking additional state insurance regulator volunteers to serve on the PBM Examination Chapter Drafting Group, particularly on the proposed examination chapter section focusing on drug utilization review and formulary and drug placement information.
3. Discussed its charge to develop PBM licensing and registration standards. The Working Group anticipates starting work on this charge as soon as possible.

*Virtual Meeting***SPEED TO MARKET (D) Working Group**

March 4, 2025

Summary Report

The Speed to Market (D) Working Group met March 4, 2025. During this meeting, the Working Group:

1. Adopted its Nov. 8, 2024, and Oct. 31, 2024, minutes. During these meetings, the Working Group took the following action:
 - A. Adopted its July 30, 2024, minutes.
 - B. Received an update on the System for Electronic Rates & Forms Filing (SERFF) modernization project and the SERFF Product Steering Committee (PSC).
 - C. Discussed the process for changes and revisions to the *Product Filing Review Handbook*.
 - D. Received an update on the 2025 product coding matrix (PCM).
 - E. Received an update from the Interstate Insurance Product Regulation Commission (Compact).
2. Discussed its 2025 charges.
3. Discussed the process for making revisions to the *Product Filing Review Handbook*. The Working Group also discussed the need for a drafting group to review the *Product Filing Review Handbook* and bring any proposed changes to the Working Group at an appropriate time.
4. Received an update on the SERFF modernization project and the SERFF PSC. The presentation is posted to the Working Group's web page.
5. Received an update on the 2025 updated PCM, which has one new type of insurance (TOI) and new sub-TOIs and has been adopted by around 70% of states. As of Jan. 1, the 2025 year is in production. Correspondence will be going out to the Working Group soon with a suggestion form for the Working Group to review.
6. Heard a report from the Compact on 2024 highlights, including that it: 1) added one new member (South Dakota); 2) adopted eight new or amended annuity standards; 3) adopted 19 amended group life uniform standards; and 4) adopted seven amended group disability income standards. The group whole life and the group term life insurance standards for non-employer groups for 2025 are effective for filing as of Feb. 10 and the group disability income standards for non-employer groups are effective as of March 2.