

Draft: 8/1/24

Market Regulation and Consumer Affairs (D) Committee  
Virtual Meeting  
July 29, 2024

The Market Regulation and Consumer Affairs (D) Committee met July 29, 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); Robert L. Carey represented by Connie Mayette (ME); Chlora Lindley-Myers represented by Jo LeDuc (MO); Mike Causey represented by Robert Croom (NC); Scott Kipper (NV); and Cassie Brown represented by Matthew Tarpley (TX). Also participating were: Erica Weyhenmeyer (IL) and Rebecca Rebholz (WI).

1. Adopted its Spring National Meeting Minutes

Director Cameron made a motion, seconded by Commissioner Clark, to adopt the Committee's March 18 minutes (see *NAIC Proceedings – Spring 2024, Market Regulation and Consumer Affairs (D) Committee*). The motion passed unanimously.

2. Adopted Revised Charges for the Market Actions (D) Working Group

Weyhenmeyer said the Market Actions (D) Working Group met July 9 to discuss and adopt revised charges. In addition to its current charge, the Working Group added a charge to: "Facilitate interstate communication and coordinate collaborative state regulatory activities involving non-traditional market actions through the Coordinated Market Investigations Subgroup (CMIS)."

Weyhenmeyer said that on occasion, market conduct issues will be brought to the Working Group that do not involve traditional risk-bearing entities—such as non-licensed entities selling insurance products—or for which the appropriate department of insurance personnel to address an issue are not the market examiners but the departments' legal teams. In those cases, the various state laws and authorities could be quite different. Weyhenmeyer said that with this additional charge, the Working Group will now have a subgroup that will be called on to discuss and advise the Working Group whenever these non-traditional situations arise. The subgroup will be chaired by a Working Group member, but the membership of the subgroup will vary depending on the issue.

Weyhenmeyer said that at the Working Group's annual meeting, it will draft more detailed guidelines to be included in the Working Group's policies and procedures.

Commissioner Pike noted that the chair of the CMIS will be Matt Gendron (RI).

Commissioner Richardson made a motion, seconded by Commissioner Navarro, to adopt the revised charge of the Market Actions (D) Working Group. The motion passed unanimously. Commissioner Pike said the charge will be forwarded to the Executive (EX) Committee for consideration at the Summer National Meeting.

3. Adopted an Amendment to the Definition of External Replacement of Affiliated Company Policies in the MCAS Life and Annuity Blanks

Rebholz said the Market Conduct Annual Statement Blanks (D) Working Group received a proposal from Brett Bache (RI) requesting a review and update of the Life and Annuity Market Conduct Annual Statement (MCAS)

definition for replacements of affiliated company policies. Bache had noted that the NAIC's *Life Insurance and Annuities Replacement Model Regulation* (#613) refers to replacements within the same holding company as "internal replacements." However, the life and annuity MCAS data call and definitions categorizes intra-holding company replacements as external replacements. Rebholz said the Working Group approved the definitional update to allow consistency with the model regulation. She said the approved definition reads as follows: "An internal replacement of an affiliated company policy is when the policy and/or annuity to be replaced was issued by a company affiliated to the MCAS reporting company."

She said if the revised definition is adopted by the Committee in this meeting, the update will go into effect for the 2025 MCAS data year reported in 2026.

Birny Birnbaum (Center for Economic Justice—CEJ) asked if this eliminated the reporting of external replacements. Rebholz said it did not. She said it only changes the terminology used to identify replacements of affiliated companies of the reporting company.

Commissioner Clark made a motion, seconded by Commissioner Kipper, to adopt the amendment to the definition of external replacement of affiliated company policies in the MCAS life and annuity blanks. The motion passed unanimously.

#### 4. Adopted a Recommendation to Collect MCAS Data from Fraternal

LeDuc said the Market Analysis Procedures (D) Working Group met April 29 to adopt the requirement for fraternal organizations to annually report MCAS data to participating jurisdictions.

LeDuc said that since the inception of MCAS in the early 2000s, fraternal organizations have been exempt from filing MCAS for several reasons, including because they are not uniformly regulated across states, and they file their financial annual statements on a fraternal statement type.

Le Duc said that in 2019, fraternal began filing on life, health, and property/casualty (P/C) statement types, which opened up the ability for fraternal to use the MCAS submission portal. In 2019, the Working Group considered, but declined to require fraternal to file MCAS. In 2023, the Working Group received a request from a member to reconsider the inclusion of fraternal in MCAS.

LeDuc said the Working Group's analysis showed that while fraternal only write about 2.5% of all life insurance business, that 2.5% is nearly \$10 billion in premium, and several fraternal companies generate more life insurance business than many standard life companies that have been required to file MCAS from the beginning. She said that after discussions, the Working Group adopted a proposal to require fraternal to file MCAS. The premium threshold for fraternal will be the same \$50,000 premium required for all companies. She said there are some states that are unable to require fraternal to file MCAS, and they have the ability to waive the requirement for fraternal writing in their jurisdiction.

Le Duc said that if the Committee adopted the requirement today, fraternal companies would begin filing in 2026, covering their 2025 data.

LeDuc made a motion, seconded by Commissioner Navarro, to collect MCAS data from fraternal organizations. The motion passed unanimously.

#### 5. Discussed Other Matters

Commissioner Pike said the Committee plans to meet in open session on Thursday, Aug. 15, from 8:30–9:30 a.m. during the NAIC Summer National Meeting. He said that in addition to the standard reports from the Task Forces

and Working Groups, the Committee will hear a presentation on auto claim settlement practices from Erica Eversman, who is an NAIC Consumer Representative with the Automotive Education & Policy Institute (AEPI).

Birnbaum noted that the Committee is charged with monitoring insurers' and producers' underwriting and market practices and the conditions of insurance marketplaces, including urban markets, to identify specific market conduct issues of importance and concern and to hold public hearings on these issues at the NAIC national meetings, as appropriate. He asked if the Committee had plans to hold any public hearings.

Commissioner Pike said this charge has been discussed, but no public hearings are planned. He said if there are suggestions for an issue that would benefit from a public hearing, they can be submitted to the Committee.

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

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*2024 Summer National Meeting*  
*Chicago, Illinois*

**ANTIFRAUD (D) TASK FORCE**  
Wednesday, August 14, 2024  
1:30 – 2:30 p.m.

**Meeting Summary Report**

The Antifraud (D) Task Force met August 14, 2024. During this meeting, the Task Force:

1. Adopted its 2024 Spring National Meeting minutes.
2. Discussed its 2024 charges in preparation for reviewing and adopting proposed 2025 Charges.
3. Adopted the report of the Improper Marketing of Health Insurance (D) Working Group, which met August 14. During this meeting, the Working Group took the following action:
  - A. Adopted its Mar. 17 2024, minutes.
  - B. Heard from the federal Centers for Medicare & Medicaid Services (CMS) and American Health Plans (AHIP) on the current issues consumers are experiencing with continued agent transfers of policy.
  - C. Heard from CMS concerning the Affordable Care Act (ACA) marketing issues.
4. Received an update from the Antifraud Technology (D) Working Group. The Working Group did not meet prior to the Summer National Meeting. However, it will be 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.

*Virtual Meeting*

*(in lieu of meeting at the 2024 Summer National Meeting)*

**MARKET INFORMATION SYSTEMS (D) TASK FORCE**

Friday, August 2, 2024

2:00 – 3:00 p.m. ET / 1:00 – 2:00 p.m. CT / 12:00 – 1:00 p.m. MT / 11:00 a.m. – 12:00 p.m. PT

**Meeting Summary Report**

The Market Information Systems (D) Task Force met Aug. 2, 2024. During this meeting, the Task Force:

1. Adopted the report of the Market Information Systems Research and Development (D) Working Group. The Working Group:
  - A. Adopted the addition of a Complaints Database System (CDS) claim handling reason code of “General Balanced Billing.” This is now in preliminary analysis.
  - B. Adopted adding “Insurance Companies” in the drop-down description of the complainant in the State Based Systems (SBS) Complaints, Consumer Assistance, and External Health Review (EHR) portals. This is now in preliminary analysis.
  - C. Received the 2022 Market Information Systems (MIS) Data Analysis Metrics Report. The 2023 MIS Data Analysis Metrics Report should be ready prior to its next meeting.
2. Received a report from the Market Analysis Procedures (D) Working Group on its work on the second recommendation in *The Market Information Systems Research and Development (D) Working Group Review of Artificial Intelligence Techniques in Market Analysis*. The Working Group has formed a Market Analysis Prioritization Tool (MAPT) Recommendations Subgroup to review the MAPT data elements and develop recommendations to improve the efficiency and prioritization scoring for the tool.
3. Received a status report on Uniform System Enhancement Request (USER) form projects and *State Connected* strategic plan projects affecting the MIS. The NAIC Information Technology Group (ITG):
  - A. Began work on preparing the Market Conduct Annual Statement (MCAS) for the 2024 data year collection.
  - B. Completed the detailed design work on Regulatory Information Retrieval System (RIRS) enhancements and will soon be working with SBS and Vertafore states to begin implementing the new codes.

*2024 Summer National Meeting  
Chicago, Illinois*

**PRODUCER LICENSING (D) TASK FORCE**

Tuesday, August 13, 2024  
8:30 – 9:30 a.m.

**Meeting Summary Report**

The Producer Licensing (D) Task Force met Aug. 13, 2024. During this meeting, the Task Force:

1. Adopted its May 9 minutes. During this meeting, the Task Force took the following action:
  - A. Discussed the template for the 1033 waiver process.
  - B. Heard reports from the Adjuster Licensing (D) Working Group, the Producer Licensing Uniformity (D) Working Group, the Public Adjuster Licensing (D) Working Group, and the Uniform Education (D) Working Group.
  - C. Received comments from the American Council of Life Insurers (ACLI), Finseca, and the National Association of Insurance and Financial Advisors (NAIFA) seeking the following changes to the NAIC *State Licensing Handbook*: 1) clarify pre-licensing education is not required; 2) encourage states to provide examinations in additional languages; and 3) recognize the use of online examinations.
2. Received comments on proposed amendments to the *Public Adjuster Licensing Model Act* (#228). The model is being amended to strengthen regulatory standards governing the conduct of public adjusters 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) inappropriate assignment of benefit rights; and 4) excessive fees charged by public adjusters.
3. Received comments on the draft 1033 waiver template. The comments focused on whether individuals should be required to submit a waiver request to non-resident states in which they seek to conduct the business of insurance and on the definition of “conviction.”
4. Received comments on proposed amendments to the NAIC uniform producer licensing applications and the proposed cost and timeline for implementing the proposed amendments that the Producer Licensing Uniformity (D) Working Group adopted.
5. Adopted the report of the Adjuster Licensing (D) Working Group, which met June 12 and May 15. During these meetings, the Working Group took the following action:
  - A. Discussed the review of Chapter 18—Adjusters of the *State Licensing Handbook*.
6. Adopted the report of the Producer Licensing Uniformity (D) Working Group, which met Aug. 6, June 4, May 7, and April 2. During these meetings, the Working Group took the following action:
  - A. Adopted the 2018 revisions of the NAIC Uniform Licensing Applications for the Individual and Business Entity (Initial and Renewal).
  - B. Discussed the review of the *State Licensing Handbook* (Handbook). The Working Group distributed a checklist listing each chapter of the Handbook for Working Group members,

interested state insurance regulators, and interested parties to review and designate chapters that need to be revised. The Working Group plans to meet in September to review the responses and determine which chapters to open and potentially revise.

7. Adopted the report of the Public Adjuster Licensing (D) Working Group, which met July 18, June 18, May 2, and April 5. During these meetings, the Working Group took the following action:
  - A. Adopted is June 18, May 2, and April 5 minutes.
  - B. Adopted proposed amendments to the *Public Adjuster Licensing Model Act* (#228).
  - C. Received comments on the proposed amendments to Model #228.
  - D. Discussed proposed amendments to Sections 15, 16, and 19 of Model #228 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 assignment of benefits.
  - E. Discussed proposed amendments to Sections 3 and 14 of Model #228, which address public adjuster fees.
  - F. Discussed its charge and scope of work, which is to consider amendments to Model #228 to strengthen regulatory standards governing the conduct of public adjusters 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) inappropriate assignment of benefit rights; and 4) excessive fees charged by public adjusters.
  
8. Adopted the report of the Uniform Education (D) Working Group, which met July 10 and May 8. During these meetings, the Working Group took the following action:
  - A. Discussed the creation of continuing education (CE) audit procedures. The Working Group distributed a checklist containing the language from the draft CE audit procedures. It plans to meet to review comments and finalize the draft.
  - B. Discussed guidelines for course introduction statements. The Working Group discussed how states provide course introductory statements, and it plans to work to determine a uniform process.
  
9. Received a report from the National Insurance Producer Registry (NIPR) Board of Directors. Through June, NIPR's revenue year to date is \$39.6 million, which is 5.7% over budget and 10.5% higher than the same period in 2023. NIPR and the NAIC continue to provide producer licensing zone training for states. The program covers producer licensing practices, as well as current and emerging industry issues. It also encourages dialogue among state licensing peer regulators.

*Virtual Meeting*

*(in lieu of meeting at the 2024 Summer National Meeting)*

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

Monday, August 5, 2024

12:00 – 1:00 p.m. ET / 11:00 a.m. – 12:00 p.m. CT / 10:00 – 11:00 a.m. MT / 9:00 – 10:00 a.m. PT

**Meeting Summary Report**

The Market Analysis (D) Working Group met Aug. 5, 2024. During this meeting, the Working Group:

1. Adopted its June 24 minutes. During this meeting, the Working Group took the following action:
  - A. Adopted its April 29 minutes. During this meeting, the Working Group took the following action:
    - i. Adopted its Spring National Meeting minutes.
    - ii. Adopted pet insurance Market Conduct Annual Statement (MCAS) standard ratios.
    - iii. Adopted the requirement for fraternal organizations to annually report MCAS.
  - B. Received a summary report of the results of the interviews of 26 states regarding their use of the Market Analysis Prioritization Tool (MAPT). The Working Group asked for volunteers to participate in a MAPT Recommendations Subgroup to review the MAPT and develop recommendations to improve the efficiency and accuracy of the MAPT prioritization scoring.
2. Received a report from the MAPT Recommendation Subgroup. The Subgroup met twice and reviewed the complaints data and the Regulatory Information Retrieval System (RIRS) data.
3. Discussed plans for the Working Group's next lunch-and-learn session covering Market Analysis Review System (MARS) Level 1 analyses.





*Virtual Meeting*

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

Thursday, July 11, 2024

**Summary Report**

The Market Conduct Annual Statement Blanks (D) Working Group met July 11, 2024. During this meeting, the Working Group:

1. Adopted its June 6 minutes, which included the following action:
    - A. Adopted its May 1 minutes, which included the following action:
      - i. Adopted its April 2 minutes, which included the following action:
        1. Discussed needed Market Conduct Annual Statement (MCAS) clarifications.
          - a. Reporting of Partial Payment.
          - b. Reporting of “Right to Review” data.
        2. Reviewed two sets of duplicate data elements in the MCAS short-term, limited duration (STLD) blank.
        3. Reviewed two sets of duplicate data elements in the MCAS other health blank.
        4. Discussed possible edits to the definition of accelerated underwriting (AU) for clarification purposes.
        5. Discussed the clarification of MCAS homeowners and private passenger auto (PPA) definition of lawsuit.
        6. Discussed MCAS life/annuity reporting of replacements of a policy/contract of a company under the same holding company group.
      - ii. Discussed the formation of a subject matter expert (SME) group to review the STLD rule change.
      - iii. Adopted a motion to remove duplicate data elements in the MCAS STLD blank.
      - iv. Adopted a motion to remove duplicate data elements in the MCAS other health blank.
      - v. Adopted the proposed clarification of the MCAS homeowners and PPA definition of lawsuit.
      - vi. Adopted the proposed edit to the definition of external replacement of affiliated company policies in the MCAS life and annuity blanks.
      - vii. Received an update on the formation of an SME group to discuss needed pet insurance MCAS clarifications.
    - B. Received an update from the SME group on other health and STLD MCAS reporting issues.
    - C. Received an update from the SME group on MCAS life AU definitions and frequently asked questions (FAQ).
    - D. Received an update from the SME group on pet insurance MCAS topics.
    - E. Received an update on MCAS filings and the 2023 MCAS Premium Exhibit used for identifying required MCAS filings.
2. Reviewed the recommendation from the other health/STLD SME group to remove duplicate data element #51 from the MCAS other health blank:
  - A. Data elements #51 and #90 both ask for the number of new policy certificates denied during the period. The SME group recommended deleting data element #51 and retaining data element #90.



## NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

3. Reviewed the draft definitions and FAQ related to artificial intelligence (AI) and machine learning (ML) proposed by the AU SME group.
4. Reviewed the draft definitions for partial payments and cancellations proposed by the pet insurance SME group.
5. Reviewed the MCAS other health interrogatory question #5.
6. Discussed the review of existing MCAS lines of business.

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

July 30, 2024 / May 22, 2024

**Summary Report**

The Market Conduct Examination Guidelines (D) Working Group met July 30, 2024, and May 22, 2024.

1. During its July 30 meeting, the Working Group:
  - A. Adopted its May 22 minutes.
  - B. Received an update from the Working Group chair on the progress of the pet insurance subject matter experts' (SMEs') development of a new pet insurance examination chapter in the *Market Regulation Handbook* (Handbook) and pet insurance-related standardized data requests (SDRs). The SMEs are creating new examiner guidance based on the *Pet Insurance Model Act* (#633).
  - C. Received an update from the Working Group chair on the progress of the travel insurance SMEs' revisions to the travel insurance examination chapter of the Handbook. The SMEs are reviewing the *Travel Insurance Model Act* (#632) to develop new review procedures/criteria for Marketing and Sales Standards 3, 4, 8, and 11 and Underwriting and Rating Standard 1.
  - D. Received an update from the Working Group chair that an exposure draft of the life and annuity examination chapter would be distributed soon for discussion at the Working Group's next meeting in September. The chapter has been updated to reflect the 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)*.
  - E. Heard from the Working Group chair that he and the vice chair are continuing to monitor the work of the Innovation, Cybersecurity, and Technology (H) Committee and its workstreams to learn what initiatives they are discussing that relate to state insurance regulator guidance in the Handbook.
  - F. 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 regulator tools, such as templates for exam call letters, exam exit agendas, etc., can be shared by regulators.
2. During its May 22 meeting, the Working Group:
  - A. Discussed its 2024 work plans, which include the development of a new pet insurance examination chapter and new pet insurance-related SDRs, revising five examination standards in the travel insurance examination chapter, updating the life and annuity examination chapter to reflect adopted revisions to AG 49-A, and developing a regulator-only shared space for the Working Group that will serve as a repository for uniform market conduct tools, templates, etc.
  - B. Heard from the Working Group chair that he and the vice chair are monitoring the work of the Innovation, Cybersecurity, and Technology Committee to address the Working Group's charge to 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).
  - C. Heard from NAIC staff regarding the regulator-only NAIC Connect platform.

*2024 Summer National Meeting  
Chicago, Illinois*

**MARKET REGULATION CERTIFICATION (D) WORKING GROUP**

Monday, August 12, 2024

4:00 – 5:00 p.m.

**Meeting Summary Report**

The Market Regulation Certification (D) Working Group met Aug. 12, 2024. During this meeting, the Working Group:

1. Adopted its June 24 minutes. During this meeting, the Working Group took the following action:
  - A. Adopted its April 29 minutes, which included the following action:
    - i. Adopted its Spring National Meeting minutes.
    - ii. Reviewed the Market Regulation Certification Program scoring matrix.
  - B. Discussed the structure of peer review groups that can provide assistance to states as they conduct self-certifications.
  - C. Discussed plans for the Working Group’s meeting at the Summer National Meeting and a session on the Market Regulation Certification Program at the NAIC Insurance Summit.
2. Jointly conducted self-certifications of two fictional states. The two states varied in size and level of compliance with certification requirements.

*Virtual Meeting***Speed to Market (D) Working Group**

July 30, 2024

**Summary Report**

The Speed to Market (D) Working Group met July 30, 2024. During this meeting, the Working Group:

1. Adopted its Spring National Meeting minutes.
2. Heard a report on the System for Electronic Rates & Forms Filings (SERFF) modernization project and the SERFF Product Steering Committee (PSC).
3. Received an update on the 2024 *Product Filing Review Handbook*.
4. Heard a presentation on machine learning (ML) for property/casualty (P/C) form review.
5. Discussed suggestions received on the product coding matrix (PCM) and uniform transmittal document (UTD). The Working Group adopted the Interstate Insurance Product Regulation Commission's (Compact's) proposal to add an additional type of insurance (TOI) for annuity products. The new TOI will be A04I Individual Deferred Index-Linked Variable Annuity Contracts, with sub-TOIs A04I.0001–A04I.0005.
6. Heard an update on the 2025 updated PCM.