

Report of the Executive (EX) Committee

The Executive (EX) Committee met March 25, 2025. During this meeting, the Committee:

1. Adopted the report of the joint meeting of the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee, which met March 23 in regulator-to-regulator session, pursuant to paragraph 4 (internal or administrative matters of the NAIC or any NAIC member) of the NAIC Policy Statement on Open Meetings. During this meeting, the Committee and Subcommittee took the following action:
 - A. Adopted their 2024 Fall National Meeting minutes.
 - B. Adopted their Dec. 10, 2024, minutes. During this meeting, the Committee and Subcommittee took the following action:
 - i. Approved the NAIC 2025 proposed budget and recommended it be considered by the full Membership during the joint meeting of the Executive (EX) Committee and Plenary.
 - ii. Held a public hearing on the proposed NAIC 2025 budget with interested parties.
 - C. Adopted the Feb. 7 and Jan. 10 minutes of the Executive (EX) Committee. During these meetings, the Committee took the following action:
 - i. Selected the 2029 national meeting site locations: 1) Spring—Oklahoma City, OK; 2) Summer—Milwaukee, WI; and 3) Fall—Anaheim, CA.
 - ii. Approved the Audit Committee appointments.
 - iii. Approved the Consumer Participation Board of Trustees appointments.
 - iv. Approved the Center for Insurance Policy and Research (CIPR) Steering Committee members.
 - v. Approved the International Association of Insurance Supervisors (IAIS) Executive Committee appointment.
 - D. Adopted the report of the Audit Committee, which met March 20. During this meeting, the Committee took the following action:
 - i. Received the Dec. 31, 2024, financial update.
 - ii. Received the 2024 year-end financial audit.
 - iii. Received an update on the upcoming Service Organization Control (SOC) 1 and SOC 2 reviews.
 - iv. Reviewed the status of zone financials and approved a revision to the grant fund policy.
 - E. Adopted the report of the Internal Administration (EX1) Subcommittee, including its March 3 minutes. During this meeting, the Subcommittee took the following action:
 - i. Received the Dec. 31, 2024, long-term investment (LTI) portfolio report.

- ii. Approved the 2025 LTI portfolio targets and allocation recommendation.
 - iii. Approved a change in fund managers for the small-cap growth allocation.
 - F. Approved a banking resolution revision.
 - G. Approved a fiscal for the due diligence framework for credit rating agencies.
 - H. Heard the administrative impact assessment of the proposal to govern the NAIC's natural catastrophe and climate risk and resilience activities.
 - I. Received the CEO report.
2. Adopted its Feb. 7 and Jan. 10 meeting reports. During these meetings, the Committee took the following action:
- A. Approved the 2025 Audit Committee appointments.
 - B. Approved the 2025 NAIC Consumer Participation Board of Trustees.
 - C. Approved the CIPR Steering Committee.
 - D. Appointed Director Eric Dunning (NE) to the IAIS Executive Committee.
 - E. Selected the 2029 national meeting sites.
 - F. Received the CEO report.
 - G. Received a 2024 year-end financial update.
 - H. Reviewed 2025 priorities.
 - I. Discussed the Executive (EX) Committee's role and governance.
 - J. Discussed Committee governance issues.
 - K. Discussed the Special (EX) Committee on Race and Insurance transition plan.
 - L. Discussed the Risk-Based Capital Model Governance (EX) Task Force.
3. Adopted the reports of its task forces: 1) Climate and Resiliency (EX) Task Force; 2) Government Relations (EX) Leadership Council; and 3) Risk-Based Capital Model Governance (EX) Task Force.
4. Adopted the Special (EX) Committee on Race and Insurance transition plan to conclude its work and direct the Life Insurance and Annuities (A) Committee, the Health Insurance and Managed Care (B) Committee, and the Property and Casualty Insurance (C) Committee to consider the status of the Special (EX) Committee's workstream efforts and adopt charges, as appropriate, to continue the work.
5. Adopted the report of the Risk-Based Capital Model Governance (EX) Task Force, including its 2025 charges.
6. Received the 2024 annual report of NAIC Designation Program Advisory Board activities.
7. Received a status report on model law development efforts for amendments to: 1) the *Public Adjuster Licensing Model Act* (#228); and 2) the *Privacy of Consumer Financial and Health Information Regulation* (#672).
8. Received reports from the National Insurance Producer Registry (NIPR) and the Interstate Insurance Product Regulation Commission (Compact).

Draft: 3/17/25

To be considered by the Executive (EX) Committee and Plenary, March 26, 2025

Adopted by the Risk-Based Capital Model Governance (EX) Task Force, March 17, 2025

2025 Proposed Charges

RISK-BASED CAPITAL MODEL GOVERNANCE (EX) TASK FORCE

The mission of the Risk-Based Capital Model Governance (EX) Task Force is to develop guiding principles for updating the risk-based capital (RBC) formulas to: 1) address current investment trends with a focus on more RBC precision in the area of asset risk; and 2) ensure that insurance capital requirements maintain their current strength and continue to appropriately balance solvency with the availability of products to meet consumer needs.

Ongoing Support of NAIC Programs, Products, or Services

1. The Risk-Based Capital Model Governance (EX) Task Force will:

- A. Develop a set of guiding principles for the RBC framework to ensure a consistent approach to future RBC adjustments. These principles will serve as a strategic foundation to ensure that all revisions to the RBC framework are enhancements that uphold its integrity, adaptability, and global competitiveness and further the principle of “equal capital for equal risk.”
- B. Complete a comprehensive gap analysis and consistency assessment to identify and inventory gaps that exist and establish a plan for addressing identified gaps and potential inconsistencies that improve the framework.
- C. Oversee the development of an education and public messaging campaign to highlight the benefits and strengths of the RBC framework as an important part of the U.S. state-based insurance regulatory system.
- D. Facilitate and oversee coordination and alignment among all NAIC committees, task forces, etc., related to this initiative and implementation of the guiding principles, including the Life Actuarial (A) Task Force, the Capital Adequacy (E) Task Force, the Accounting Practices and Procedures (E) Task Force, and the Valuation of Securities (E) Task Force. The work of this Task Force will not result in the work of other RBC-related committees, task forces, etc., being paused or stopped.
- E. Create a process for analyzing both retrospective and future adjustments to RBC, incorporating regular reviews of RBC outcomes and ensuring future adjustments are made in alignment with guiding principles. This process will facilitate ongoing improvements to ensure the framework remains responsive to emerging risks and market trends, enabling the RBC framework to adapt proactively.

NAIC Support Staff: Dan Daveline

Draft: 3/10/25

To be considered by the Executive (EX) Committee and Plenary, March 26, 2025

To be considered by the Health Insurance and Managed Care (B) Committee, March 26, 2025

Adopted by the Regulatory Framework (B) Task Force, March 10, 2025

2025 Amended Charges

REGULATORY FRAMEWORK (B) TASK FORCE

The mission of the Regulatory Framework (B) Task Force is to: 1) develop NAIC model acts and regulations for state health care initiatives; and 2) consider policy issues affecting state health insurance regulation.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Regulatory Framework (B) Task Force** will:
 - A. Coordinate and develop the provision of technical assistance to the states regarding state-level implementation issues raised by federal health legislation and regulations.
 - B. Review managed health care reforms, their delivery systems occurring in the marketplace, and other forms of health care delivery. Recommend appropriate revisions to regulatory jurisdiction, authority, and structures.
 - C. Consider the development of new NAIC model laws and regulations and the revision of existing NAIC model laws and regulations, including those affected by federal legislation and final federal regulations promulgated pursuant to such legislation.
 - D. Continue to review NAIC models recommended for revision by the former Affordable Care Act (ACA) Model Review (B) Working Group, and, as appropriate, appoint a working group or subgroup to revise the NAIC model(s) prioritized for revision in 2025.
 - E. At the direction of the Health Insurance and Managed Care (B) Committee, through the work of the Employee Retirement Income Security Act (ERISA) (B) Working Group, monitor, analyze, and report developments related to association health plans (AHPs).
 - F. Monitor, analyze, and report, as necessary, developments related to excepted benefits coverage and short-term, limited-duration (STLD) coverage.
2. The **Employee Retirement Income Security Act (ERISA) (B) Working Group** will:
 - A. Monitor, report, and analyze developments related to ERISA, and make recommendations regarding NAIC strategy and policy with respect to those developments.
 - B. Monitor, facilitate, and coordinate with the states and the U.S. Department of Labor (DOL) efforts related to sham health plans.
 - C. Monitor, facilitate, and coordinate with the states and the DOL regarding compliance and enforcement efforts regarding the ACA that relate to ERISA.
 - D. Review the *Health and Welfare Plans Under the Employee Retirement Income Security Act: Guidelines for State and Federal Regulation* (ERISA Handbook), and modify it, as necessary, to reflect developments related to ERISA. Report annually.

REGULATORY FRAMEWORK (B) TASK FORCE (Continued)

3. The **Mental Health Parity and Addiction Equity Act (MHPAEA) (B) Working Group** will:
 - A. Monitor, report, and analyze developments related to the MHPAEA, and make recommendations regarding NAIC strategy and policy with respect to those developments.
 - B. Monitor, facilitate, and coordinate best practices with the states, the DOL, and the U.S. Department of Health and Human Services (HHS) related to the MHPAEA.
 - C. Develop and provide resources to the states to support a greater understanding of laws, policies, and market conditions related to the MHPAEA.
 - D. Provide supplemental resources to support documentation and reporting in the MHPAEA chapter of the *Market Regulation Handbook*.
 - E. Coordinate with and provide input to Market Regulation and Consumer Affairs (D) Committee groups, as necessary, regarding mental health parity market conduct examinations.

4. The ~~Pharmaceutical Benefit Management Regulatory Issues~~Prescription Drug Coverage **(B) Working Group** will:
 - A. Serve as a forum to educate state insurance regulators on issues related to ~~pharmacy benefit manager (PBM)~~prescription drug coverage regulation and ~~other~~ stakeholders in the prescription drug ecosystem.
 - B. Gather and share information, best practices, experience, and data to inform and support dialogue and information-sharing among state insurance regulators on issues related to ~~PBM~~prescription drug coverage regulation, such as ~~examinations and contracting, and~~ pharmaceutical drug pricing and transparency, formularies, pharmacy payments, pharmacy benefit managers (PBMs), and coverage options.
 - ~~C. As the subject matter experts (SMEs) and to promote uniformity across the states, while remaining sensitive to variation in state approaches, develop a chapter for inclusion in the *Market Regulation Handbook* establishing examination standards for PBMs and related regulated entities for referral and consideration by the Market Conduct Examination Guidelines (D) Working Group.~~
 - ~~D.C.~~ D.C. Maintain a current listing of ~~PBM~~prescription drug coverage laws and regulations and case law ~~for reference by~~ as fall under the purview of state insurance regulators.
 - ~~E.D.~~ E.D. Disseminate materials and reports, via the NAIC, to the states and the U.S. territories wishing to use the information gathered by the Working Group.
 - E. Monitor, facilitate, and coordinate with the states and federal agencies to ensure compliance and enforcement efforts regarding prescription drug coverage and PBMs.
 - F. Provide assistance and input to the Market Regulation and Consumer Affairs (D) Committee and/or any of its groups, as necessary, related to PBM enforcement.

NAIC Support Staff: Jolie H. Matthews/Jennifer R. Cook

Draft: 2/27/25

To be considered by the Executive (EX) Committee and Plenary, March 26, 2025

Adopted by the Property and Casualty Insurance (C) Committee, March 7, 2025

2025 Amended Charges

PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE

The mission of the Property and Casualty Insurance (C) Committee is to: 1) monitor and respond to problems associated with the products, delivery, and cost in the property/casualty (P/C) insurance market and the surplus lines market as they operate with respect to individual persons and businesses; 2) monitor and respond to problems associated with financial reporting matters for P/C insurers that are of interest to regulatory actuaries and analysts; and 3) monitor and respond to problems associated with the financial aspects of the surplus lines market.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Property and Casualty Insurance (C) Committee** will:
 - A. Discuss issues arising and make recommendations with respect to advisory organization and insurer filings for personal and commercial lines, as needed. Report yearly.
 - B. Monitor the activities of the Casualty Actuarial and Statistical (C) Task Force.
 - C. Monitor the activities of the Homeowners Market Data Call (C) Task Force.
 - D. Monitor the activities of the Surplus Lines (C) Task Force.
 - ~~E. Monitor the activities of the Title Insurance (C) Task Force.~~
 - ~~F. Monitor the activities of the Workers' Compensation (C) Task Force.~~
 - G.E. Provide an impartial forum for considering appeals of adverse decisions involving alien insurers delisted or rejected for listing to the *Quarterly Listing of Alien Insurers*. Appeal procedures are described in the International Insurers Department (IID) Plan of Operation.
 - H.F. Monitor and review developments in case law related to risk retention groups (RRGs). If warranted, make appropriate recommendations to the Risk Retention Group (E) Task Force for changes to the *Risk Retention and Purchasing Group Handbook*.
 - I.G. Monitor the activities of the Federal Crop Insurance Corporation (FCIC) that affect state insurance regulators:
 - i. Serve as a forum for discussing issues related to the interaction of federal crop insurance programs with state insurance regulation.
 - ii. Review law changes and court decisions, and, if warranted, make appropriate changes to the *Federal Crop Insurance Program Handbook: A Guide for Insurance Regulators*.
 - iii. Monitor the regulatory information exchanges between the FCIC and state insurance regulators, as well as the FCIC and the NAIC, and make recommendations for improvements or revisions, as needed.
 - J.H. Monitor regulatory issues that arise with the development of autonomous vehicles. Study and, if necessary, develop recommendations for changes needed to the state-based insurance regulatory framework.
 - K.I. Provide a forum for discussing issues related to parametric insurance, and consider the development of a white paper or regulatory guidance.
 - L.J. Study and report on the availability and affordability of liability and property coverage for non-profit organizations.

PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE (Continued)

M.K. Assist state insurance regulators in better assessing their markets and insurer underwriting practices by developing property market data intelligence so regulators can better understand how markets are performing in their states, and identify potential new coverage gaps, including changes in deductibles and coverage types, and affordability and availability issues. Provide analysis of property insurance markets to states.

N.L. Provide a forum for discussing issues related to the use of telematics in insurance, and consider the development of a white paper or regulatory guidance.

2. The **Cannabis Insurance (C) Working Group** will:

- A. Assess and periodically report on the status of federal legislation and regulation involving cannabis, especially as it pertains to protecting financial institutions from liability associated with providing services to cannabis businesses operating legally under state law.
- B. Support insurance regulators' efforts to encourage the development of admitted market insurers, as well as the expansion of existing admitted market insurers, and reinsurers supporting the market, to ensure coverage adequacy in states where cannabis, including hemp, is legal.
- C. Stay abreast of new products and innovative ideas that may shape insurance in this space. Provide insurance resources to insurance regulators and stakeholders, as needed.
- D. Explore potential sources of constraint to coverage limits and availability of cannabis insurance products within the admitted and non-admitted market. Explore the effect of the use of cannabis and related products on P/C insurance lines of business.

3. The **Catastrophe Insurance (C) Working Group** will:

- A. Monitor and recommend measures to improve the availability and affordability of insurance and reinsurance related to catastrophe perils for personal and commercial lines.
- B. Evaluate potential state, regional, and national programs to increase capacity for insurance and reinsurance related to catastrophe perils, including mitigation efforts being used in states and investigating loss trends in homeowners markets, with the goal to provide rate stability in the marketplace and protect consumers.
- C. Monitor and assess proposals that address disaster insurance issues at the federal and state levels. Assess concentration-of-risk issues and whether a regulatory solution is needed.
- D. Provide a forum for discussing issues and recommending solutions related to insuring for catastrophe risk, including terrorism, war, and natural disasters.
- E. Investigate and recommend ways the NAIC can assist states in responding to disasters by continuing to build the NAIC's Catastrophe Resource Center for state insurance regulators to better prepare for disasters.
- F. Continue to monitor the growth of the private flood insurance market and assess the actions taken by individual states to facilitate growth. Update the Considerations for Private Flood Insurance appendix to include new ways states are growing the private flood insurance market and discuss.
- G. Collaborate with other NAIC task forces and working groups regarding discussion of comparable topics, monitor catastrophe-related data calls, and keep informed about projects addressing the special needs of catastrophe data.
- H. Study, in coordination with other NAIC task forces and working groups, earthquake, severe convective storms, and wildfire matters of concern to state insurance regulators.
- I. Work with the Catastrophe Modeling Center of Excellence (COE) in order to be aware of what states are doing related to mitigation.

PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE (Continued)

4. The **NAIC/Federal Emergency Management Agency (FEMA) (C) Working Group** will:
 - A. Assist state insurance regulators in engaging and collaborating with FEMA on an ongoing basis by establishing a process for the oversight, prioritization, and reporting of disaster-related regional workshops and other exercises to improve disaster preparation and resilience.
 - B. Liaise with insurers and FEMA to provide timely information to necessary parties following a catastrophic loss.
 - C. Discuss ways in which states in the same FEMA region can collaborate and share information with other states in their FEMA region.

5. The **Terrorism Insurance Implementation (C) Working Group** will:
 - A. Coordinate the NAIC's efforts to address insurance coverage for acts of terrorism. Work with the U.S. Department of the Treasury's (Treasury Department's) Terrorism Risk Insurance Program (TRIP) Office on matters of mutual concern. Discuss long-term solutions to address the risk of loss from acts of terrorism.
 - B. Review and report on data collection related to insurance coverage for acts of terrorism.

6. **The Title Insurance (C) Working Group** will:
 - A. Discuss and/or monitor issues and developments affecting the title insurance industry, and provide support and expertise to other NAIC committees, task forces and/or working groups, or outside entities, as appropriate.
 - B. Review and assist various regulatory bodies in combating fraudulent and/or unfair real estate settlement activities. Such efforts could include working with the Antifraud (D) Task Force and other NAIC committees, task forces, and/or working groups to combat mortgage fraud and mitigating title agent defalcations through the promotion of closing protection letters (CPLs) and other remedies.
 - C. Consult with the Consumer Financial Protection Bureau (CFPB) and other agencies responsible for information, education, and disclosure for mortgage lending, closing, and settlement services about the role of title insurance in the real estate transaction process.
 - D. Update the Survey of State Laws Regarding Title Data and Title Matters report and the Title Insurance Consumer Shopping Tool Template as needed.
 - E. Stay abreast of consumer issues and complaints submitted to states regarding title insurance. Consider regulatory best practices or standards related to consumer protection.
 - F. Evaluate alternative title products and provide guidance to state insurance regulators as needed.

- ~~6.7.~~ **The Transparency and Readability of Consumer Information (C) Working Group** will:
 - A. Facilitate consumers' capacity to understand the content of insurance policies and assess differences in insurers' policy forms.
 - B. Assist other groups with drafting language included within consumer-facing documents.
 - C. Develop voluntary regulatory guidance for disclosures for premium increases related to P/C insurance products.
 - D. Update and develop web page and mobile content for *A Shopping Tool for Homeowners Insurance* and *A Shopping Tool for Automobile Insurance*, as needed.
 - E. Study and evaluate ways to engage department of insurance (DOI) communication with more diverse populations, such as rural communities.

PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE (*Continued*)

- 8. The Workers' Compensation (C) Working Group will:**
- A. Discuss issues with respect to advisory organizations, rating organizations, statistical agents, and insurance companies in the workers' compensation arena.
 - B. Monitor the movement of business from the standard markets to the assigned risk pools. Alert state insurance department representatives if the growth of assigned risk pools changes dramatically.
 - C. Follow workers' compensation issues regarding cannabis in coordination with the Cannabis Insurance (C) Working Group.
 - D. Discuss issues affecting workers' compensation.
 - E. Stay informed about workers' compensation issues by collaborating with various workers' compensation organizations, such as the International Association of Industrial Accident Boards and Commissions (IAIABC), the National Council on Compensation Insurance (NCCI), and state workers' compensation bureaus.

NAIC Support Staff: Aaron Brandenburg

Draft: 3/4/25

To be considered by the Executive (EX) Committee and Plenary, March 26, 2025

Adopted by Property and Casualty Insurance (C) Committee, March 4, 2025

2025 Proposed Charges

HOMEOWNERS MARKET DATA CALL (C) TASK FORCE

The mission of the Homeowners Market Data Call (C) Task Force is to develop and oversee homeowners market data call matters and communicate to NAIC membership any related issues.

Ongoing Support of NAIC Programs, Products, or Services

1. **The Homeowners Market Data Call (C) Task Force will:**

- A. Oversee development and delivery of periodic communication to the NAIC membership on issues related to the Homeowners Market Data Call.
- B. Develop a framework for the Homeowners Market Data Call, including data collection authority, confidentiality protections, and data-sharing between states and the NAIC.
- C. Consider recommendations from the regulator-only drafting group and interested party input and approve any changes to the current scope and content of the data call for 2025.
- D. Oversee continued development of regulator tools and training related to the data call.
- E. Develop a national analysis report, for regulators only, with support from the NAIC Center for Insurance Policy and Research (CIPR). Consider the nature and extent of such national analysis report that may be suitable for public release.

NAIC Support Staff: Aaron Brandenburg

Draft: 3/7/25

To be considered by the Executive (EX) Committee and Plenary, March 26, 2025

Adopted by the Property and Casualty Insurance (C) Committee, March 7, 2025

2025 Amended Charges

~~TITLE INSURANCE (C) TASK FORCE~~

~~The mission of the Title Insurance (C) Task Force is to study issues related to title insurers and title insurance producers.~~

~~Ongoing Support of NAIC Programs, Products, or Services~~

~~1. The Title Insurance (C) Task Force will:~~

- ~~A. Discuss and/or monitor issues and developments affecting the title insurance industry, and provide support and expertise to other NAIC committees, task forces and/or working groups, or outside entities, as appropriate.~~
- ~~B. Review and assist various regulatory bodies in combating fraudulent and/or unfair real estate settlement activities. Such efforts could include working with the Antifraud (D) Task Force and other NAIC committees, task forces, and/or working groups to combat mortgage fraud and mitigating title agent defalcations through the promotion of closing protection letters (CPLs) and other remedies.~~
- ~~C. Consult with the Consumer Financial Protection Bureau (CFPB) and other agencies responsible for information, education, and disclosure for mortgage lending, closing, and settlement services about the role of title insurance in the real estate transaction process.~~
- ~~D. Update the *Survey of State Laws Regarding Title Data and Title Matters report* and the *Title Insurance Consumer Shopping Tool Template* as needed.~~
- ~~E. Stay abreast of consumer issues and complaints submitted to states regarding title insurance. Consider regulatory best practices or standards related to consumer protection.~~
- ~~F. Evaluate alternative title products and provide guidance to state insurance regulators as needed.~~

~~NAIC Support Staff: Anne Obersteadt/Aaron Brandenburg~~

Draft: 3/7/25

To be considered by the Executive (EX) Committee and Plenary, March 26, 2025

Adopted by the Property and Casualty Insurance (C) Committee, March 7, 2025

2025 Amended Charges

~~WORKERS' COMPENSATION (C) TASK FORCE~~

~~The mission of the Workers' Compensation (C) Task Force is to study the nature and effectiveness of state approaches to workers' compensation and related issues, including, but not limited to: assigned risk plans; safety in the workplace; treatment of investment income in rating; occupational disease; cost containment; and the relevance of adopted NAIC model laws, regulations and/or guidelines pertaining to workers' compensation.~~

~~Ongoing Support of NAIC Programs, Products, or Services:~~

- ~~1. The **Workers' Compensation (C) Task Force** will:
 - A. ~~Oversee the activities of the NAIC/International Association of Industrial Accident Boards and Commissions (IAIABC) Joint (C) Working Group.~~
 - B. ~~Discuss issues with respect to advisory organizations, rating organizations, statistical agents, and insurance companies in the workers' compensation arena.~~
 - C. ~~Monitor the movement of business from the standard markets to the assigned risk pools. Alert state insurance department representatives if the growth of assigned risk pools changes dramatically.~~
 - D. ~~Follow workers' compensation issues regarding cannabis in coordination with the Cannabis Insurance (C) Working Group.~~
 - E. ~~Discuss issues affecting workers' compensation.~~~~
- ~~2. The **NAIC/International Association of Industrial Accident Boards and Commissions (IAIABC) Joint (C) Working Group** will:
 - A. ~~Study issues of mutual concern to state insurance regulators and the IAIABC. Review relevant IAIABC model laws and white papers and consider possible charges based on the Working Group's recommendations.~~~~

NAIC Support Staff: Sara Robben/Aaron Brandenburg

Draft: 2/26/25

To be considered by the Executive (EX) Committee and Plenary, March 26, 2025

Adopted by the Market Regulation and Consumer Affairs (D) Committee, March 7, 2025

2025 Amended 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 Producer Licensing (D) Task Force.
 - E. 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.
 - F. In collaboration with other technical working groups, discuss and share best practices through public forums to address broad consumer concerns regarding personal insurance products.
 - G. 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.
 - H. 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 and efficient. 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).

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

3. The **Market Actions (D) Working Group** will:
 - A. Facilitate interstate communication, and coordinate collaborative state regulatory actions.
 - B. Facilitate interstate communication, and coordinate collaborative state regulatory activities involving nontraditional market actions through the Coordinated Market Investigation Subgroup.

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).
 - E. Create and monitor the effectiveness and usefulness of public MCAS ratios.

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 more 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). (*New Product*)

7. The **Market Information Systems (D) Working Group** will:
 - A. Analyze the data in the NAIC Market Information Systems (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.
 - B. 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.

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

- C. 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).
 - D. Serve as the business partner to review and prioritize submitted Uniform System Enhancement Request (USER) forms to ensure efficient use of available NAIC staffing and resources.
8. 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*.
9. **The Pharmacy Benefit Management (D) Working Group** will:
- A. Establish and promote uniform examination and data collection standards, while remaining sensitive to the variation in state approaches.
 - B. Develop examination standards for PBMs and related regulated entities for inclusion in the NAIC *Market Regulation Handbook*, which will provide consistent guidance and ensure more predictable and fair market regulation.
 - C. Develop licensing and registration standards for PBMs in alignment with state and federal requirements, providing states with criteria to support uniformity in the licensure process.
 - D. Establish protocols for the collection and analysis of data related to PBM examinations and market practices.
 - E. Monitor and address market conduct trends associated with PBMs and the regulatory efforts of the states.
 - F. Serve as a forum to share best practices, examination findings, and compliance issues encountered with PBM regulation.
 - G. Facilitate coordination with federal and state agencies to support compliance and enforcement of PBM regulations and ensure alignment with federal standards, where applicable, minimizing redundancy and promoting collaboration.

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

910. 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.
- 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 state 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

Draft: 2/13/25

To be considered by the Executive (EX) Committee and Plenary, March 26, 2025

Adopted by the International Insurance Relations (G) Committee, Feb. 13, 2025

2025 Amended Charges

INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE

The mission of the International Insurance Relations (G) Committee is to: 1) coordinate NAIC participation in discussions on international activities and issues and the development of insurance regulatory and supervisory standards and other materials; 2) promote international cooperation; 3) coordinate on international insurance matters with the U.S. federal government, including the U.S. Department of the Treasury (Treasury Department), the Federal Reserve Board (FRB), the Office of the U.S. Trade Representative (USTR), the U.S. Department of Commerce (DOC), and other federal agencies; and 4) provide an open forum for NAIC communication with U.S. interested parties, stakeholders, and among its members on international insurance matters.

Ongoing Support of NAIC Programs, Products, or Services

1. The **International Insurance Relations (G) Committee** will:
 - A. Monitor and assess activities at international organizations, such as the International Association of Insurance Supervisors (IAIS), the Financial Stability Board (FSB), the Organisation for Economic Co-operation and Development (OECD), and the Sustainable Insurance Forum (SIF), that affect U.S. insurance regulation, U.S. insurance consumers, and the U.S. insurance industry.
 - B. Support and facilitate the participation of state insurance regulators and the NAIC in relevant workstreams of international organizations.
 - C. Develop NAIC policy on international activities and issues, coordinating, as necessary, with other NAIC committees, task forces, and working groups and communicating key international developments to those NAIC groups.
 - D. Coordinate and facilitate state efforts to participate in key bilateral and multilateral dialogues, projects, conferences, and training opportunities with international regulators and international organizations, both directly and in coordination with the federal government, as appropriate.
 - E. Strengthen foreign regulatory systems and relationships by interacting with international regulators and sharing U.S. supervisory best practices, including conducting outreach, an International Fellows Program and educational (technical assistance) seminars to provide an understanding of the U.S. state-based system of insurance regulation.
 - F. Coordinate the NAIC's participation in the International Monetary Fund (IMF)/World Bank Financial Sector Assessment Program (FSAP).
 - G. Coordinate state efforts to assist in achieving U.S. international trade objectives through reviewing relevant materials, developing input, and providing assistance and expertise on insurance matters to the USTR and/or other federal entities.

INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE (*Continued*)

2. The Aggregation Method Implementation (G) Working Group will:
- A. Review group capital regulation of US groups and their potential for comparable implementation of the Insurance Capital Standard (ICS) including:
 - i. Sensitivity to changes in interest rates and their impact on the solvency of the U.S. life groups.
 - ii. Supervisory intervention of US groups on group capital grounds.
 - iii. Use of scalars and choice of regulatory intervention points.
 - iv. Reporting and disclosure requirements.
 - B. Coordinate the US implementation of the ICS via the Aggregation Method (AM) by recommending:
 - i. Potential domestic refinement.
 - ii. The final AM.
 - C. Monitor any further development of ICS at the International Association of Insurance Supervisors (IAIS) and what implications those may have for implementation of the AM.
 - D. Report to, and coordinate with, the International Insurance Relations (G) Committee and any relevant groups under the Financial Condition (E) Committee.

NAIC Support Staff: Ryan Workman/Nikhail Nigam

Draft: 3/11/25

To be considered by the Executive (EX) Committee and Plenary, March 26, 2025

To be considered by the Innovation, Cybersecurity, and Technology (H) Committee, March 26, 2025

2025 Amended Charges

INNOVATION, CYBERSECURITY, AND TECHNOLOGY (H) COMMITTEE

The mission of the Innovation, Cybersecurity, and Technology (H) Committee is to: 1) provide a forum for state insurance regulators to learn about and have discussions regarding: cybersecurity, innovation, data security and privacy protections, and emerging technology issues; 2) monitor developments in these areas that affect the state insurance regulatory framework; 3) maintain an understanding of evolving practices and use of innovation technologies by insurers and producers in respective lines of business; 4) coordinate NAIC efforts regarding innovation, cybersecurity and privacy, and technology across other committees; and 5) make recommendations and develop regulatory, statutory, or guidance updates, as appropriate.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Innovation, Cybersecurity, and Technology (H) Committee** will:
 - A. Provide forums, resources and materials related to developments and emerging issues in innovation, cybersecurity, data privacy, and the uses of technology in the insurance industry in order to educate state insurance regulators on these developments and how they affect consumer protection, insurer and producer oversight, marketplace dynamics, and the state-based insurance regulatory framework.
 - B. Consider and coordinate the development of regulatory guidance and examination standards related to innovation, cybersecurity, data privacy, the use of big data and artificial intelligence (AI) including machine learning (ML) in the business of insurance, and technology, including drafting and revising model laws, white papers, and other recommendations as appropriate.
 - C. Oversee the work of the Data Call Study Group to study the enhancement of regulator access to high-quality and timely data allowing for evidence-informed decisions, enhanced supervisory capabilities, and improved efficiency.
 - D. Track the implementation of and issues related to all model laws pertaining to innovation, technology, data privacy, and cybersecurity, including the *Insurance Data Security Model Law* (#668), the *NAIC Insurance Information and Privacy Protection Model Act* (#670), the *Privacy of Consumer Financial and Health Information Regulation* (#672), and the *Unfair Trade Practices Act* (#880) rebating language and providing assistance to state insurance regulators as needed.
 - E. Coordinate and facilitate collaboration with and among other NAIC committees and task forces to promote consistency and efficiency in the development of regulatory policy, education, training, and enforcement materials and tools related to innovation; cybersecurity; data privacy; and the use of technologies, big data, and artificial intelligence (AI), including machine learning (ML), in the business of insurance. Evaluate and recommend certifications, continuing education (CE), and training for regulatory staff related to technology, innovation, cybersecurity, and data privacy.
 - F. Follow the work of federal, state, and international governmental bodies to avoid conflicting standards and practices.

INNOVATION, CYBERSECURITY, AND TECHNOLOGY (H) COMMITTEE (Continued)

2. The **Big Data and Artificial Intelligence (H) Working Group** will:
 - A. Research the use of big data and AI (including ML) in the business of insurance. Proactively communicate findings, and present recommendations to the Innovation, Cybersecurity, and Technology (H) Committee.
 - B. Monitor state, federal, and international activities on AI, including working with the Innovation, Cybersecurity, and Technology (H) Committee to: i) respond to such activities, where appropriate, and ii) address potential impacts on existing state insurance laws or regulations.
 - C. Facilitate discussion to consider updates to the regulatory framework for the oversight of the use of AI by insured entities. Provide recommendations to the Innovation, Cybersecurity, and Technology (H) Committee in response to such activities.
 - i. Monitor and support adoption of the *Model Bulletin on the Use of Artificial Intelligence Systems by Insurers*.
 - ii. Monitor and report on state, federal, and international activities related to governmental oversight and regulation of the use of AI in insurance and non-insurance industries.
 - iii. Research, identify, and monitor the impacts of the use of AI systems by insurance companies to understand the potential benefits, value propositions, risks, and adverse consumer outcomes related to the use of AI systems.
 - D. Facilitate discussion related to AI systems evaluation including:
 - i. Identifying existing tools, resources, materials, and training that will assist and guide regulators in their review of AI systems used by licensees, including an insurer's AI program. This includes establishing a coordinated work plan and timeline for further development of those resources.
 - ii. Develop new regulatory tools or regulatory guidance to assist regulators in their review of AI systems used by licensees, including an insurer's AI program.
 - iii. Coordinate the development of review and enforcement tools, resources, guidelines, and training related to AI systems for regulators across the NAIC.
 - E. Facilitate and coordinate foundational and contextual educational content for regulators on topics related to the use of big data and AI techniques, tools and systems in the insurance industry.
3. The **Cybersecurity (H) Working Group** will:

Cybersecurity Charges

 - A. Monitor cybersecurity trends such as vulnerabilities, risk management, governance practices, and breaches with the potential to affect the insurance industry.
 - B. Facilitate communication across state insurance departments regarding cybersecurity risks and events.
 - C. Develop and maintain regulatory cybersecurity response guidance to assist state insurance regulators in the investigation of national insurance cyber events.
 - D. Monitor federal and international activities on cybersecurity engaging in efforts to manage and evaluate cybersecurity risk.
 - E. Coordinate NAIC committee cybersecurity work, including cybersecurity guidance developed by the Market Conduct Examination Guidelines (D) Working Group and the Information Technology (IT) Examination (E) Working Group.
 - F. Advise NAIC staff on the development of cybersecurity training for state insurance regulators.
 - G. Work with the Center for Insurance Policy and Research (CIPR) to receive updates on cybersecurity research efforts, by the CIPR and others, and to analyze publicly available cybersecurity-related information.
 - H. Support the states with implementation efforts related to the adoption of the *Insurance Data Security Model Law* (#668).
 - I. Coordinate with NAIC staff to facilitate intelligence-driven cybersecurity tabletop exercises with state departments of insurance (DOIs) providing input on scope and timing as necessary.

INNOVATION, CYBERSECURITY, AND TECHNOLOGY (H) COMMITTEE (Continued)

Cyber Insurance Charges

- A. Monitor industry trends pertaining to cyber insurance, including meeting with subject matter experts (SMEs) and evaluating data needs of state insurance regulators. Considerations should include the availability and affordability/pricing of cyber insurance, disclosures, limits and sub-limits in policies, policy language and trends in requirements, underwriting practices, and the role of reinsurance in the cyber insurance market.
 - B. Coordinate with NAIC work groups addressing cyber insurance related issues, such as the Casualty Actuarial and Statistical (C) Task Force.
 - C. Monitor federal and international activities related to cyber insurance and financing mechanisms for cyber risk.
 - D. Coordinate with NAIC staff to conduct analysis pursuant to the NAIC's Cyber Insurance Report. Review the NAIC's *Property & Casualty Annual Statement Cybersecurity and Identity Theft Supplement* recommending changes and/or developing reports to supplement data development as necessary. Consider and develop a guide for states on cyber insurance data analysis best practices.
4. The **Privacy Protections (H) Working Group** will:
- A. Use state insurance privacy protections regarding the collection, data ownership and use rights, and disclosure of information gathered in connection with insurance transactions to draft a new/revised Privacy Protections Model Act to replace/update NAIC models such as Model #670 and/or Model #672.
 - B. Monitor state, federal, and international activities on privacy, engaging in efforts to manage and evaluate privacy.
5. The **SupTech/GovTech Subgroup** will:
- A. Facilitate technology, innovation, and SupTech/GovTech presentations from leading technology companies for state insurance regulators to provide them with insights into cutting-edge technology and innovation.
 - B. Facilitate technology, innovation, and SupTech/GovTech presentations from specialized vendors for state insurance regulators to assist in identifying vendor solutions that may benefit regulators.
6. The **Third-Party Data and Models (H) Working Group** will:
- A. Develop and propose a framework for the regulatory oversight of third-party data and predictive models.
 - B. Monitor and report on state, federal, and international activities related to governmental oversight and regulation of third-party data and model vendors and their products and services. Provide recommendations to the Innovation, Cybersecurity, and Technology (H) Committee regarding responses to such activities.

NAIC Support Staff: Miguel Romero/Scott Sobel/Scott Morris

Draft: 3/11/25

To considered by the Executive (EX) Committee and Plenary, March 26, 2025

To considered by the Innovation, Cybersecurity, and Technology (H) Committee, March 26, 2025

2025 Amended Charges

~~THIRD-PARTY DATA AND MODELS (H) TASK FORCE~~

~~The mission of the Third-Party Data and Models (H) Task Force is to develop and propose an optimal regulatory framework for the regulatory oversight of third-party data and predictive models.~~

~~Ongoing Support of NAIC Programs, Products, or Services:~~

~~1. The **Third-Party Data and Models (H) Task Force** will:~~

- ~~A. Develop and propose a framework for the regulatory oversight of third-party data and predictive models.~~
- ~~B. Monitor and report on state, federal, and international activities related to governmental oversight and regulation of third-party data and model vendors and their products and services. Provide recommendations to the Innovation, Cybersecurity, and Technology (H) Committee regarding responses to such activities.~~

~~NAIC Support Staff: Kris DeFrain/Scott Sobel~~

Attachment Three

Executive (EX) Committee and Plenary

03/26/2025

Report of the Life Insurance and Annuities (A) Committee

The Life Insurance and Annuities (A) Committee met March 25, 2025. During this meeting, the Committee:

1. Adopted its 2024 Fall National Meeting minutes.
2. Heard a federal update that the Trump administration is not expected to defend the Biden-era fiduciary rule.
3. Received a status report on life insurance priorities:
 - a. Heard that annuity suitability enforcement training is being planned in conjunction with the 2025 Insurance Summit taking place in Kansas City, MO, in September.
 - b. Heard that the NAIC is exploring ways to make state insurance department administrative law decisions, especially decisions involving annuity suitability, easily accessible, whether through existing databases or the creation of a new database.
4. Adopted the report of the Life Actuarial (A) Task Force.
5. Heard a presentation from the Supervisory Authority of Insurance and Social Welfare (ACAPS) on life insurance and annuities in Morocco.
6. Heard a presentation from the Access to Insurance Initiative (A2ii) titled “Navigating the Asian Inclusive Life Insurance Market: Challenges and Opportunities for Growth.”
7. Discussed its next steps. The Committee plans to meet April 30 to discuss the work of the Special (EX) Committee on Race and Insurance’s Life Workstream and potential next steps.



Attachment Four
Executive (EX) Committee and Plenary
3/26/2025

Report of the Health Insurance and Managed Care (B) Committee

The Health Insurance and Managed Care (B) Committee will meet on March 26, 2025. During this meeting, the Committee anticipates it will:

1. Adopt its Feb. 28, 2025, and 2024 Fall National Meeting minutes. During its Feb. 28 meeting, the Committee and the Regulatory Framework (B) Task Force jointly adopted a motion to rename the Pharmaceutical Benefit Management Regulatory Issues (B) Working Group to the Prescription Drug Coverage (B) Working Group.
2. Adopt the report of the Consumer Information (B) Working Group, including its Feb. 6 minutes. During this meeting, the Working Group discussed potential 2025 work projects.
3. Adopt the report of the Health Innovations (B) Working Group.
4. Adopt the report of the Health Actuarial (B) Task Force.
5. Adopt the report of the Regulatory Framework (B) Task Force.
6. Adopt the report of the Senior Issues (B) Task Force.
7. Adopt revised 2025 charges for the Regulatory Framework (B) Task Force's Prescription Drug Coverage (B) Working Group.
8. Receive an update on the Long-Term Care Insurance Multistate Rate Review Framework (LTCI MSA Framework), which the former Long-Term Care Insurance (B) Task Force adopted revisions to during its Dec. 18, 2024, meeting. The Committee anticipates it will adopt the Task Force's Dec. 18 minutes but without adopting the revised LTCI MSA Framework.
9. Hear a presentation from Covered California on the enhanced federal Affordable Care Act (ACA) subsidy issue.
10. Hear a status update on the *Kennedy v. Braidwood Management Inc.* case.
11. Hear an update from the federal Centers for Medicare & Medicaid Services' (CMS') Center for Consumer Information and Insurance Oversight (CCIIO) on its recent activities of interest to the Committee.
12. Hear a discussion on next steps for transitioning the Special (EX) Committee on Race and Insurance's Health Workstream's work to the Committee.



Attachment Five
Executive (EX) Committee and Plenary
3/26/2025

Report of the Property and Casualty Insurance (C) Committee

The Property and Casualty Insurance (C) Committee will meet on March 26, 2025. During this meeting, the Committee anticipates it will:

1. Adopt its 2024 Fall National Meeting minutes.
2. Adopt its March 4 minutes. During this meeting, the Committee took the following action:
 - A. Adopted its 2025 revised charges, which included changing the Title Insurance (C) Task Force and Workers' Compensation (C) Task Force to working groups; disbanding the NAIC/International Association of Industrial Accident Boards and Commissions (IAIABC) Joint (C) Working Group; and appointing the Homeowners Market Data Call (C) Task Force.
3. Adopt the Title Insurance (C) Task Force's Oct. 4, 2024, minutes. During this meeting, the Task Force:
 - A. Adopted its 2025 proposed charges.
4. Discuss its 2025 priorities.
5. Adopt the following Task Force and Working Group reports:
 - A. Casualty Actuarial and Statistical (C) Task Force
 - B. Surplus Lines (C) Task Force
 - C. Cannabis Insurance (C) Working Group
 - D. Catastrophe Insurance (C) Working Group
 - E. Terrorism Insurance Implementation (C) Working Group
 - F. Title Insurance (C) Working Group
 - G. Transparency and Readability of Consumer Information (C) Working Group
 - H. Workers' Compensation (C) Working Group
6. Hear reports from Idaho, California, and Florida on recent homeowners insurance market activity.
7. Hear a federal update related to property/casualty (P/C) insurance issues.

Adopted by the Property and Casualty Insurance (C) Committee, Nov. 19, 2024

Adopted by the Transparency and Readability of Consumer Information (C) Working Group, Nov. 12, 2024

PREMIUM INCREASE TRANSPARENCY DISCLOSURE NOTICE GUIDANCE FOR STATES

For renewal premium that results or does not result from a capping procedure used by the insurer

Scope of Applicability

- (1) Disclosure applies to policies renewed on or after [Enter Date].
- (2) Disclosure applies to authorized insurers with these types of personal insurance policies:
 - a. Private passenger automobile coverage;
 - b. Homeowners coverage, including mobile homeowners, manufactured homeowners, condominium owners, and renter's coverage; and
 - c. Dwelling property coverage for owner occupied dwellings only
- (3) Disclosure applies to renewals of policies and will not apply to the purchase of new policies or new insurance applications.
- (4) Exemptions
 - a. Disclosure does not apply to personal insurance policies for coverage of boats, motorcycles, off-road vehicles, recreational vehicles, antique or collector vehicles, classic vehicles, and specialty vehicles.
 - b. This chapter does not apply to policyholder-initiated changes to insurance coverages, policies, or premiums such as policyholder-initiated changes to deductible, frequency of payments, or increase/decrease in what is covered.
 - c. This chapter does not apply to personal umbrella policies.
 - d. This chapter does not apply to notices required by the Federal Fair Credit Reporting Act (15 U.S.C. 1681 et. seq.).
 - e. Where a usage based or telematics program is being used, if a company has a process for routinely disclosing information to drivers on how their performance is impacting their rate, an additional disclosure is not required. Otherwise, a state should consider having these programs included in this disclosure, while keeping within state confidentiality laws.
 - f. For Phase Two, this chapter does not apply to insurance policies with a premium increase of less than \$100 annually.

Notification Thresholds

- (1) Phase One: Beginning [enter date], and effective until [enter date Phase One ends*], insurers must reasonably explain changes in premium for policies described in the Scope of Availability, upon written request by the policyholder, for any premium increase at renewal.

- (2) Phase Two: Beginning [enter date Phase Two begins], insurers must automatically provide premium change notices, with reasonable explanations and primary factors, disclosing the causes of premium increases for insurance policies for any premium increase of 10 percent or more, or upon written request by the policyholder for any premium increase at renewal. Automatic premium change notice applies to insurance policies with annual premium increases of \$100 or more.

[* The second phase implementation date should be decided by states based on a review of Phase One and implementation of Phase Two considerations.]

Administrative and Notification Requirements

- (1) For the first phase, insurers should notify policyholders of their right to request an explanation for their rate increase in accordance with their jurisdiction's requirements. For example, a state may want to provide guidance that a prominent disclaimer be at the beginning of the first page (for printed notices), or first screen (for electronic notices) and at or near the top of renewal billing statements indicating policyholders receiving an increase to their premiums at renewal can request an explanation by contacting the insurer in writing.
- (2) For the second phase, insurers must automatically send the disclosure notice at least 30 days prior to the renewal date if the policyholder receives at least a 10 percent premium increase at renewal. Disclosure notification may be included with the renewal notice or may be sent in a separate mailing, or by email (if the policyholder has elected to receive email notifications). Guidance for prominent disclosure remains the same as in Phase One.
- (3) For both phases:
 - a. Insurers should include a statement in notifications and/or explanations that the policyholder may contact their insurer to request additional information about premium increases.
 - b. Insurers should respond to a policyholder's written request for explanation of premium change no later than 30 calendar days from receipt of the written request.
 - c. Subsequent requests from a policyholder for additional information should be responded to no later than 20 calendar days. Insurers should make every effort to respond prior to the renewal date. However, there is no expectation that the premium due date will be altered.
- (4) Receipt and response dates may be indicated by either postmark or electronic timestamp, in accordance with each jurisdiction's requirements.
- (5) Insurers should include their contact information in all premium change notifications and explanations to policyholders and may include the producer's (if any) contact information.

- (6) Insurers should provide premium change notifications and explanations to policyholders in writing. Explanations or notices may be sent by mail or electronically.

Communication Standards

- (1) Insurers should provide sufficient information, including primary factors, in terms understandable to an average policyholder. Primary factors include:
- a. Auto-related factors: change in car garaging location, driving record, miles driven, number of drivers, and number of vehicles,
 - b. Property related factors: change in age, location, and value,
 - c. Demographic factors: change in age, credit history, education, gender, marital status, and occupation,
 - d. Other factors: change in claims history, discounts, fees and surcharges, premium capping, automatic inflationary increases, and updates to an insurer's rate plan.
 - e. In addition to primary factors, insurers may disclose additional factors that are applicable to the premium increase.
- (2) For the second phase, insurers must include the primary factors in the premium change notice processed for renewals, if applicable to the premium increase.
- (3) If insurers include composite rating variables in their premium change explanation, the premium increase attributed to the composite rating variables should be explained.
- (4) If insurers use estimated dollars, a reasonable explanation should be provided about the degree of accuracy the estimated dollars achieve.
- (5) Insurers may include premium change explanations for all premium increases beyond those required.
- (6) If an insurer already has a premium increase notification process acceptable to the State's regulator, the regulator may allow the insurer to continue to use the process that is in place.

Phase Two: Auto Insurance Policy Premium Increase Notice Example

Notice of Auto Premium Increase

Your current auto insurance policy premium is [\$1,175].

Each insurer files a rating plan with the state insurance department. According to the rating plan we filed with your state, your estimated renewal policy premium is [\$2,121].

[If the policy premium is capped, a statement such as the following must be included:]

However, the next time you renew your policy your premium increase will be limited to \$88, resulting in a renewal premium of \$1,257.

Your policy premium **will continue to increase with each of the next [how many] renewals** until it reaches \$2,121.

Remember there also are other rate factors that could cause your auto insurance premium to change in the future. For example, if you change your coverage, or if your personal and/or driving characteristics change, (such as your age* or any accidents or violations in the household), your policy premium could increase or decrease from the premium amounts stated above. [States that use drivers experience instead of age should substitute accordingly.]

Here are the major factors for this increase in your policy premium, along with the dollar impact of each of those reasons:

Factors for your policy premium increase and the dollar impact*

- **Factor 1 raised your premium \$A**
- **Factor 2 raised your premium \$B**
- **Factor 3 raised your premium \$C**
- **Factor 4 raised your premium \$D**
- **Factor 5 raised your premium \$E**

[* States may choose to exclude the requirement for insurers to specify each factor's dollar impact for the increase in premium. In these instances, insurers should include a statement informing policyholders they can contact a designated representative for details about the specific dollar impacts, along with the necessary contact information.]

Please call your agent or our Customer Service Representative at (xxx) xxx-xxxx with any questions.

Phase Two: Homeowners Insurance Policy Premium Increase Notice Example

Notice of Homeowners Premium Increase

Your current homeowners insurance policy premium is [\$1,175].

Each insurer files a rating plan with the state insurance department. According to the rating plan we filed with your state, your estimated renewal policy premium is [\$2,121].

[If the policy premium is capped, a statement such as the following must be included:]

However, the next time you renew your policy your premium increase will be limited to \$88, resulting in a renewal premium of \$1,257.

Your policy premium **will continue to increase with each of the next [how many] renewals** until it reaches \$2,121.

Remember there also are other rate factors that could cause your homeowners insurance premium to change in the future. For example, if you change your coverage, or if your personal and/or property risk characteristics change, (such as claims filed, age of the home and/or roof, the coverage A value, etc.) your policy premium could increase or decrease from the premium amounts stated above. [States may want to modify language to reflect their specific exposures, such as wildfires or other catastrophe exposures.]

Here are the major factors for this increase in your policy premium, along with the dollar impact of each of those reasons:

Factors for your policy premium increase and the dollar impact*

- **Factor 1 raised your premium \$A**
- **Factor 2 raised your premium \$B**
- **Factor 3 raised your premium \$C**
- **Factor 4 raised your premium \$D**
- **Factor 5 raised your premium \$E**

[* States may choose to exclude the requirement for insurers to specify each factor's dollar impact for the increase in premium. In these instances, insurers should include a statement informing policyholders they can contact a designated representative for details about the specific dollar impacts, along with the necessary contact information.]

Please call your agent or our Customer Service Representative at (xxx) xxx-xxxx with any questions.



Report of the Market Regulation and Consumer Affairs (D) Committee

The Market Regulation and Consumer Affairs (D) Committee will meet on March 26, 2025. During this meeting, the Committee anticipates it will:

1. Adopt its March 7, 2025, and 2024 Fall National Meeting minutes.
2. Hear a presentation on the National Insurance Producer Registry (NIPR) Attachment Warehouse. The Attachment Warehouse was developed at the request of the NAIC Members to eliminate the need for insurance producers to submit state-by-state hardcopy documents. In 2008, NIPR released Phase I of the Attachment Warehouse, which allowed producer applicants to submit supporting document(s) to a “yes” response to one or more of the background questions on the NAIC uniform license application(s). In 2009, NIPR released Phase II of the Attachment Warehouse to allow licensed producers to submit document(s) associated with an administrative, criminal, or civil action to satisfy the producer’s regulatory duty to report the action within 30 days to all jurisdictions in which the producer is actively licensed.
3. Receive an update on the new Pharmacy Benefit Management (D) Working Group, which focuses on drafting examination standards for inclusion in the *Market Regulation Handbook*, developing licensing and registration standards for pharmacy benefit managers (PBMs), establishing protocols for the collection and analysis of data related to PBM examinations, and market practices.
4. Receive an update on marketplace issues discussed by the Market Actions (D) Working Group.
5. Hear a panel discussion on wildfire insurance claims and market conduct issues from the California Department of Insurance (DOI), the Colorado Division of Insurance, United Policyholders (UP), the National Association of Mutual Insurance Companies (NAMIC), and the American Property Casualty Insurance Association (APCIA).
6. Adopt the following Task Force and Working Group reports:
 - A. Antifraud (D) Task Force
 - B. Producer Licensing (D) Task Force
 - C. Market Actions (D) Working Group
 - D. Market Analysis Procedures (D) Working Group
 - E. Market Conduct Annual Statement Blanks (D) Working Group
 - F. Market Conduct Examination Guidelines (D) Working Group
 - G. Market Information Systems (D) Working Group
 - H. Market Regulation Certification (D) Working Group
 - I. Pharmacy Benefit Management (D) Working Group
 - J. Speed to Market (D) Working Group

Draft: Oct. 12, 2023

Adopted by the Market Regulation and Consumer Affairs (D) Committee—Nov. 19, 2024
Adopted by the Producer Licensing (D) Task Force—Nov. 17, 2024

REQUEST FOR NAIC MODEL LAW DEVELOPMENT

This form is intended to gather information to support the development of a new model law or amendment to an existing model law. Prior to development of a new or amended model law, approval of the respective Parent Committee and the NAIC's Executive Committee is required. The NAIC's Executive Committee will consider whether the request fits the criteria for model law development. Please complete all questions and provide as much detail as necessary to help in this determination.

Please check whether this is: New Model Law or Amendment to Existing Model

1. Name of group to be responsible for drafting the model:

Producer Licensing (D) Task Force

2. NAIC staff support contact information:

Market Regulation and Consumer Affairs (D) Committee – Tim Mullen/Randy Helder
Producer Licensing (D) Task Force – Tim Mullen/Greg Welker

3. Please provide a brief description of the proposed new model or the amendment(s) to the existing model. If you are proposing a new model, please also provide a proposed title. If an existing model law, please provide the title, attach a current version to this form and reference the section(s) proposed to be amended.

Proposed amendments to the *Public Adjuster Licensing Model Act* (#228):

The model will be 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.

4. Does the model law meet the Model Law Criteria? Yes or No (Check one)

(If answering no to any of these questions, please reevaluate charge and proceed accordingly to address issues).

a. Does the subject of the model law necessitate a national standard and require uniformity amongst all states? Yes or No (Check one)

If yes, please explain why: Forty-six states license public adjusters and public adjusters are often licensed in multiple jurisdictions. Because of this, the adoption of uniform standards governing the licensing and conduct of public adjusters is an important consumer protection.

b. Does Committee believe NAIC members should devote significant regulator and Association resources to educate, communicate and support this model law?

Yes or No (Check one)

5. What is the likelihood that your committee will be able to draft and adopt the model law within one year from the date of Executive Committee approval?

1 2 3 4 5 (Check one)

High Likelihood

Low Likelihood

Explanation, if necessary:

6. What is the likelihood that a minimum two-thirds majority of NAIC members would ultimately vote to adopt the proposed model law?

1 2 3 4 5 (Check one)

High Likelihood

Low Likelihood

Explanation, if necessary:

7. What is the likelihood that state legislatures will adopt the model law in a uniform manner within three years of adoption by the NAIC?

1 2 3 4 5 (Check one)

High Likelihood

Low Likelihood

Explanation, if necessary:

8. Is this model law referenced in the NAIC Accreditation Standards? If so, does the standard require the model law to be adopted in a substantially similar manner?

No

9. Is this model law in response to or impacted by federal laws or regulations? If yes, please explain.

No

Draft: Dec. 13, 2024

Adopted by the Market Regulation and Consumer Affairs (D) Committee—Nov. 19, 2024

Adopted by the Producer Licensing (D) Task Force—Nov. 17, 2024

Adopted by the Public Adjuster Licensing (D) Working Group—July 17, 2024

PUBLIC ADJUSTER LICENSING MODEL ACT

Table of Contents

Section 1.	Purpose and Scope
Section 2.	Definitions
Section 3.	License Required
Section 4.	Application for License
Section 5.	Resident License
Section 6.	Examination
Section 7.	Exemptions from Examination
Section 8.	Nonresident License Reciprocity
Section 9.	License
Section 10.	Apprentice Public Adjuster License [Optional]
Section 11.	License Denial, Nonrenewal, or Revocation
Section 12.	Bond or Letter of Credit
Section 13.	Continuing Education
Section 14.	Public Adjuster Fees
Section 15.	Contract Between Public Adjuster and Insured
Section 16.	Unlicensed Actors
Section 17.	Escrow or Trust Accounts
Section 18.	Record Retention
Section 19.	Standards of Conduct of Public Adjuster
Section 20.	Reporting of Actions
Section 21.	Regulations
Section 22.	Severability
Section 23.	Effective Date

Section 1. Purpose and Scope

This Act governs the qualifications and procedures for the licensing of public adjusters. It specifies the duties of and restrictions on public adjusters, which include limiting their licensure to assisting insureds in first party claims, excluding claims for personal or commercial auto lines of insurance.

Drafting Note: It is recommended that any statute or regulation inconsistent with this Act be repealed or amended.

Drafting Note: This Act also requires a report to the insurance commissioner of any action in another jurisdiction against either the public adjuster license or licensee.

Drafting Note: This Act is not intended to apply to the settlement of claims for personal or commercial auto lines of insurance.

Section 2. Definitions

- A. "Apprentice public adjuster" means the one who is qualified in all respects as a public adjuster except as to experience, education and/or training.
- B. "Business entity" means a corporation, association, partnership, limited liability company, limited liability partnership or other legal entity.
- C. "Catastrophic disaster" according to the Federal Response Plan, means an event that results in large numbers of deaths and injuries; causes extensive damage or destruction of facilities that provide and sustain human needs; produces an overwhelming demand on state and local response resources and mechanisms; causes a severe long-term effect on general economic activity; and severely affects state, local and private sector capabilities to begin and sustain response activities. A catastrophic disaster shall be declared by the President of the United States or the Governor of the state or district in which the disaster occurred.
- D. "Fingerprints" for the purposes of this act, means an impression of the lines on the finger taken for purpose of identification. The impression may be electronic or in ink converted to electronic format.
- E. "Home state" means the District of Columbia and any state or territory of the United States in which the public adjuster's principal place of residence or principal place of business is located. If neither the state in which the public adjuster maintains the principal place of residence nor the state in which the public adjuster maintains the principal place of business has a substantially similar law governing public adjusters, the public adjuster may declare another state in which it becomes licensed and acts as a public adjuster to be the 'home state.'
- F. "Individual" means a natural person.
- G. "Person" means an individual or a business entity.
- H. "Public adjuster" means any person who, for compensation or any other thing of value on behalf of the insured:
 - (1) Acts or aids, solely in relation to first party claims arising under insurance contracts that insure the real or personal property of the insured, on behalf of an insured in negotiating for, or effecting the settlement of, a claim for loss or damage covered by an insurance contract;
 - (2) Advertises for employment as a public adjuster of insurance claims or solicits business or represents himself or herself to the public as a public adjuster of first party insurance claims for losses or damages arising out of policies of insurance that insure real or personal property; or
 - (3) Directly or indirectly solicits business, investigates or adjusts losses, or advises an insured about first party claims for losses or damages arising out of policies of insurance that insure real or personal property for another person engaged in the business of adjusting losses or damages covered by an insurance policy, for the insured.

- I. “Uniform individual application” means the current version of the National Association of Insurance Commissioners (NAIC) Uniform Individual Application for resident and nonresident individuals.
- J. [Optional] “Uniform business entity application” means the current version of the National Association of Insurance Commissioners (NAIC) Uniform Business Entity Application for resident and nonresident business entities.

Drafting Note: Subsection J is optional and would apply only to those states that have a business entity license requirement.

Drafting Note: If any term is similarly defined in a relevant section of the state’s insurance code, do not include the definition of the term in this Act or, in the alternative, reference the statute: “[term] is defined in [insert appropriate reference to state law or regulation].”

Section 3. License Required

- A. A person shall not act, hold themselves out as a public adjuster, solicit, or negotiate a contract for public adjusting services in this state unless the person is licensed as a public adjuster in accordance with this Act.
- B. A person licensed as a public adjuster shall not misrepresent to a claimant that they are an adjuster representing an insurer in any capacity, including acting as an employee of the insurer or acting as an independent adjuster unless so appointed by an insurer in writing to act on the insurer’s behalf for that specific claim or purpose. A licensed public adjuster is prohibited from charging that specific claimant a fee when appointed by the insurer and the appointment is accepted by the public adjuster.
- C. A business entity acting as a public adjuster is required to obtain a public adjuster license. Application shall be made using the Uniform Business Entity Application. Before approving the application, the insurance commissioner shall find that:
 - (1) The business entity has paid the fees set forth in [insert appropriate reference to state law or regulation]; and
 - (2) The business entity has designated a licensed public adjuster responsible for the business entity’s compliance with the insurance laws, rules and regulations of this state.

Drafting Note: Subsection C is optional and would apply only to those states that have a business entity license requirement.

- D. Notwithstanding subsection A through C, a license as a public adjuster shall not be required of the following:
 - (1) An attorney-at-law admitted to practice in this state, when acting in his or her professional capacity as an attorney;
 - (2) A person who negotiates or settles claims arising under a life or health insurance policy or an annuity contract;

- (3) A person employed only for the purpose of obtaining facts surrounding a loss or furnishing technical assistance to a licensed public adjuster, including photographers, estimators, private investigators, engineers and handwriting experts;
- (4) A licensed health care provider, or employee of a licensed health care provider, who prepares or files a health claim form on behalf of a patient; or
- (5) A person who settles subrogation claims between insurers.

Section 4. Application for License

- A. A person applying for a public adjuster license shall make application to the commissioner on the appropriate uniform application or other application prescribed by the commissioner.
- B. The applicant shall declare under penalty of perjury and under penalty of refusal, suspension or revocation of the license that the statements made in the application are true, correct and complete to the best of the applicant's knowledge and belief.
- C. In order to make a determination of license eligibility, the insurance commissioner is authorized to require fingerprints of applicants and submit the fingerprints and the fee required to perform the criminal history record checks to the state identification bureau (or state department of justice public state agency) and the Federal Bureau of Investigation (FBI) for state and national criminal history record checks; the insurance commissioner shall require a criminal history record check on each applicant in accordance with this Act. The insurance commissioner shall require each applicant to submit a full set of fingerprints in order for the insurance commissioner to obtain and receive National Criminal History Records from the FBI Criminal Justice Information Services Division.
 - (1) The insurance commissioner may contract for the collection, transmission and resubmission of fingerprints required under this section. If the commissioner does so, the fee for collecting, transmitting and retaining fingerprints shall be payable directly to the contractor by the person. The insurance commissioner may agree to a reasonable fingerprinting fee to be charged by the contractor.
 - (2) The insurance commissioner may waive submission of fingerprints by any person that has previously furnished fingerprints and those fingerprints are on file with the Central Repository of the NAIC, its affiliates or subsidiaries.
 - (3) The insurance commissioner is authorized to receive criminal history record information in lieu of the [insert reference to Department of Justice/Public Safety Agency] that submitted the fingerprints to the FBI.
 - (4) The insurance commissioner is authorized to submit electronic fingerprint records and necessary identifying information to the NAIC, its affiliates or subsidiaries for permanent retention in a centralized repository. The purpose of such a centralized repository is to provide insurance commissioners with access to fingerprint records in order to perform criminal history record checks.

Drafting Note: The FBI requires that fingerprints be submitted to the state Department of Law Enforcement, Public Safety or Criminal Justice for a check of state records before the fingerprints are submitted to the FBI for a criminal history check. The FBI recommends all fingerprint submissions to be in an electronic format. The FBI has approved the language in Section 4 (C) to authorize a state identification bureau to submit fingerprints on behalf of its applicants in conjunction with licensing and employment.

Drafting Note: If the state has adopted the Producer Licensing Model Act, it may not be necessary to adopt this section. Rather, the state may want to amend its relevant insurance producer statute to include public adjusters.

Drafting Note: This provision does not permit the sharing of criminal history record information with the NAIC or other insurance commissioners as such sharing of information is prohibited by 28 CFR 20.33.

Section 5. Resident License

- A. Before issuing a public adjuster license to an applicant under this section, the commissioner shall find that the applicant:
 - (1) Is eligible to designate this state as his or her home state or is a nonresident who is not eligible for a license under Section 8;
 - (2) Has not committed any act that is a ground for denial, suspension or revocation of a license as set forth in Section 11;
 - (3) Is trustworthy, reliable, and of good reputation, evidence of which may be determined by the commissioner;
 - (4) Is financially responsible to exercise the license and has provided proof of financial responsibility as required in Section 12 of this Act;
 - (5) Has paid the fees set forth in [insert appropriate reference to state law or regulation]; and
 - (6) Maintains an office in the home state of residence with public access by reasonable appointment and/or regular business hours. This includes a designated office within a home state of residence.

- B. In addition to satisfying the requirements of Subsection A, an individual shall
 - (1) Be at least eighteen (18) years of age; and
 - (2) Have successfully passed the public adjuster examination.
 - (3) Designate a licensed individual public adjuster responsible for the business entity's compliance with the insurance laws, rules, and regulations of this state; and
 - (4) Designate only licensed individual public adjusters to exercise the business entity's license.

Drafting Note: Subsection C is optional and would apply only to those states that have a business entity license requirement. C's PLMA Section 6B.

- C. The commissioner may require any documents reasonably necessary to verify the information contained in the application.

Section 6. Examination

- A. An individual applying for a public adjuster license under this act shall pass a written examination unless exempt pursuant to Section 7. The examination shall test the knowledge of the individual concerning the duties and responsibilities of a public adjuster and the insurance laws and regulations of this state. Examinations required by this section shall be developed and conducted under rules and regulations prescribed by the commissioner.
- B. The commissioner may make arrangements, including contracting with an outside testing service, for administering examinations and collecting the nonrefundable fee set forth in [insert appropriate reference to state law or regulation].
- C. Each individual applying for an examination shall remit a non-refundable fee as prescribed by the commissioner as set forth in [insert appropriate reference to state law or regulation].
- D. An individual who fails to appear for the examination as scheduled or fails to pass the examination, shall reapply for an examination and remit all required fees and forms before being rescheduled for another examination.

Drafting Note: A state may wish to prescribe by regulation limitations on the frequency of application for examination in addition to other prelicensing requirements.

Drafting Note: If the state has adopted the Producer Licensing Model Act, it may not be necessary to adopt this section. Rather, the state may want to amend its relevant insurance producer statute to include public adjusters.

Section 7. Exemptions from Examination

- A. An individual who applies for a public adjuster license in this state who was previously licensed as a public adjuster in another state based on an public adjuster examination shall not be required to complete any prelicensing examination. This exemption is only available if the person is currently licensed in that state or if the application is received within twelve (12) months of the cancellation of the applicant's previous license and if the prior state issues a certification that, at the time of cancellation, the applicant was in good standing in that state or the state's producer database records or records maintained by the NAIC, its affiliates, or subsidiaries, indicate that the public adjuster is or was licensed in good standing.
- B. A person licensed as a public adjuster in another state based on an public adjuster examination who moves to this state shall make application within ninety (90) days of establishing legal residence to become a resident licensee pursuant to Section 5. No prelicensing examination shall be required of that person to obtain a public adjuster license.
- C. An individual who applies for a public adjuster license in this state who was previously licensed as a public adjuster in this state shall not be required to complete any prelicensing examination. This exemption is only available if the application is received within twelve (12) months of the cancellation of the applicant's previous license in this state and if, at the time of cancellation, the applicant was in good standing in this state.

Drafting Note: If the state has adopted the Producer Licensing Model Act, it may not be necessary to adopt this section. Rather, the state may want to amend its relevant insurance producer statute to include public adjusters.

Section 8. Nonresident License Reciprocity

- A. Unless denied licensure pursuant to Section 11, a nonresident person shall receive a nonresident public adjuster license if:
 - (1) The person is currently licensed as a resident public adjuster and in good standing in his or her home state;
 - (2) The person has submitted the proper request for licensure, has paid the fees required by [insert appropriate reference to state law or regulation] [NAIC's PLMA Section 8A(2)], and has provided proof of financial responsibility as required in Section 12 of this Act;
 - (3) The person has submitted or transmitted to the commissioner the appropriate completed application for licensure; and
 - (4) The person's home state awards non-resident public adjuster licenses to residents of this state on the same basis.
- B. The commissioner may verify the public adjuster's licensing status through the producer database maintained by the NAIC, its affiliates, or subsidiaries.
- C. As a condition to continuation of a public adjuster license issued under this section, the licensee shall maintain a resident public adjuster license in his or her home state. The non-resident public adjuster license issued under this section shall terminate and be surrendered immediately to the commissioner if the home state public adjuster license terminates for any reason, unless the public adjuster has been issued a license as a resident public adjuster in his or her new home state. Notification to the state or states where non-resident license is issued must be made as soon as possible, yet no later than thirty (30) days of change in new state resident license. Licensee shall include new and old address. A new state resident license is required for non-resident licenses to remain valid. The new state resident license must have reciprocity with the licensing non-resident state(s) for the non-resident license not to terminate.

Drafting Note: If the state has adopted the PLMA, it may not be necessary to adopt this section. Rather, the state may want to amend its relevant insurance producer statute to include public adjusters.

Section 9. License

- A. Unless denied licensure under this Act, persons who have met the requirements of this Act shall be issued a public adjuster license.
- B. A public adjuster license shall remain in effect unless revoked, terminated or suspended as long as the request for renewal and fee set forth in [insert appropriate reference to state law or regulation] is paid and any other requirements for license renewal are met by the due date.
- C. The licensee shall inform the commissioner by any means acceptable to the commissioner of a change of address, change of legal name, or change of information submitted on the application within thirty (30) days of the change.

- D. A licensed public adjuster shall be subject to [cite state’s Unfair Claims Settlement Act and state’s Trade Practices and Fraud sections of the Insurance Code].
- E. A public adjuster who allows his or her license to lapse may, within twelve (12) months from the due date of the renewal, be issued a new public adjuster license upon the commissioner’s receipt of the request for renewal. However, a penalty in the amount of double the unpaid renewal fee shall be required for the issue of the new public adjuster license. The new public adjuster license shall be effective the date the commissioner receives the request for renewal and the late payment penalty.
- F. Any public adjuster licensee that fails to apply for renewal of a license before expiration of the current license shall pay a lapsed license fee of twice the license fee and be subject to other penalties as provided by law before the license will be renewed. If the Department receives the request for reinstatement and the required lapsed license fee within sixty (60) days of the date the license lapsed, the Department shall reinstate the license retroactively to the date the license lapsed. If the Department receives the request for reinstatement and the required lapsed license fee after sixty (60) days but within one year of the date the license lapsed, the Department shall reinstate the license prospectively with the date the license is reinstated. If the person applies for reinstatement more than one year from date of lapse, the person shall reapply for the license under this Act.
- G. A licensed public adjuster who is unable to comply with license renewal procedures due to military service, a long-term medical disability, or some other extenuating circumstance, may request a waiver of those procedures. The public adjuster may also request a waiver of any examination requirement, fine, or other sanction imposed for failure to comply with renewal procedures.

Drafting Note: References to license “renewal” should be deleted in those states that do not require license renewal.

- H. The license shall contain the licensee’s name, city and state of business address, personal identification number, the date of issuance, the expiration date, and any other information the commissioner deems necessary.
- I. In order to assist in the performance of the commissioner’s duties, the commissioner may contract with non-governmental entities, including the NAIC or any affiliates or subsidiaries that the NAIC oversees, to perform any ministerial functions, including the collection of fees and data, related to licensing that the commissioner may deem appropriate.]

Drafting Note: If the state has adopted the Producer Licensing Model Act, it may not be necessary to adopt this section. Rather, the state may want to amend its relevant insurance producer statute to include public adjusters.

Section 10. Apprentice Public Adjuster License (Optional)

- A. The apprentice public adjuster license is an optional license to facilitate the training necessary to ensure reasonable competency to fulfill the responsibilities of a public adjuster as defined in [insert state statute].
- B. The apprentice public adjuster license shall be subject to the following terms and conditions:

- (1) An attestation/certification from a licensed public adjuster (licensee) shall accompany an application for an initial apprentice public adjuster license assuming responsibility for all actions of such applicant;
- (2) The apprentice public adjuster is authorized to adjust claims in the state that has issued licensure only;
- (3) The apprentice public adjuster shall not be required to take and successfully complete the prescribed public adjuster examination;
- (4) The licensee shall at all times be an employee of a public adjuster and subject to training, direction, and control by a licensed public adjuster;
- (5) The apprentice public adjuster license is for a period not to exceed twelve (12) months, the license shall not be renewed;
- (6) The licensee is restricted to participation in factual investigation, tentative closing and solicitation of losses subject to the review and final determination of a licensed public adjuster;
- (7) Compensation of an apprentice public adjuster shall be on a salaried or hourly basis only; and
- (8) The licensee shall be subject to suspension, revocation, or conditions in accordance with [Insert state laws].

Section 11. License Denial, Non-Renewal, or Revocation

- A. The commissioner may place on probation, suspend, revoke or refuse to issue or renew a public adjuster's license or may levy a civil penalty in accordance with [insert appropriate reference to state law] or any combination of actions, for any one or more of the following causes:
- (1) Providing incorrect, misleading, incomplete, or materially untrue information in the license application;
 - (2) Violating any insurance laws, or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner;
 - (3) Obtaining or attempting to obtain a license through misrepresentation or fraud;
 - (4) Improperly withholding, misappropriating, or converting any monies or properties received in the course of doing insurance business;
 - (5) Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance;
 - (6) Having been convicted of a felony;
 - (7) Having admitted or been found to have committed any insurance unfair trade practice or

insurance fraud;

- (8) Using fraudulent, coercive or dishonest practices; or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere;
- (9) Having an insurance license, or its equivalent, denied, suspended, or revoked in any other state, province, district or territory;
- (10) Forging another's name to an application for insurance or to any document related to an insurance transaction;
- (11) Cheating, including improperly using notes or any other reference material, to complete an examination for an insurance license;
- (12) Knowingly accepting insurance business from an individual who is not licensed but who is required to be licensed by the commissioner;
- (13) Failing to comply with an administrative or court order imposing a child support obligation; or
- (14) Failing to pay state income tax or comply with any administrative or court order directing payment of state income tax.

Drafting Note: Paragraph (14) is for those states that have a state income tax.

- B. In the event that the action by the commissioner is to deny an application for or not renew a license, the commissioner shall notify the applicant or licensee and advise, in writing, the applicant or licensee of the reason for the non-renewal or denial of the applicant's or licensee's license. The applicant or licensee may make written demand upon the commissioner within [insert appropriate time period from state's administrative procedure act] for a hearing before the commissioner to determine the reasonableness of the commissioner's action. The hearing shall be held within [insert time period from state law] and shall be held pursuant to [insert appropriate reference to state law].
- C. The license of a business entity may be suspended, revoked or refused if the commissioner finds, after hearing, that an individual licensee's violation was known or should have been known by one or more of the partners, officers or managers acting on behalf of the business entity and the violation was neither reported to the commissioner nor corrective action taken.
- D. In addition to or in lieu of any applicable denial, suspension or revocation of a license, a person may, after hearing, be subject to a civil fine according to [insert appropriate reference to state law].
- E. The commissioner shall retain the authority to enforce the provisions of and impose any penalty or remedy authorized by this Act and Title [insert appropriate reference to state law] against any person who is under investigation for or charged with a violation of this Act or Title [insert appropriate reference to state law] even if the person's license or registration has been surrendered or has lapsed by operation of law.

Drafting Note: If the state has adopted the Producer Licensing Model Act, it may not be necessary to adopt this section. The state may want to amend its relevant insurance producer statute to include public adjusters.

Section 12. Bond or Letter of Credit

Prior to issuance of a license as a public adjuster and for the duration of the license, the applicant shall secure evidence of financial responsibility in a format prescribed by the insurance commissioner through a security bond or irrevocable letter of credit:

- A. A surety bond executed and issued by an insurer authorized to issue surety bonds in this state, which bond:
 - (1) Shall be in the minimum amount of \$20,000;
 - (2) Shall be in favor of this state and shall specifically authorize recovery by the commissioner on behalf of any person in this state who sustained damages as the result of erroneous acts, failure to act, conviction of fraud, or conviction of unfair practices in his or her capacity as a public adjuster; and
 - (3) Shall not be terminated unless at least thirty (30) days' prior written notice will have been filed with the commissioner and given to the licensee.
- B. An irrevocable letter of credit issued by a qualified financial institution, which letter of credit:
 - (1) Shall be in the minimum amount of \$20,000;
 - (2) Shall be to an account to the commissioner and subject to lawful levy of execution on behalf of any person to whom the public adjuster has been found to be legally liable as the result of erroneous acts, failure to act, fraudulent acts, or unfair practices in his or her capacity as a public adjuster; and
 - (3) Shall not be terminated unless at least thirty (30) days' prior written notice will have been filed with the commissioner and given to the licensee.
- C. The issuer of the evidence of financial responsibility shall notify the commissioner upon termination of the bond or letter of credit, unless otherwise directed by the commissioner.
- D. The commissioner may ask for the evidence of financial responsibility at any time he or she deems relevant.
- E. The authority to act as a public adjuster shall automatically terminate if the evidence of financial responsibility terminates or becomes impaired.

Section 13. Continuing Education

- A. An individual who holds a public adjuster license and who is not exempt under Subsection B of this section, shall satisfactorily complete a minimum of twenty-four (24) hours of continuing education courses, including ethics, reported on a biennial basis in conjunction with the license renewal cycle.
- B. This section shall not apply to:

- (1) Licensees not licensed for one full year prior to the end of the applicable continuing education biennium; or
 - (2) Licensees holding nonresident public adjuster licenses who have met the continuing education requirements of their home state and whose home state gives credit to residents of this state on the same basis.
- C. Only continuing education courses approved by the commissioner shall be used to satisfy the continuing education requirement of Subsection A.

Section 14. Public Adjuster Fees

D

- A. A public adjuster shall not pay a commission, service fee or other valuable consideration to a person for investigating or settling claims in this state if that person is required to be licensed under this Act and is not so licensed.
- B. A person shall not accept a commission, service fee or other valuable consideration for investigating or settling claims in this state if that person is required to be licensed under this Act and is not so licensed.
- C. A public adjuster may pay or assign commission, service fees or other valuable consideration to persons who do not investigate or settle claims in this state, unless the payment would violate [insert appropriate reference to state law, i.e. citation to anti-rebating statute or sharing commission statute, if applicable].
- D. There shall be limits on fees. No public adjuster shall charge, agree to or accept as compensation or reimbursement any payment, commission, fee, or another thing of value equal to more than ten percent (10%) for any catastrophic insurance claim settlement, and no more than fifteen percent (15%) for any insurance claim settlement. No public adjuster shall require, demand or accept any fee, retainer, compensation, deposit, or other thing of value, prior to settlement of a claim.

Section 15. Contract Between Public Adjuster and Insured

- A. Public adjusters shall ensure that all contracts for their services are in writing and contain the following terms:
 - (1) Legible full name of the adjuster signing the contract, as specified in Department of Insurance records;
 - (2) Permanent home state business address and phone number;
 - (3) Department of Insurance license number;

- (4) Title of “Public Adjuster Contract”;
 - (5) The insured’s full name, street address, insurance company name and policy number, if known or upon notification;
 - (6) A description of the loss and its location, if applicable;
 - (7) Description of services to be provided to the insured;
 - (8) Signatures of the public adjuster and the insured;
 - (9) Date contract was signed by the public adjuster and date the contract was signed by the insured;
 - (10) Attestation language stating that the public adjuster is fully bonded pursuant to state law; and
 - (11) Full salary, fee, commission, compensation or other considerations the public adjuster is to receive for services.
- B. The contract may specify that the public adjuster shall be named as a co-payee on an insurer’s payment of a claim.
- (1) If the compensation is based on a share of the insurance settlement, the exact percentage shall be specified.
 - (2) Initial expenses to be reimbursed to the public adjuster from the proceeds of the claim payment shall be specified by type, with dollar estimates set forth in the contract and with any additional expenses first approved by the insured.
 - (3) Compensation provisions in a public adjusting contract shall not be redacted in any copy of the contract provided to the commissioner. Such a redaction shall constitute an omission of material fact in violation of [insert reference to relevant state law].
- C. If the insurer, not later than seventy-two (72) hours after the date on which the loss is reported to the insurer, either pays or commits in writing to pay to the insured the policy limit of the insurance policy, the public adjuster shall:
- (1) Not receive a commission consisting of a percentage of the total amount paid by an insurer to resolve a claim;
 - (2) Inform the insured that loss recovery amount might not be increased by insurer; and
 - (3) Be entitled only to reasonable compensation from the insured for services provided by the public adjuster on behalf of the insured, based on the time spent on a claim and expenses incurred by the public adjuster, until the claim is paid or the insured receives a written commitment to pay from the insurer.
- D. A public adjuster contract may not contain any contract term that:

- (1) Allows the public adjuster's percentage fee to be collected when money is due from an insurance company, but not paid, or that allows a public adjuster to collect the entire fee from the first check issued by an insurance company, rather than as percentage of each check issued by an insurance company;
 - (2) Requires the insured to authorize an insurance company to issue a check only in the name of the public adjuster;
 - (3) Imposes collection costs or late fees; or
 - (4) Precludes a public adjuster from pursuing civil remedies.
- E. Prior to the signing of the contract the public adjuster shall provide the insured with a separate disclosure document regarding the claim process that states:
- (1) Property insurance policies obligate the insured to present a claim to his or her insurance company for consideration. There are three (3) types of adjusters that could be involved in that process. The definitions of the three types are as follows:
 - (a) "Company adjuster" means the insurance adjusters who are employees of an insurance company. They represent the interest of the insurance company and are paid by the insurance company. They will not charge you a fee.
 - (b) "Independent adjuster" means the insurance adjusters who are hired on a contract basis by an insurance company to represent the insurance company's interest in the settlement of the claim. They are paid by your insurance company. They will not charge you a fee.
 - (c) "Public adjuster" means the insurance adjusters who do not work for any insurance company. They work for the insured to assist in the preparation, presentation and settlement of the claim. The insured hires them by signing a contract agreeing to pay them a fee or commission based on a percentage of the settlement, or other method of compensation.
 - (2) The insured is not required to hire a public adjuster to help the insured meet his or her obligations under the policy, but has the right to do so.
 - (3) The insured has the right to initiate direct communications with the insured's attorney, the insurer, the insurer's adjuster, and the insurer's attorney, or any other person regarding the settlement of the insured's claim.
 - (4) The public adjuster is not a representative or employee of the insurer.
 - (5) The salary, fee, commission or other consideration is the obligation of the insured, not the insurer.
- F. The contracts shall be executed in duplicate to provide an original contract to the public adjuster, and an original contract to the insured. The public adjuster's original contract shall be available at all times for inspection without notice by the commissioner.

- G. The public adjuster shall provide the insurer a notification letter, which has been signed by the insured, authorizing the public adjuster to represent the insured's interest. The insurer shall verify the public adjuster holds a valid license with the Department of Insurance.
- H. The public adjuster shall give the insured written notice of the insured's right as provided in [cite the state consumer protection laws].
- I. The insured has the right to rescind the contract within three (3) business days after the date the contract was signed. The rescission shall be in writing and mailed or delivered to the public adjuster at the address in the contract within the three (3) business day period.
- J. If the insured exercises the right to rescind the contract, anything of value given by the insured under the contract will be returned to the insured within fifteen (15) business days following the receipt by the public adjuster of the cancellation notice.
- K. Subject to its terms relating to assignability, a property insurance policy, whether heretofore or hereafter issued, under the terms of which the policy and its rights and benefits are assignable, may provide that the rights and benefits under the insurance may only be assigned to a person who has the legal authority to represent the named insured, or to a subsequent owner of the property to whom title is transferred, and may explicitly prohibit assignment of rights and benefits to any other person, including a property repair contractor. For purposes of this subsection, having "legal authority to represent the named insured" includes the person named by the named insured as having the named insured's power of attorney, the person who is the named insured's licensed public adjuster, or any other comparable person. Property repair contractors operating in this state may not subvert the public adjuster licensing requirements of [insert appropriate reference to state law] through the acquisition of a power of attorney from the named insured.

Drafting Note: The details in this section should comply with your state's consumer protection contract rescission law.

Section 16. Unlicensed Actors

A person or entity commits a fraudulent insurance act if he or she:

- A. Represents or advertises himself to be a public adjuster who has not met the requirements of licensure under [insert appropriate reference to state law].
- B. Conducts business for which a license is required under this Act without a license.

Section 17. Escrow or Trust Accounts

A public adjuster who receives, accepts or holds any funds on behalf of an insured, towards the settlement of a claim for loss or damage, shall deposit the funds in a non-interest bearing escrow or trust account in a financial institution that is insured by an agency of the federal government in the public adjuster's home state or where the loss occurred.

Section 18. Record Retention

- A. A public adjuster shall maintain a complete record of each transaction as a public adjuster. The

records required by this section shall include the following:

- (1) Name of the insured;
 - (2) Date, location and amount of the loss;
 - (3) Copy of the contract between the public adjuster and insured;
 - (4) Name of the insurer, amount, expiration date and number of each policy carried with respect to the loss;
 - (5) Itemized statement of the insured's recoveries;
 - (6) Itemized statement of all compensation received by the public adjuster, from any source whatsoever, in connection with the loss;
 - (7) A register of all monies received, deposited, disbursed, or withdrawn in connection with a transaction with an insured, including fees transfers and disbursements from a trust account and all transactions concerning all interest bearing accounts;
 - (8) Name of public adjuster who executed the contract;
 - (9) Name of the attorney representing the insured, if applicable, and the name of the claims representatives of the insurance company; and
 - (10) Evidence of financial responsibility in a format prescribed by the insurance commissioner.
- B. Records shall be maintained for at least five (5) years after the termination of the transaction with an insured and shall be open to examination by the commissioner at all times.
- C. Records submitted to the commissioner in accordance with this section that contain information identified in writing as proprietary by the public adjuster shall be treated as confidential by the commissioner and shall not be subject to [insert reference to open record laws] of this state.

Section 19. Standards of Conduct of Public Adjuster

- A. A public adjuster is obligated, under his or her license, to serve with objectivity and complete loyalty the interest of his client alone; and to render to the insured such information, counsel and service, as within the knowledge, understanding and opinion in good faith of the licensee, as will best serve the insured's insurance claim needs and interest.
- B. A public adjuster shall not solicit, or attempt to solicit, an insured during the progress of a loss-producing occurrence, as defined in the insured's insurance contract.
- C. A public adjuster shall not advertise or infer damage unless an inspection of the property has been completed.
- D. A public adjuster shall not offer to pay an insured's deductible, or claim the insured's deductible will be waived, as an inducement to using the services of a public adjuster.
- E. A public adjuster shall not permit an unlicensed employee or representative of the public adjuster to conduct business for which a license is required under this Act.
- F. A public adjuster shall not have a direct or indirect financial interest in any aspect of the claim, other than the salary, fee, commission or other consideration established in the written contract with the insured.
- G. A public adjuster shall not acquire any interest in salvage of property subject to the contract with the insured.
- H. The public adjuster shall abstain from referring or directing the insured to get needed repairs or services in connection with a loss from any person
 - (1) With whom the public adjuster has a financial interest; or
 - (2) From whom the public adjuster may receive direct or indirect compensation for the referral.

Drafting Note: Optional language for Subsection F: "Licensees may not solicit a client for employment between the hours of ___ pm and ___ am."

- I. Any compensation or anything of value in connection with an insured's specific loss that will be received by a public adjuster shall be disclosed by the public adjuster to the insured in writing including the source and amount of any such compensation.
- J. Public adjusters shall adhere to the following general ethical requirements:
 - (1) A public adjuster shall not undertake the adjustment of any claim if the public adjuster is not competent and knowledgeable as to the terms and conditions of the insurance coverage, or which otherwise exceeds the public adjuster's current expertise;
 - (2) A public adjuster shall not knowingly make any oral or written material misrepresentations or statements which are false or maliciously critical and intended to injure any person engaged in the business of insurance to any insured client or potential

insured client;

- (3) No public adjuster, while so licensed by the Department, may represent or act as a company adjuster, or independent adjuster on the same claim;

Drafting Note: If a state only allows licensure in one class of adjuster licensing, the adjuster may not represent another type of licensure in any circumstance.

- (4) The contract shall not be construed to prevent an insured from pursuing any civil remedy after the three-business day revocation or cancellation period;
 - (5) A public adjuster shall not enter into a contract or accept a power of attorney that vests in the public adjuster the effective authority to choose the persons who shall perform repair work; and
 - (6) A public adjuster shall ensure that all contracts for the public adjuster's services are in writing and set forth all terms and conditions of the engagement.
- K. A public adjuster may not agree to any loss settlement without the insured's knowledge and consent.

Section 20. Reporting of Actions

- A. The public adjuster shall report to the commissioner any administrative action taken against the public adjuster in another jurisdiction or by another governmental agency in this state within thirty (30) days of the final disposition of the matter. This report shall include a copy of the order, consent to order, or other relevant legal documents.
- B. Within thirty (30) days of the initial pretrial hearing date, the public adjuster shall report to the commissioner any criminal prosecution of the public adjuster taken in any jurisdiction. The report shall include a copy of the initial complaint filed, the order resulting from the hearing, and any other relevant legal documents.

Drafting Note: If the state has adopted the Producer Licensing Model Act , it may not be necessary to adopt this section. Rather, the state may want to amend its relevant insurance producer statute to include public adjusters.

Section 21. Regulations

The commissioner may, in accordance with [insert appropriate reference to state law], promulgate reasonable regulations as are necessary or proper to carry out the purposes of this Act.

Section 22. Severability

If any provisions of this Act, or the application of a provision to any person or circumstances, shall be held invalid, the remainder of the Act, and the application of the provision to persons or circumstances other than those to which it is held invalid, shall not be affected.

Section 23. Effective Date

This Act shall take effect [insert date]. Provided, however that the provision of Section 4 does not become effective until a state participates in the NAIC's central repository for the purpose of obtaining criminal background information.

Drafting Note: A minimum of six months to one-year implementation time for proper notice of changes, fees, and procedures is recommended.

Chronological Summary of Action (all references are to the Proceedings of the NAIC).

2005 Proc. 2nd Quarter 698 (adopted by parent committee).

2005 Proc. 3rd Quarter 26, 35-49 (amended and adopted by Plenary).

NAIC Public Insurance Adjuster Surety Bond Sample

BOND NO. _____

Know All Persons by These Presents:

That we, _____
_____ as Principal, whose address is _____
_____ and _____
_____ as Surety, being a surety company authorized to do business in the State of _____ re
bound to the _____ Department of Insurance in the sum of \$10,000.00 as specified at [insert reference to state
law or regulation]. The specified sum is payable to the [insert state] Department of Insurance for the use and
benefit of any customer of the above described Principal and as defined by the [insert state] Insurance Code,
[insert citation] in acceptable currency of the United States in accordance with the statutory provision cited above.
By this instrument, we jointly and severally firmly bind ourselves, our heirs, executors, administrators, successors
and assigns.

The conditions of the above obligations are:

Whereas the above named Principal has applied to the [insert state] Department of Insurance for a license as a
Public Insurance Adjuster to engage in or continue the business of insurance as a Public Insurance Adjuster in
accordance with the [insert state] Insurance Code;

Now, Therefore, should the Principal discharge losses that result from any final judgment recovered against the
Principal by any customer, this obligation will become void. If this obligation is not void, it remains in full force and
effect, subject to the following conditions:

1. As of _____, 20_____, this bond will be in full force and effect indefinitely. Continuation or renewal certificates are unnecessary.
2. The surety may, at any time, terminate this bond by submitting written notice to the [insert state] Department of Insurance thirty (30) days prior to the termination date. The surety, however, remains liable for any defaults under this bond committed prior to the termination date.
3. In no event will the aggregate liability of the Surety under this bond, for any or all damages to one or more claimants, exceed the penal sum of this bond.

In Witness Whereof said Principal and Surety have executed this bond this _____ day of _____, 20____ to be effective the _____ day of _____, 20_____.

PRINCIPAL

BY

ADDRESS

SURETY

Draft: Dec. 13, 2024

PROJECT HISTORY - 2025

PUBLIC ADJUSTER LICENSING MODEL ACT (#228)

1. Description of the Project, Issues Addressed, etc.

The NAIC's efforts to address certain market practices of public adjusters began in May 2023 when the Producer Licensing (D) Task Force adopted a new charge to review and amend the Public Adjuster Licensing Model Act. In the fall of 2023, draft revisions to the model were circulated for comment, and the Public Adjuster Licensing Working Group was appointed in 2024 to provide additional focus on amending the model. Following the circulation of the draft revisions, receipt of initial comments, and the appointment of the new Working Group, the NAIC Membership adopted a Model Law Review Request at the NAIC 2024 Spring National Meeting.

The Model Law Review Request provided guidance that the Public Adjuster Licensing Model Act should be amended to strengthen regulatory standards governing the conduct of public adjusters regarding 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.

2. Name of Group Responsible for Drafting the Model and States Participating

Public Adjuster Licensing (D) Working Group

- Chair: Delaware
- Vice Chair: Pennsylvania
- Members: California, Illinois, Kentucky, Rhode Island, Texas, Virginia, Washington

3. Project Authorized by What Charge and Date First Given to the Group

The Producer Licensing (D) Task Force adopted the following charge on May 31, 2023, and the Market Regulation and Consumer Affairs adopted the charge on July 27, 2023: Review and amend, as needed, the Public Adjuster Licensing Model Act (#228) to enhance consumer protections in the property and casualty claims process.

The Public Adjuster Licensing (D) Working Group was appointed in 2024 and given the following charge: Review and amend the *Public Adjuster Licensing Model Act* (#228), as needed, to enhance consumer protections in the property/casualty (P/C) claims process.

4. A General Description of the Drafting Process (e.g., drafted by a subgroup, interested parties, the full group, etc). Include any parties outside the members that participated

The Producer Licensing (D) Task Force began reviewing the model through an ad hoc group of Task Force members in May 2023 when the Producer Licensing (D) Task Force adopted a new charge to review and amend the Public Adjuster Licensing Model Act. This led to the distribution of draft revisions in the fall of 2023. The Public Adjuster Licensing Working Group was appointed in 2024 to provide an additional focus on amending the model.

Regulator Stakeholders: The following insurance regulator stakeholders submitted comments and were involved in the drafting process: California Department of Insurance, Colorado Division of Insurance, Florida Department of Financial Services, Illinois Department of Insurance, Michigan Department of Insurance and Financial Services, Virginia Bureau of Insurance, and the Washington State Office of the Insurance Commissioner.

Industry Stakeholders: The following industry stakeholders submitted comments and were involved in the drafting process: American Adjuster Association, American Association of Public Insurance Adjusters, American Property Casualty Insurance Association, Chicagoland Public Adjusters Association, DIMONT, Collision Consulting of Washington, Florida Association of Public Adjusters, Harbor Appraisal, Independent Insurance Agents & Brokers of America, Insurance Adjustment Bureau, Mid-America Association of Public Insurance Adjusters, National Association of Mutual Insurance Companies, National Association of Public Insurance Adjusters, Society of Collision Repair Specialists, Washington Independent Collision Repairers Association.

NAIC Consumer Representatives: The following organization with representatives appointed as NAIC Consumer Representatives submitted comments and were involved in the drafting process: Automotive Education & Policy Institute, and Coalition Against Insurance Fraud.

5. A General Description of the Due Process (e.g., exposure periods, public hearings, or any other means by which widespread input from industry, consumers and legislators was solicited)

The discussion of the proposed amendments to the Model was collaborative with all stakeholders and involved multiple phases of discussion, feedback, and revision. This work began on April 5, 2024, with an initial call by the newly appointed Public Adjuster Licensing (D) Working Group. Following this call, the Working Group sought input from stakeholders by distributing a request for comments on the draft model dated 10.12.23.

Subsequent discussions and calls were held, including on May 2 and June 18. During these calls, the Working Group reviewed the comments, and a revised draft model dated 6.18.24 was produced. The Working Group discussed the revised model on July 17 and adopted the revised model during this call.

The drafting process continued with the Working Group presenting the adopted model to the Producer Licensing (D) Task Force on Aug. 13 at the NAIC Summer National Meeting. The Task Force sought comments from stakeholders during this meeting and distributed a request for further comments on Aug. 19, 2024. The Task Force reviewed the additional feedback during a call on Oct. 31, 2024. The Task Force adopted the Model on Nov. 17 at the NAIC Fall National Meeting.

The Market Regulation and Consumer Affairs (D) Committee made two technical edits to the model and adopted the draft model dated 11.19.24 during its Nov. 19 meeting at the NAIC Fall National Meeting.

6. A Discussion of the Significant Issues (items of some controversy raised during the due process and the group's response)

Compensation Limits

The most significant issue discussed was the amendments to Section 14 regarding public adjuster fees. The Working Group removed the optional subsection allowing a reasonable fee to be charged as determined by state law. The Working Group also made the 10% fee limit on catastrophic claims mandatory and added a 15% fee cap for any insurance claims.

The Working Group decided specific fee cap recommendations were necessary to provide stronger guidance on what is considered reasonable compensation to help eliminate consumers paying excessive fees for the services of public adjusters. Industry representatives advocated that fee caps should be determined by each state and that the fee caps in the model will impede the ability of consumers with lower value claims to obtain the assistance of public adjusters.

Assignment of Benefits

Section 15.L is a new section addressing the inappropriate assignment of benefits. This section specifies the rights under an insurance policy may only be assigned to a person who has the legal authority to represent the named insured, or to a subsequent owner of the property, and prohibits assignment of rights and benefits to any other person, including a property repair contractor.

The Working Group decided this subsection, based on Delaware law, was necessary to curtail situations in which a contractor seeks an assignment of benefits. Industry representatives advocated a model act is not the appropriate location for a legal provision that governs specifics of an insurer's property/casualty policy language, and the new subsection is contrary to the legal position that post-loss assignments of insurance benefits from one party to another are freely assignable.

7. List the key provisions of the model (sections considered most essential to state adoption)

- The Purpose and Scope of the model was amended to exclude public adjusters settling claims for either personal or commercial auto lines of insurance.
- Section 3.A was 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 was 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 15.H was amended to require an insurer to verify a public adjuster holds a valid license with the department of insurance.
- Section 15.L is a new section addressing the inappropriate assignment of benefits. This section specifies the rights under an insurance policy may only be assigned to a person who has the legal authority to represent the named insured or to a subsequent owner of the property, and prohibits assignment of rights and benefits to any other person, including a property repair contractor.
- Section 16 is a new section which 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 subsections 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 19.F 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 19.H 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 from receiving compensation for any referral for repairs.

8. Any Other Important Information (e.g., amending an accreditation standard)

Forty-six states license public adjusters, and public adjusters are often licensed in multiple jurisdictions. The model is not referenced in the NAIC Accreditation Standards and is not in response to or impacted by federal laws or regulations.



Attachment Nine
Executive (EX) Committee and Plenary
3/26/2025

Report of the Financial Condition (E) Committee

The Financial Condition (E) Committee met March 26, 2025. During this meeting, the Committee anticipates it will:

1. Adopt its 2024 Fall National Meeting minutes.
2. Adopt the reports of the following task forces and working groups: Accounting Practices and Procedures (E) Task Force; Capital Adequacy (E) Task Force; Financial Stability (E) Task Force; Receivership and Insolvency (E) Task Force; Reinsurance (E) Task Force; Valuation of Securities (E) Task Force; and Risk-Focused Surveillance (E) Working Group.
3. Receive a report on privately rated securities with missing rational reports.
4. Receive a status report on the draft reinsurance asset adequacy actuarial guideline.
5. Receive a status report from the Risk-Based Capital Investment Risk and Evaluation (E) Working Group.

Note: Items adopted within the Financial Condition (E) Committee’s task force and working group reports that are considered technical, noncontroversial, and not significant by NAIC standards—i.e., they do not include model laws, model regulations, model guidelines, or items considered to be controversial—will be considered for adoption by the Executive (EX) Committee and Plenary through the Financial Condition (E) Committee’s technical changes report process. Pursuant to this process, which was adopted by the NAIC in 2009, a listing of the various technical changes will be sent to NAIC Members shortly after completion of the national meeting, and the Members will have 10 days to comment with respect to those items. If no objections are received with respect to a particular item, the technical changes will be considered adopted by the NAIC membership and effective immediately.



Attachment Ten
Executive (EX) Committee and Plenary
03/26/2025

Report of the Financial Regulation Standards and Accreditation (F) Committee

The Financial Regulation Standards and Accreditation (F) Committee met March 25, 2025. During this meeting, the Committee:

1. Reported that it met March 23 in regulator-to-regulator session, pursuant to paragraph 7 (consideration of individual state insurance department's compliance with NAIC financial regulation standards) of the NAIC Policy Statement on Open Meetings, to: 1) discuss state-specific accreditation issues; and 2) vote to award continued accreditation to the insurance departments of Delaware, Louisiana, and Rhode Island.
2. Adopted its 2024 Fall National Meeting minutes.
3. Adopted revisions made during 2024 to NAIC publications required for accreditation purposes (e.g., the Accounting Practices and Procedures Manual [AP&P Manual]) but deemed insignificant.
4. Exposed revisions to the review team guidelines as proposed by the Risk-Focused Surveillance (E) Working Group for a 30-day public comment period. The proposed revisions are intended to clarify guidelines associated with the oversight of contractors in the analysis and examination functions.



Attachment Eleven
Executive (EX) Committee and Plenary
03/26/2025

Report of the International Insurance Relations (G) Committee

The International Insurance Relations (G) Committee met March 24, 2025. During this meeting, the Committee:

1. Adopted its 2024 Fall National Meeting minutes.
2. Adopted its Feb. 13 and Jan. 30 minutes. During these meetings, the Committee took the following action:
 - A. Approved NAIC comments on the International Association of Insurance Supervisors (IAIS) public consultation on the draft application paper on the supervision of artificial intelligence (AI).
 - B. Approved the appointment of the Aggregation Method Implementation (G) Working Group and its charges.
 - C. Approved NAIC comments on the IAIS public consultation on ancillary risk indicators in the Global Monitoring Exercise (GME).
3. Heard an update on committee priorities and processes for the year ahead and a review of NAIC international division staff.
4. Heard an update on IAIS activities.
5. Heard an update on international cooperation activities, including regional supervisory cooperation efforts and updates from the Organisation for Economic Co-operation and Development (OECD) and Sustainable Insurance Forum (SIF).
6. Heard from Louisiana Department of Insurance (DOI) and District of Columbia Department of Insurance, Securities and Banking (DISB) staff about their experiences as mentors during the NAIC International Fellows Program.



Attachment Twelve
Executive (EX) Committee and Plenary
3/26/2025

Report of the Innovation, Cybersecurity, and Technology (H) Committee

The Innovation, Cybersecurity, and Technology (H) Committee will meet March 26, 2025. During this meeting, the Committee anticipates it will:

1. Adopt its 2024 Fall National Meeting minutes.
2. Adopt the Third-Party Data and Models (H) Task Force’s 2024 Fall National Meeting Minutes.
3. Adopt its task force and working group reports.
4. Adopt its revised charges, which include converting the Third-Party Data and Models (H) Task Force to a working group.
5. Hear a presentation from Travelers on the responsible use of artificial intelligence (AI).
6. Receive an update on federal activities related to AI, cybersecurity, and technology.



Attachment Thirteen
 Executive (EX) Committee and Plenary
 3/26/2025

State Implementation Report of NAIC-Adopted Model Laws and Regulations
As of 3/10/25

Life Insurance and Annuities (A) Committee

- Amendments to the ***Annuity Disclosure Model Regulation (#245)*** (participating income annuities)—Approved at the 2021 Summer National Meeting. 3 jurisdictions have adopted these revisions.
- Amendments to the ***Suitability in Annuity Transactions Model Regulation (#275)*** (best interest)—Approved at the 2020 Spring National Meeting. 48 jurisdictions have adopted these revisions.
- Amendments to the ***Standard Nonforfeiture Law for Individual Deferred Annuities (#805)*** (contingent deferred annuities)—Approved at the 2020 Fall National Meeting. 31 jurisdictions have adopted these revisions.

Health Insurance and Managed Care (B) Committee

- Amendments to the ***Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act (#171)*** (STLD plans and title change)—Approved at the 2024 Fall National Meeting. No adoption activity.
- Amendments to the ***Health Maintenance Organization Model Act (#430)*** (consistency with Model #520)—Approved at the 2020 Fall National Meeting. 2 jurisdictions have adopted these revisions.

Property and Casualty Insurance (C) Committee

- Adoption of the ***Real Property Lender-Placed Insurance Model Act (631)***—Approved at the 2021 Spring National Meeting. 3 jurisdictions have adopted this model.
- Adoption of the ***Travel Insurance Model Act (#632)***—Approved at the 2018 Fall National Meeting. 29 jurisdictions have adopted this model.
- Adoption of the ***Pet Insurance Model Act (#633)***—Approved at the 2022 Summer National Meeting. 12 jurisdictions have adopted this model.

Market Regulation and Consumer Affairs (D) Committee

- Amendments to the ***Unfair Trade Practices Act (#880)*** (lead generator)—Approved at the 2024 Spring National Meeting. No adoption activity.
- Amendments to the ***Unfair Trade Practices Act (#880)*** (rebates)—Approved at the 2021 Spring National Meeting. 15 jurisdictions have adopted these revisions.

Financial Condition (E) Committee

- Amendments to the ***Insurance Holding Company System Regulatory Act (#440)*** (GCC and LST)—Approved at the 2020 Fall National Meeting. 35 jurisdictions have adopted these revisions.
- Amendments to the ***Insurance Holding Company System Model Regulation with Reporting Forms and Instructions (#450)*** (GCC and LST)—Approved at the 2020 Fall National Meeting. 21 jurisdictions have adopted these revisions.
- Amendments to the ***Insurance Holding Company System Regulatory Act (#440)*** (receivership)—Approved at the 2021 Summer National Meeting. 19 jurisdictions have adopted these revisions.
- Amendments to the ***Insurance Holding Company System Model Regulation with Reporting Forms and Instructions (#450)*** (receivership)—Approved at the 2021 Summer National Meeting. 7 jurisdictions have adopted these revisions.
- Amendments to the ***Property and Casualty Insurance Guaranty Association Model Act (#540)*** (insurance business transfers, corporate divisions, cybersecurity insurance)—Approved at the 2023 Fall National Meeting. 3 jurisdictions have adopted these revisions.
- Amendments to the ***Mortgage Guaranty Insurance Model Act (#630)*** (capital and reserve requirements)—Approved at the 2023 Summer National Meeting. No adoption activity.

Innovation, Cybersecurity, and Technology (H) Committee

- Adoption of the ***Insurance Data Security Model Law (#668)***—Approved at the 2017 Fall National Meeting. 26 jurisdictions have adopted this model.
- Adoption of the ***Artificial Intelligence Bulletin***—Approved at 2023 Fall National Meeting. 23 jurisdictions have adopted this bulletin.