The Market Regulation and Consumer Affairs (D) Committee met in Columbus, OH, Aug. 16, 2021. The following Committee members participated: Barbara D. Richardson, Chair (NV); Sharon P. Clark, Vice Chair (KY); Alan McClain (AR); Evan G. Daniels (AZ); Trinidad Navarro (DE); Dana Popish Severinghaus represented by Erica Weyhenmeyer (IL); Chlora Lindley-Myers and Cynthia Amann (MO); Chris Nicolopoulos (NH); Jon Godfread (ND); Carter Lawrence (TN); Jonathan T. Pike (UT); and Michael S. Pieciak (VT). Also participating were: Damion Hughes (CO); Elizabeth Kelleher Dwyer (RI); Mike Kreidler and John Pieciak (VT); and Rebecca Rebholz (WI).

1. **Adopted its July 27 Minutes**

The Committee met July 27 and took the following action: 1) adopted it Spring National Meeting minutes; 2) adopted revised charges for the Antifraud (D) Task Force; 3) adopted the short-term, limited-duration Market Conduct Annual Statement (MCAS) data call and definitions; 4) adopted the Travel Insurance MCAS data call and definitions; 5) adopted digital claims data in the private passenger auto and homeowners data call and definitions; and 6) heard presentations from a state insurance regulator, an NAIC funded consumer representative, and an industry trade representative on the benefits and challenges of collecting market conduct data annually on a transactional level.

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

2. **Heard a Presentation from the UConn School of Law on Claim Optimization and the Insurance Promise**

Peter Kochenburger (UConn School of Law) said the insurance promise includes insurers paying the full value of covered claims without exceeding the policy limits. He noted there are disparities in knowledge and economic power between insurers and most insureds. He said the insurance company cannot use the claim process to rewrite the policy to leverage lower payments than the value of what the claim is worth.

Mr. Kochenburger said artificial intelligence (AI) has provided insurers with the potential to evaluate the willingness of insureds or claimants to accept values less than the fair and equitable amount. He said this would violate the Unfair Claims Settlement Practices Act (#900). While Mr. Kochenburger admitted that it is unknown if claim optimization is occurring, he said it is used in other consumer transactions; it has been used in underwriting for price optimization; and the marketing by InsurTech vendors suggests this is being built into InsurTech tools. Mr. Kochenburger encouraged state insurance regulators to determine the extent of use of predictive analytics in claim settlements and require insurers to report on the algorithmic models used in claim handling.

Angela Gleason (American Property Casualty Insurance Association—APCIA) said the term “claim optimization” is leveraging the negative connotations of price optimization to imply consumers are being harmed. She said insurance companies go above and beyond to treat their insureds and claimants fairly. She said consumers are always encouraged to question how claims are valued by the insurance company and always have the recourse to shop for other insurance.

Birny Birnbaum (Center for Economic Justice—CEJ) said shopping for other insurance is not an option after filing a claim. He asked if the implication of claim optimization is that insureds in similar situations are being treated differently according to factors unrelated to the claim. Mr. Kochenburger said that is correct. Mr. Birnbaum also asked if a publicly owned insurance company would be failing its investors if it did not use claim optimization. Mr. Kochenburger said that was the case because the company would be operating illegally if it did do so and that was not in the best interest of investors. Finally, Mr. Birnbaum asked if the collection of more granular data would assist state insurance regulators in monitoring and assessing the use of claim settlement models in claim settlements. Mr. Kochenburger said it would. He noted that it is not easy to evaluate whether a claim is settled fairly and that there are always good faith disputes, so the more granular data that is available, the better.

Erica Eversman (Automotive Education & Policy Institute—AEPI) also said the ability to shop around for other insurance coverage is not an option for a consumer after the claim. She noted that the three major claim evaluation vendors are beholden to the insurance companies.
3. **Adopted its Task Force and Working Group Reports**

Commissioner Richardson said the Market Information Systems (D) Task Force adopted a proposal for coding changes to the Regulatory Information Retrieval System (RIRS). She said when the Committee votes to approve the Working Group and Task Force reports, it will also be voting to adopt the RIRS coding changes proposal. She also noted that the Market Actions (D) Working Group and the Advisory Organization Examination Oversight (D) Working Group met in regulator-to-regulator session due to the nature of their discussions focusing on specific company practices. She said there are no written or verbal reports for these two working groups.

a. **Antifraud (D) Task Force**

Commissioner Navarro said the Antifraud (D) Task Force met July 26 and took the following action: 1) heard an update from the Antifraud Education Enhancement (D) Working Group. He said the Working Group held a webinar on Feb. 11 regarding the mobile capabilities CARCO can provide state departments of insurance (DOIs) to assist in fighting insurance fraud. He said the Working Group also conducted an insurance fraud investigator safety course on June 2.

Commissioner Navarro said Task Force also received a report from the Antifraud Technology (D) Working Group. He said the Working Group advised that the adopted revisions to the *Antifraud Plan Guideline* (#1690) was the first step in its charge to create an antifraud plan repository that will be used by insurers to create and store an electronic fraud plan for distribution to states. He said the Working Group formed a subject matter expert (SME) group to create a template for industry to use when creating their antifraud plans. The SME group expects to complete its work by October.

Commissioner Navarro said the Task Force received an update on the NAIC Online Fraud Reporting System (OFRS) redesign. He said beta testing began with a small group of state insurance fraud directors. The beta testing will be opened to additional state insurance regulators and industry representatives to finalize the testing period.

Commissioner Navarro said the Task Force also received reports from the National Insurance Crime Bureau (NICB) and the Coalition Against Insurance Fraud (CAIF).

b. **Market Information Systems (D) Task Force**

Commissioner Kreidler said the Market Information Systems Task Force met July 28 and took the following action: 1) adopted its Spring National Meeting minutes; and 2) reviewed the status of outstanding User System Enhancement Requests (USER).

Commissioner Kreidler said the Task Force also heard the report of the Market Information Systems Research and Development (D) Working Group. He said the Working Group is researching the potential of incorporating AI into the NAIC Market Information Systems (MIS). The Working Group heard a presentation from NAIC financial regulation staff regarding their testing of the use of AI to construct predictive models of insolvency risk, and it also heard from CEJ regarding how AI can be used in market analysis. Commissioner Kreidler said the Working Group’s next step is to form an SME group to develop recommendations for incorporating AI into the MIS.

Commissioner Kreidler said that prior to the Spring National Meeting, the Market Information Systems Research and Development (D) Working Group adopted RIRS coding changes proposal. He said the RIRS coding changes include: 1) a new field to distinguish routine administrative actions from actions that are a result of an infraction or financial impairment; 2) a new field to link related to RIRS records; 3) a new Line of Business field; and 4) revisions to the Origin of Action, Reason for Action, and Disposition for Action codes to create a more logical data structure. Commissioner Kreidler said the Task Force adopted the proposal.

c. **Producer Licensing (D) Task Force**

Superintendent Dwyer said the Producer Licensing (D) Task Force met Aug. 4 and adopted its March 21 minutes. She also said the Task Force discussed state implementation of online examinations with 40 jurisdictions offering online examinations for producer licensing. She said this is a significant change as only Washington offered online examinations prior to the COVID-19 pandemic. She said states are reporting similar pass rates for online and in-person examinations and that approximately 35% to 40% of examinations are now taken through the online format. Notably, she said Washington reported that 80% of its examinations are administered through the online format. Superintendent Dwyer said the Task Force also discussed security concerns with online examinations and will be obtaining additional information from the examination vendors on what percentage of online examinations had security concerns.
Superintendent Dwyer said the Task Force discussed the pending referral from the Special (EX) Committee on Race and Insurance regarding the elimination of bias in producer licensing examinations. She said examination vendors have been solicited on the processes they follow to eliminate bias in examinations. She said the Task Force is also reaching out to continuing education (CE) providers and will have additional discussions on this topic at its next meeting.

Superintendent Dwyer said the Task Force discussed the review of the NAIC’s *Guidelines for State Insurance Regulators to the Violent Crime Control and Law Enforcement Act of 1994* and the need to revise the guidelines to make them more useful in the state’s day-to-day review of 1033 waiver requests.

Superintendent Dwyer said the Task Force also heard an update on a new program in Pennsylvania for prospective insurance agents with criminal records and how their specific convictions, history, and background may affect their ability to successfully obtain a producer license. He said the Pennsylvania program allows a person with a criminal conviction to provide this information to the Pennsylvania DOI through an electronic portal. The DOI then reviews the information and provides non-binding feedback to the prospective applicant on how the criminal conviction might affect their ability to obtain an insurance producer license before the applicant spends the time and effort with pre-licensing education and taking a producer licensing exam.

Superintendent Dwyer said the Task Force briefly discussed the draft procedure for amending NAIC Uniform Producer Licensing Applications. He said the procedures are being developed to ensure the consideration of changes to the uniform applications support the NAIC members’ goal of providing stable applications and encourage the use of electronic technology for licensing. She said the Task Force is seeking comments on the procedures through Sept. 3.

Finally, Superintendent Dwyer said the Task Force discussed the status of the Producer Licensing Uniformity (D) Working Group and the Uniform Education (D) Working Group. She noted that the chair position for the Producer Licensing Uniformity (D) Working Group remains open and that the leadership for both Working Groups continues to be in a state of flux.

d. Market Conduct Examination Guidelines (D) Working Group

Mr. Hughes said the Market Conduct Examination Guidelines (D) Working Group met June 10 and took the following action: 1) reviewed and discussed its 2021 charges; 2) prioritized potential Working Group tasks; and 3) identified NAIC models acts and model laws adopted in 2020. Mr. Hughes said the Working Group also asked for state insurance regulators to volunteer to review the adopted model laws and model acts to determine whether revisions to the corresponding sections of the NAIC *Market Regulation Handbook* are warranted.

Finally, Mr. Hughes said the Working Group discussed a new title insurance in-force policy standardized data request (SDR) for inclusion in the *Market Regulation Handbook*.

e. Market Analysis Procedures (D) Working Group

Mr. Haworth said the Market Analysis Procedures (D) Working Group met July 1 and took the following action: 1) adopted its Spring National Meeting minutes; and 2) continued its discussion on the training needs for market analysts. He said ideas include: 1) having monthly analysis groups to share techniques and tips; 2) leveraging the materials from the NAIC’s Market Analysis Techniques online course and adapt them for new analysts; 3) creating more and better tutorials and help in i-Site+; 4) incorporating Tableau visuals into the Market Analysis Review System (MARS) and other market analysis tools; and 5) providing more training on analyzing financial information and MCAS ratios.

Mr. Haworth said the Working Group also opened discussions on the next line of business to add to the MCAS and is asking for written and verbal suggestions. Additionally, Mr. Haworth said the Working Group began discussions on its members’ initial impressions of the current MCAS submissions. He said the conversations are on a high-level aggregated level.

Finally, Mr. Haworth said the Working Group considered whether MCAS submissions should be required to be reported by the residency of the policyholder or by where the policy was issued. He said the current MCAS instructions specify the data should be reported in the same manner as the company reports its financial annual statement. He the Working Group agreed to continue with these instructions without amendment.
f. **Market Conduct Annual Statement Blanks (D) Working Group**

Ms. Rebholz said that since the Spring National Meeting, the Market Conduct Annual Statement Blanks (D) Working Group met five times.

Ms. Rebholz said that during these meetings, the Working Group adopted the travel MCAS data call and definitions and the short-term, limited-duration (STLD) MCAS data call and definitions on May 25—prior to the June 1 deadline. She said the first MCAS due date for the travel MCAS blank will be on April 30, 2023, and the STLD MCAS blank will be June 30, 2023. She said both will cover the 2022 data year.

Ms. Rebholz said the Working Group also adopted the addition of digital claim data to the auto and homeowners (HO) MCAS blanks. She said these were adopted on June 30. The first due date for the data will be April 30, 2024, covering the 2023 data year.

Ms. Rebholz said the Working Group is continuing its development of accelerated underwriting data elements to the life and annuity MCAS blanks. She said the Working Group is monitoring the work of the Accelerated Underwriting (A) Working Group so it can coordinate the MCAS definition of accelerated underwriting with the definition they adopt.

Ms. Rebholz said the Working Group has spent considerable time drafting revisions to the definition of “lawsuit” in the various MCAS blanks. She said this includes adding non-claims-related lawsuits to the auto and HO MCAS blanks and editing the definition to conform to the type of product being reported on. She said that due to the continued discussions, the Working Group postponed collection of non-claims-related lawsuit information to the 2023 data year. Ms. Rebholz also said that due to the complexity of the lawsuit reporting issues, the Working Group formed an SME drafting group to consider options to present to the Working Group. She said the SME group is also tasked with considering the best way to collect vendor information on the digital claims data elements.

Finally, Ms. Rebholz said that because the STLD MCAS blank was adopted by the Committee in July, the Working Group will continue the development of MCAS blanks for other health products not covered in the current health or STLD MCAS data call and definitions.


g. **Privacy Protections (D) Working Group**

Ms. Amann said that since the Spring National Meeting the Privacy Protections (D) Working Group met July 12, June 14, and May 10.

Ms. Amann said that during its May 10 meeting, the Working Group took the following action: 1) adopted its Spring National Meeting minutes; 2) reviewed the 2021 NAIC’s strategy for consumer data privacy protections; 3) discussed the verbal gap analysis of consumer issues; 4) discussed the draft of the initial privacy policy statement; and 5) requested comments in the form of parameters and examples on the privacy policy statement.

Ms. Amann said that during its June 14 meeting, the Working Group took the following action: 1) adopted it May 10 minutes; and 2) discussed the comments received from America’s Health Insurance Plans (AHIP), the Blue Cross and Blue Shield Association (BCBSA), and the Coalition of Health Companies on the privacy policy statement.

Ms. Amann said that during its July 12 meeting, the Working Group took the following action: 1) adopted its June 14 minutes; 2) received comments from the American Council of Life Insurers (ACLI) about the six consumer privacy rights identified in the NAIC strategy for consumer data privacy protections; 3) heard a presentation from NAIC funded consumer representatives on the consumer perspective on consumer data privacy rights; 4) requested comments on the private policy statement.

Ms. Amann said the privacy policy statement template located on the Working Group web page is being combined with the received comments into a draft for exposure. She said there will be an accelerated review by the Working Group.

Mr. Birnbaum asked how the Working Group will be addressing the data ownership issue referred to the Working Group by the Innovation and Technology (EX) Task Force. Ms. Amann said the Working Group first needs to receive permission from the Committee before it can act on the referral.

Commissioner Godfrey made a motion, seconded by Commissioner Navarro, to adopt the following reports, including the proposal for coding changes to the RIRS (Attachment Two) adopted by the Market Information Systems (D) Task Force:

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

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2022 Proposed Charges

MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE

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

Ongoing Support of NAIC Programs, Products or Services

1. The Market Regulation and Consumer Affairs (D) Committee will:
   A. Monitor the centralized collection and storage of market conduct data, national analysis, and reporting at the NAIC, including issues regarding the public availability of data.
   B. Monitor and assess the current process for multi-jurisdictional market conduct activities and provide appropriate recommendations for enhancement, as necessary.
   C. Evaluate all data currently collected in the NAIC Market Information Systems (MIS) and considered confidential to determine what, if any, can be made more widely available.
   D. Oversee the activities of the Antifraud (D) Task Force.
   E. Oversee the activities of the Market Information Systems (D) Task Force.
   F. Oversee the activities of the Producer Licensing (D) Task Force.
   G. 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.
   H. In collaboration with other technical working groups, discuss and share best practices through public forums to address broad consumer concerns regarding personal insurance products.
   I. 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.
   J. 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).
   K. Review the “Best Practices and Guidelines for Consumer Information Disclosures” (adopted October 2012) and update, as needed.

2. The Advisory Organization Examination Oversight (D) Working Group will:
   A. Revise the protocols, as necessary, for the examination of national or multistate advisory organizations (including rating organizations and statistical agents) to be more comprehensive, efficient, and possibly less frequent than the current system of single-state exams. Solicit input and collaboration from other interested and affected committees and task forces.
   B. Monitor the data reporting and data collection processes of advisory organizations (including rating organizations and statistical agents) to determine if they are implementing appropriate measures to ensure data quality. Report the results of this ongoing charge, as needed.
   C. Actively assist with and coordinate multistate examinations of advisory organizations (including rating organizations and statistical agents).

3. The Market Actions (D) Working Group will:
   A. Facilitate interstate communication and coordinate collaborative state regulatory actions.

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

6. The **Market Conduct Examination Guidelines (D) Working Group** will:
   A. Develop market conduct examination standards, as necessary, for inclusion in the *Market Regulation Handbook*.
   B. Monitor the adoption and revision of NAIC models and develop market conduct examination standards to correspond with adopted NAIC models.
   C. Develop updated standardized data requests, as necessary, for inclusion in the *Market Regulation Handbook*.
   D. Develop uniform market conduct procedural guidance (e.g., a library, depository or warehouse 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).
   F. Discuss the effectiveness of group supervision of market conduct risks and develop examination procedural guidance, as necessary.
   G. Discuss the role of market conduct examiners in reviewing insurers’ corporate governance as outlined in the NAIC’s *Corporate Governance Annual Disclosure Model Act* (#305) and *Corporate Governance Annual Disclosure Model Regulation* (#306).

7. The **Market Regulation Certification (D) Working Group** will:
   A. Develop a formal market regulation certification proposal for consideration by the NAIC membership that provides recommendations for the following: 1) certification standards; 2) a process for the state implementation of the standards; 3) a process to measure the states’ compliance with the standards; 4) a process for future revisions to the standards; and 5) assistance for jurisdictions to achieve certification.

8. The **Privacy Protections (D) Working Group** will:
   A. Review state insurance privacy protections regarding the collection, use and disclosure of information gathered in connection with insurance transactions and make recommended changes, as needed, to certain NAIC models, such as the *NAIC Insurance Information and Privacy Protection Model Act* (#670) and the *Privacy of Consumer Financial and Health Information Regulation* (#672). *(Further direction from NAIC Executive Committee may result in this charge being moved to the new Innovation, Cybersecurity, and Technology (H) Committee.)*
2022 Amended Charges

ANTIFRAUD (D) TASK FORCE

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

Ongoing Support of NAIC Programs, Products or Services

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

2. The Antifraud Education Enhancement (D) Working Group will:
   A. Develop seminars, trainings, and webinars regarding insurance fraud. Provide three webinars by the 2022 Fall National Meeting.

3. The Antifraud Technology (D) Working Group will:
   A. Work with the NAIC to develop an Antifraud Plan Repository to be used by insurers to create and store an electronic fraud plan for distribution among the states/jurisdictions. Complete by 2022 Fall National Meeting.
   B. Evaluate sources of antifraud data and propose methods for enhancing the utilization and exchange of information among state insurance regulators, fraud investigative divisions, law enforcement officials, insurers, and antifraud organizations. Complete by the 2022 Fall National Meeting.

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

https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member meetings/fall 2021/tf/antifraud/2021 charges/2022 draft aftp charges-clean.docx
MARKET INFORMATION SYSTEMS (D) TASK FORCE

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

Ongoing Support of NAIC Programs, Products or Services

1. The Market Information Systems (D) Task Force will:
   A. Ensure that the MIS support the strategic direction set forth by the Market Regulation and Consumer Affairs (D) Committee.
   B. Develop recommendations for the incorporation of artificial intelligence (AI) abilities in NAIC Market Information Systems for use in market analysis. Complete by the 2022 Summer National Meeting.
   C. Analyze the data in the MIS. If needed, recommend methods to ensure better data quality. Complete by the 2022 Fall National Meeting.
   D. Provide guidance on the appropriate use of the MIS and the data entered in them.
      2. Electronic Forums.
      4. Market Analysis Profile.
      5. Market Analysis Prioritization Tool (MAPT).
      9. 1033 State Decision Repository (SDR1033) (in conjunction with the Antifraud (D) Task Force).

2. The Market Information Systems Research and Development (D) Working Group will:
   A. Serve as the business partner to review and prioritize submitted Uniform System Enhancement Request (USER) forms to ensure an efficient use of available NAIC staffing and resources.
   B. Assist the Task Force with tasks as assigned, such as:
      1. Analyze MIS data.
      2. Provide state users with query access to MIS data.
      3. Provide guidance on the appropriate use of the MIS.

NAIC Support Staff: Randy Helder

MISTF Proposed Charges Adopted 112421 v1.1
2022 Proposed Charges

PRODUCER LICENSING (D) TASK FORCE

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

Ongoing Support of NAIC Programs, Products or Services

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

2. The **Producer Licensing Uniformity (D) Working Group** will:
   A. Work closely with state producer licensing directors and exam vendors to ensure that: 1) the states achieve full compliance with the standards in order to achieve greater uniformity; and 2) the exams test the qualifications for an entry-level position as a producer.
   B. Provide oversight and ongoing updates, as needed, to the *State Licensing Handbook*.
   C. Monitor and assess the state implementation of the Uniform Licensing Standards (ULS) and update the standards, as needed.
   D. Review and update, as needed, the NAIC’s uniform producer licensing applications and uniform appointment form. Provide any recommended updates to the Producer Licensing (D) Task Force by the NAIC Summer National Meeting.
3. The **Uniform Education (D) Working Group** will:
   
   A. Update, as needed, the reciprocity guidelines, the uniform application forms for continuing education (CE) providers, and the process for state review and approval of instructors and courses. Provide any recommended updates to the Producer Licensing (D) Task Force by the 2022 Fall National Meeting.
   
   B. Coordinate with NAIC parent committees, task forces, and/or working groups to review and provide recommendations, as necessary, on prelicensing education and CE requirements that are included in NAIC model acts, regulations, and/or standards.

NAIC Support Staff: Tim Mullen/Greg Welker
POLICY IN FORCE STANDARDIZED DATA REQUEST
Title Line of Business

Contents: This file should be downloaded from the company system(s) and contain one record for each title policy issued in [applicable state] at any time during the examination period.

For any fields where there are multiple entries, please repeat field as necessary.

Uses: Data will be used to determine if the company follows appropriate procedures with respect to the issuance and/or underwriting of title policies in [applicable state] within the scope of the examination.
- Cross-reference with the claims data file to validate the completeness of the in force file; and
- Cross-reference to state(s) licensing information to ensure proper agent licensure.

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<td>Type of policy (Presumably an alphabetic character such as O (Owner), M (Mortgagee), L (Lender), S (Simultaneous), H (Hold Open) Please provide a list to explain any codes used)</td>
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<td>A</td>
<td></td>
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<td>List endorsements attached to the policy <strong>Please provide a list to explain any codes used</strong></td>
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<td>Length</td>
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<td>Decimals</td>
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</table>
CLAIMS STANDARDIZED DATA REQUEST
Title Line of Business

Contents: This file should be downloaded from company system(s) and contain one record for each claim transaction (i.e. paid/denied/pending/closed w/o payment) that the company processed within the scope of the examination. Include all claims open during the examination period. Do not include expense payments to vendors.

Uses: Data will be used to determine if the company follows appropriate procedures with respect to the handling of Title claims within the scope of the examination.

- Cross-reference to annual statement claims data (amount) to ensure completeness of exam data submitted.

<table>
<thead>
<tr>
<th>Field Name</th>
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<th>Decimals</th>
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<td>Aggregate amount of reserves established for claim</td>
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<td>Start</td>
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<td>Type</td>
<td>Decimals</td>
<td>Description</td>
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<td>D</td>
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<td>Claim status P = Paid, D = Denied, N = Pending, H = Partial Payment, C = Closed Without Payment, R = Rescinded, T = Title Cleared</td>
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<td>ClmPdDt</td>
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<td>D</td>
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<td>Date claim was denied [MM/DD/YYYY]</td>
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<td>D</td>
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</tbody>
</table>
STANDARDS
QUALITY ASSESSMENT AND IMPROVEMENT

Standard 4
The health carrier reports to the appropriate licensing authority any persistent pattern of problematic care provided by a provider that is sufficient to cause the health carrier to terminate or suspend contractual arrangements with the provider.

Apply to: All health carriers with managed care plans

Priority: Essential

Documents to Be Reviewed

_____ Applicable statutes, rules and regulations
_____ Quality assessment and improvement policies and procedures
_____ Reports made to the licensing authority
_____ Terminated and suspended provider contract files

_____ Quality of Care complaints

Others Reviewed

____ ____________________________

____ ____________________________

NAIC Model References

*Quality Assessment and Improvement Model Act* (#71), Section 5
*Health Maintenance Organization Model Act* (#430)

Review Procedures and Criteria

Determine that policies and procedures address reporting requirements.

Ascertain whether applicable terminated and suspended contract files reflect compliance with reporting requirements. Examiners should note that some terminated and suspended contracts will involve issues that are not necessary to report.
A. Operations/Management

1. Purpose

The Operations/Management portion of the examination is designed to provide a view of what the entity is and how it operates. Normally, it is not based on sampling techniques; it is more concerned with structure. This review is not intended to duplicate financial examination review, but is important in providing the market conduct examiner with an understanding of the examined entity. Many troubled insurance companies have become so because management has not been structured to recognize and address the problems that can arise in the insurance industry. In addition to the general categories, examiners should also review Section J Provider Credentialing (Medicare Select carriers only) of this chapter.

a. Provider Credentialing

Examiners should determine that a Medicare Select carrier has established written documented verification programs to ensure that participating health care professionals meet minimum specific professional qualifications, both initially and on an ongoing basis.

Additional introductory material is located in Chapter 20—General Examination Standards.
STANDARDS
OPERATIONS/MANAGEMENT

Standard 1
The Medicare Select carrier’s plan of operation complies with applicable statutes, rules and regulations.

Apply to: All Medicare Select carriers

Priority: Essential

Documents to be Reviewed

_____ Plan of operations

_____ Information to enrollees

_____ Applicable statutes, rules and regulations

Others Reviewed

_____ _________________________________________

_____ _________________________________________

NAIC Model References

Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651), Section 10

Review Procedures and Criteria

Ascertain that the plan of operation has been filed with the insurance commissioner.

Review the plan of operation for compliance with applicable statutes, rules and regulations.
STANDARDS
OPERATIONS/MANAGEMENT

Standard 2
The entity reports to the insurance department on an annual basis, each resident of the state for whom the entity has more than one Medicare supplement policy or certificate in force.

Apply to: All Medicare supplement carriers

Priority: Essential

Documents to be Reviewed

_____ Reporting Medicare supplement policies form

_____ Records of issued Medicare supplement policies/certificates

_____ Applicable statutes, rules and regulations

Others Reviewed

_____ _________________________________________

_____ _________________________________________

NAIC Model References

Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651), Section 9.2 and 22

Review Procedures and Criteria

Ascertain that the reporting Medicare supplement policies form has been filed with the insurance commissioner.

Review policy and certificate records to ascertain whether multiple sales of policies or certificates to individual enrollees have been made.

Review the reporting Medicare supplement policies form and compare with multiple sales findings during the examination to ensure that the entity has accurately reported multiple sales.

Verify plans after Jan. 1, 2020 are in compliance with Section 9.2 of Model # 651.

Verify the Benefit Chart of Medicare Supplement Plans Sold on or after Jan. 1, 2020 is correct pursuant to Model #651.

Verify the information provided by the carrier on Plan F or High Deductible F is correct pursuant to Model #651, for plans issued on or after Jan. 1, 2020.

Verify the information provided by the carrier on Plan G or High Deductible G is correct pursuant to Model #651, for plans issued on or after Jan. 1, 2020.
STANDARDS
OPERATIONS/MANAGEMENT

Standard 4
The entity does not provide producer compensation that encourages replacement sales.

Apply to: All Medicare supplement carriers

Priority: Essential

Documents to be Reviewed

_____ Producer manuals
_____ Producer compensation agreements
_____ Applicable statutes, rules and regulations

Others Reviewed

_____ 

_____ 

NAIC Model References

Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651), Section 16

Review Procedures and Criteria

Review procedures, producer compensation agreements and producer manuals to ascertain whether the entity’s standards for producer compensation are in compliance with applicable statutes, rules and regulations concerning replacement sales.
B. Complaint Handling

Use the standards for this business area that are listed in Chapter 20—General Examination Standards.

C. Marketing and Sales

1. Purpose

The marketing and sales portion of the examination is designed to evaluate the representations made by the entity about its product(s). Typically, it is not based on sampling techniques, but sampling may be used as a review tool. The areas to be considered in this kind of review include all written documented, verbal and electronic advertising and sales materials. The entity’s website that informs about Medicare supplement availability and/or benefits, would be considered advertising and should be reviewed for accuracy.

2. Techniques

This area of review should include all advertising and sales material, including Internet advertising, and all producer sales training materials to determine compliance with applicable statutes, rules and regulations. Information from other jurisdictions may be reviewed, if appropriate. The examiner may contact policyholders, producers and others to verify the accuracy of the information provided or to obtain additional information. The examiner should be familiar with outlines of coverage and replacement regulations. Policyholder records are a good source for detection of multiple issues of Medicare supplement policies. Suitability should be considered in reviewing the entity’s sales and marketing practices.

The entity must have procedures in place to establish and at all times maintain a system of control over the content, form and method of dissemination of its advertisements. All advertisements maintained by, or for, and authorized by the entity are the responsibility of the entity.

The same statutes, rules and regulations (such as the Unfair Trade Practices Act (#880)) that apply to conventional advertising also apply to Internet advertising. When the examiner is reviewing an entity’s Internet advertisements, it is important to also review the safeguards implemented by the entity.

All advertisements are required to be truthful and not misleading in fact or by implication. The form and content of an advertisement of a policy shall be sufficiently clear so as to avoid deception. The advertisement must not have the capacity or tendency to mislead or deceive. Whether an advertisement has the capacity or tendency to mislead or deceive must be determined when reviewing the overall impression that the advertisement reasonably may be expected to create upon a person of average education or intelligence with the segment of the public to which the advertisement is directed.

Ensure that the entity actively offers all of its Medicare supplement products to eligible individuals. The company should not engage in marketing practices such as discriminatory commission levels or references to health conditions that discourage individuals with less favorable risk characteristics from seeking or obtaining coverage.

Determine whether producer training materials require the producer to report all sales of Medicare supplement policies and/or certificates.

Ascertain that the entity has procedures for distributing to producers and other company personnel any bulletins issued by state or federal regulators.
Ensure that the entity prohibits the sale of Medicare supplement policies or certificates to people enrolled in a Medicare + Choice Advantage or private fee-for-service plans.

Ensure that the entity prohibits the sale of a Medicare supplement policy/certificate to an individual already covered under such a policy, unless the new policy/certificate is a replacement policy/certificate.

Ensure that producer commission schedules do not encourage replacement sales or sales of more than one Medicare supplement policy/certificate to an individual, or discourage eligible individuals with unfavorable risk characteristics.

Ensure that the entity offers to all eligible individuals all the Medicare supplement products it sells.

Determine whether individuals in the state have been eligible for guaranteed issue (was previously hyphenated, changed to guaranteed issue without a hyphen) because of termination of Medicare business by managed care organizations, and review company practices with respect to eligible individuals.

Determine whether individuals in the state have been eligible for guaranteed issue for other situations as described in NAIC Model References Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651), Section 12.

Review entity communications to company personnel, producers and applicants about open enrollment and guaranteed-issue rights.

3. Tests and Standards

The marketing and sales review includes, but is not limited to, the following standards addressing various aspects of the marketing and sales function. The sequence of the standards listed here does not indicate the priority of the standard.
STANDARDS
MARKETING AND SALES

Standard 1
Entity rules concerning replacement are in compliance with applicable statutes, rules and regulations.

Apply to: All Medicare supplement products

Priority: Essential

Documents to be Reviewed

_____ Bulletins, newsletters and memos
_____ Replacement register
_____ Underwriting guidelines and files
_____ Replacement comparison forms (if external replacement)
_____ Applicable statutes, rules and regulations

Others Reviewed

_____ ________________________________
_____ ________________________________

NAIC Model References

Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651)

Review Procedures and Criteria

Review replacement register to see if it is cross-indexed by producer and entity to determine if the entity has been targeted for replacements by a producer (internal or external).

Ensure that the application or other form asks whether the policy or certificate is intended to replace or add to any coverage currently in force.

Ensure that the application or other form asks all the questions required by state law to be asked.

Determine if the entity permits multiple sales of Medicare supplement policies to the same person.

Using a random selection of policyholders, have the entity run a policyholder/certificateholder history to identify the number of policies or certificates sold to those individuals.

Determine if underwriting guidelines place limitations on multiple sales; i.e. limits on coverage, determination of suitability, detection of predatory sales practices, etc.

Ensure that the entity, when determining whether a sale involves replacement, furnishes to the applicant prior to policy/certificate issue, or at the time of issue in the case of a direct response sale, the required notice concerning replacement of Medicare supplement coverage, obtains the signatures required by state law, and maintains one copy of the signed notice on file.
Determine whether marketing materials encourage multiple issues of policies, for example, use of existing policyholder/certificateholder list for additional sales of similar products to those held, birth date solicitations, scare tactics, etc.

Determine if negative enrollment practices are permitted and used.

Determine if the entity has a system to discourage “over-insurance,” as defined in the entity’s underwriting requirements, of policyholders/certificateholders.

Determine whether individuals in the state have been eligible for guaranteed issue (was previously hyphenated, changed to guaranteed issue without a hyphen) because of terminations of Medicare business by managed care organizations, and review entity practices with respect to eligible individuals.

Review entity communications to company personnel, producers and applicants about open enrollment and guaranteed-issue rights.

Determine that the regulated entity, upon replacement, does not impose any waiting periods, elimination periods or probationary periods in their replacement policies unless the replaced individual had not satisfied their six-month preexisting condition period under their prior coverage.
STANDARDS
MARKETING AND SALES

Standard 3
The entity obtains receipts from applicants verifying that the outline of coverage has been received and that it is the outline of the policy for which the applicant has applied.

Apply to: All Medicare supplement carriers

Priority: Essential

Documents to be Reviewed

_____ Application files
_____ Outlines of Coverage
_____ Applicable statutes, rules and regulations

Others Reviewed

_____ 
_____ 

NAIC Model References

Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651), Section 17€

Review Procedures and Criteria

Verify through signed receipts that outlines of coverage have been provided to applicants prior to the sale of a policy or certificate.

Verify that the outline of coverage provided reflects the benefits of the policy for which the applicant applied, and, if not, that the applicant has been provided with a copy of the correct outline of coverage and the required disclosure concerning the substitution.
STANDARDS
MARKETING AND SALES

Standard 4

The *Guide to Health Insurance for People with Medicare* is provided to the applicant within the time frame required by law and is in compliance with applicable statutes, rules and regulations.

Apply to: All Medicare supplement products

Priority: Essential

Documents to be Reviewed

- Application files
- Underwriting files
- *Guide to Health Insurance for People with Medicare*
- Applicable statutes, rules and regulations

Others Reviewed

- __________________________________________
- __________________________________________

NAIC Model References

*Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act* (#651), Section 17A.

Review Procedures and Criteria

Verify that the Guide to Health Insurance for People with Medicare was received by the applicant, by ensuring that the receipt for the guide contains the signature of the applicant.

Ensure that the applicant was provided with a copy of the guide prior to policy issuance or at the time of issuance, as required by state law.

Ensure that the guide was provided to the applicant within the time frame specified by state law.

Ensure that the guide is provided in the required format.
STANDARDS
MARKETING AND SALES

Standard 5
The entity maintains a system of control over the content, form and method of dissemination of all of its Medicare supplement advertisements.

Apply to: All Medicare supplement products
Priority: Essential

Documents to be Reviewed

_____ All entity advertising and sales materials, including radio and audiovisual items, such as TV commercials, Internet sites, telemarketing scripts and pictorial materials
_____ Producers’ advertising and sales materials
_____ Guide to Health Insurance for People with Medicare
_____ Outlines of coverage
_____ Applicable statutes, rules and regulations

Others Reviewed

_____ _________________________________________
_____ _________________________________________

NAIC Model References

NAIC Model Rules Governing Advertisements of Medicare Supplement Insurance with Interpretive Guidelines (#660)

Review Procedures and Criteria

Ensure that the entity retains responsibility for all advertisements (as the term “advertisement” is defined by state law) regardless of by whom written documented, created, designed, (comma inserted after designed,) or presented.
STANDARDS
MARKETING AND SALES

Standard 8
Advertisements truthfully represent the Medicare supplement coverage being marketed.

Apply to: All Medicare supplement products
Priority: Essential

Documents to be Reviewed

_____ All entity advertising and sales materials, including radio and audiovisual items, such as TV commercials, Internet sites, telemarketing scripts and pictorial materials
_____ Producers’ advertising and sales materials
_____ Guide to Health Insurance for People with Medicare
_____ Outlines of coverage
_____ Applicable statutes, rules and regulations

Others Reviewed

_____ ____________________________________________
_____ ____________________________________________

NAIC Model References

NAIC Model Rules Governing Advertisements of Medicare Supplement Insurance with Interpretive Guidelines (#660), Sections 6 and 7
Unfair Trade Practices Act (#880)

Review Procedures and Criteria

Ensure that advertisements do not contain words or phrases such as “all,” “full,” “complete,” “comprehensive,” “unlimited,” “up to,” “as high as,” “this policy pays all that Medicare doesn’t” or similar words or phrases in a manner that exaggerates any benefit beyond the terms of the policy.

Advertisements that are invitations to contract should:
- Disclose exceptions, reductions and limitations affecting the basic provisions of the policy;
- If a preexisting conditions limitation applies, ask a question immediately above the signature line concerning the applicant’s understanding of the limitation; and
- Disclose renewability, modification, cancellability, termination, losses covered and premium changes due to age or other reasons in a manner that does not minimize or obscure the qualifying conditions.

Ensure that if the policy is not guaranteed issue (was previously hyphenated, changed to guaranteed issue without a hyphen) or if a preexisting conditions limitation applies, the advertisement does not state or imply that health history will not affect the issuance of the policy or payment of a claim under the policy.
Ensure that provisions that are negative in nature, such as a preexisting conditions limitation, are presented in a negative light and that if the advertisement is an invitation to contract, the term “preexisting conditions limitation,” if used, is defined.

Ensure that advertisements do not state or imply that claim settlements are “liberal” or “generous,” or words of similar import, and do not mislead by quoting unusual claims that may have been paid.
STANDARDS
MARKETING AND SALES

Standard 9
Testimonials comply with applicable statutes, rules and regulations.

Apply to: All Medicare supplement products
Priority: Essential

Documents to be Reviewed

___ All entity advertising and sales materials, including radio and audiovisual items, such as TV commercials, Internet sites, telemarketing scripts and pictorial materials
___ Producers’ advertising and sales materials
___ Applicable statutes, rules and regulations

Others Reviewed

___ ________________________________
___ ________________________________

NAIC Model References

NAIC Model Rules Governing Advertisements of Medicare Supplement Insurance with Interpretive Guidelines, Section 8 (#660)
Unfair Trade Practices Act (#880)

Review Procedures and Criteria

Ensure that testimonials used in advertising are genuine, represent the current opinion of the author, are applicable to the policy advertised, are accurately reproduced, and otherwise comply with all provisions of state law concerning the use of testimonials.

Ensure that the use of a spokesperson complies with all provisions of state law concerning disclosure of the interests of the spokesperson.
### Standard 12
Advertisements do not imply licensing of the entity beyond the jurisdiction in which the entity is licensed or imply a status with any governmental entity.

**Apply to:** All Medicare supplement products

**Priority:** Essential

**Documents to be Reviewed**

- All entity advertising and sales materials, including radio and audiovisual items, such as TV commercials, Internet sites, telemarketing scripts and pictorial materials
- Producers’ advertising and sales materials
- Guide to Health Insurance for People with Medicare
- Outlines of coverage
- Applicable statutes, rules and regulations

**Others Reviewed**

- 
- 

**NAIC Model References**

- *NAIC Model Rules Governing Advertisements of Medicare Supplement Insurance with Interpretive Guidelines* (#660), Section 11
- *Unfair Trade Practices Act* (#880)

**Review Procedures and Criteria**

Ensure that advertisements do not imply that the entity is licensed in jurisdictions other than that in which it is licensed.

Ensure that advertisements do not imply that the entity’s products are approved, endorsed, (comma inserted after endorsed,) or accredited, or connected with any governmental entity.
D. Producer Licensing
Use the standards for this business area that are listed in Chapter 20—General Examination Standards.

E. Policyholder Service
Use the standards for this business area that are listed in Chapter 20—General Examination Standards.

F. Underwriting and Rating
Use the standards for this business area that are listed in Chapter 20—General Examination Standards.

G. Claims
Use the standards for this business area that are listed in Chapter 20—General Examination Standards.

H. Grievance Procedures

1. Purpose

The grievance procedures portion of the examination is designed to evaluate how well the Medicare Select carrier handles grievances.

A “grievance” means dissatisfaction in writing with the administration, claims practices or provision of services concerning an issuer of a Medicare Select product or network provider.

Note that these definitions may not include all written documented communications that the company tracks as “complaints” under the definition of complaint.

The examiner should review the company procedures for processing grievances. Specific problem areas may necessitate an overall review of a particular segment of the company’s operation.

2. Techniques

A review of grievance procedures should incorporate consumer and provider appeals, consumer direct grievances to the company and those grievances filed with the insurance department. The company should reconcile the company grievance register with a list of grievances from the insurance department. A random sample of grievances and appeals should be selected for review from the company’s grievance register.

The company’s written documented grievance procedures should be reviewed. Determine how those procedures are communicated to plan members within membership materials and upon receipt of appeals and grievances.

The examiner should review the frequency of similar grievances and be aware of any pattern of specific types of grievance. Should the type of grievance noted be cause for unusual concern, specific measures should be instituted to investigate other areas of a company’s operation. This may include modifying the scope of examination to examine specific company behavior.
STANDARDS
GRIEVANCE PROCEDURES

<table>
<thead>
<tr>
<th>Standard 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>The entity defines as a grievance any dissatisfaction expressed in writing with the administration, claims practices or provision of services concerning an issuer of a Medicare Select product or network.</td>
</tr>
</tbody>
</table>

Apply to: All Medicare Select carriers

Priority: Essential

Documents to be Reviewed

- Sample documents and files, including electronic correspondence
- Outlines of coverage
- Policies and/or certificates of coverage
- Contracts
- Grievance procedures
- Applicable statutes, rules and regulations

Others Reviewed

- ________________________________
- ________________________________

NAIC Model References

Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651), Section 10

Review Procedures and Criteria

Review the contracts, outlines of coverage, grievance procedures, sample grievance files and disclosures to determine if the company is correctly defining “grievance.”
STANDARDS
GRIEVANCE PROCEDURES

Standard 2
The entity develops written documented grievance procedures that comply with applicable statutes, rules and regulations, and provides enrollees with a copy of its grievance procedures.

Apply to: All Medicare Select carriers

Priority: Essential

Documents to be Reviewed

_____ Procedures manuals
_____ Policies and/or certificates of coverage
_____ Outlines of coverage
_____ All forms used to process a grievance
_____ Applicable statutes, rules and regulations

Others Reviewed

_____ _____________________________________________
_____ _____________________________________________

NAIC Model References

Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651), Section 10

Review Procedures and Criteria

Determine if the entity provides grievance registration information to the policyholder at the time of the issuance of a policy or certificate.

Determine if the entity has procedures to ensure that a copy of its grievance procedures is provided to any enrollee or prospective enrollee upon request.

Determine if the entity includes a copy of its grievance procedures in its policies, certificates (if applicable) and outlines of coverage.

Review the disclosure form(s) to determine if a description of the entity’s grievances procedures is included.

Review the entity’s grievance procedures to ensure that the procedures are aimed at mutual agreement for settlement and that, if applicable, any arbitration procedures are disclosed.
STANDARDS
GRIEVANCE PROCEDURES

Standard 3
The entity documents, resolves and records grievances in compliance with applicable statutes, rules and regulations, and their contract language.

Apply to:        All Medicare Select carriers

Priority:        Essential

Documents to be Reviewed

_____ Entity’s grievance handling policies and procedures
_____ Sample of grievance files
_____ Outlines of coverage
_____ Policies and/or certificates of coverage
_____ Applicable statutes, rules and regulations

Others Reviewed

_____ _________________________________________
_____ _________________________________________

NAIC Model References

Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651), Section 10

Review Procedures and Criteria

The entity maintains a grievance register consisting of written records that documents all grievances received during the calendar year.

The entity reports all grievances to the insurance commissioner annually, with the information and in the format required by law.

The entity complies with its written-document procedures when receiving and resolving grievances.

The entity considers grievances in a timely manner and transmits grievances to appropriate decision-makers.

The entity takes corrective action promptly on valid grievances.

The entity promptly notifies concerned parties of the results of a grievance review.
STANDARDS
GRIEVANCE PROCEDURES

Standard 4
The company provides to any enrollee, who has filed a grievance, detailed information concerning its grievance and appeal procedures, how to use them and how to notify the insurance department, if applicable.

Apply to: All Medicare Select carriers

Priority: Essential

Documents to be Reviewed

_____ Procedures for processing grievances
_____ Grievance forms and other information provided to an enrollee at the time the enrollee files a grievance
_____ Applicable statutes, rules and regulations

Others Reviewed

_____ ________________________________

_____ ________________________________

NAIC Model References

Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (§651), Section 10

Review Procedures and Criteria

Review the entity’s procedures for processing a grievance to determine if the required disclosures are provided.

Review the entity’s procedures to determine if, when required by state law, the enrollee is advised of the right to contact the insurance department.

Review the grievance procedures to ensure that a provision is made for grievance registration information to be provided at the time of issue and upon request.

As grievances are detected throughout the entire examination, ensure that they have been handled and recorded properly.
## STANDARDS

### GRIEVANCE PROCEDURES

<table>
<thead>
<tr>
<th>Standard 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company reports its grievance procedures to the insurance commissioner on an annual basis.</td>
</tr>
</tbody>
</table>

**Apply to:** All Medicare Select carriers  
**Priority:** Essential

### Documents to be Reviewed

- [ ] Procedures for processing grievances  
- [ ] Procedures for annually reporting grievances to the insurance commissioner  
- [ ] Applicable statutes, rules and regulations

**Others Reviewed**

- [ ] ____________________________  
- [ ] ____________________________

### NAIC Model References

*Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651), Section 10*

### Review Procedures and Criteria

The examiner should determine whether the entity has procedures in place for recording and reporting grievances to the insurance commissioner.

The examiner should ensure that the entity has reported on an annual basis and in the format prescribed by the insurance commissioner, the number of grievances filed in the previous year and a summary of the subject, nature and resolution of such grievances.
I. Network Adequacy

1. Purpose

The network adequacy portion of the examination is designed to ensure that companies offering Medicare Select plans maintain service networks that are sufficient to ensure that all services are accessible without unreasonable delay. The standards require companies to ensure the adequacy, accessibility and quality of health care services offered through their service networks.

The areas to be considered in this kind of review include the company’s plan of operation and measures used by the company to analyze network sufficiency, contracts with participating providers and intermediaries, and ongoing oversight and assessment of access issues.

2. Techniques

To evaluate network adequacy standards, it is necessary for examiners to request from the company a statement or map that reasonably describes the service area. Additional items for review include a list and description by specialty of network providers and facilities. The examiner should determine whether the company has conducted studies to measure waiting times for appointments and other studies that measure the sufficiency and adequacy of the network. The examiner should also determine how the company arranges for covered services that cannot be provided within the network. Examiners should request the carrier’s written documented selection standards for providers and review the plan of operation. Using the list of providers and facilities, examiners should request a sample of specific provider contracts. The review of provider contracts should include an evaluation of compliance with filing requirements and adherence to patient-protection requirements. In addition to direct contracts with providers and facilities, examiners should review the written documented guidelines and contractual requirements established for intermediary contracts. Availability of emergency care facilities and procedures should be evaluated. Examiners should obtain verification that accurate provider directories are provided upon enrollment, are updated and dispersed periodically, and that the company has filed its updated list of network providers with the insurance commissioner on a quarterly basis. Another area for review includes grievances related to provider access issues.

3. Tests and Standards

The network adequacy review includes, but is not limited to, the following standards related to the adequacy of the health carrier’s provider network. The sequence of the standards listed here does not indicate priority of the standard.
STANDARDS
NETWORK ADEQUACY

**Standard 1**
The company demonstrates, using reasonable criteria, that it maintains a network that is sufficient in number and types of providers to ensure that all services to enrollees will be accessible without unreasonable delay.

Apply to: All Medicare Select carriers

Priority: Essential

Documents to be Reviewed

___ Selection criteria
___ Documents related to physician recruitment
___ Provider directory
___ List of providers by specialty
___ Reports of out-of-network service denials
___ Company policy for in-network/out-of-network coverage levels
___ Provider/enrollee location reports by ZIP code geographic location
___ Any policies or incentives that restrict access to subsets of network specialists
___ Computer tools used to assess the network’s adequacy
___ Applicable statutes, rules and regulations

Others Reviewed

___ _________________________________________
___ _________________________________________

NAIC Model References

*Health Benefit Plan Network Access and Adequacy Model Act (#74), Section 5*
*Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651), Section 10*

Review Procedures and Criteria

Reasonable criteria include, but are not limited to:

- Ratios of providers (primary care providers and specialty providers) to enrollees;
- Geographic accessibility, as measured by the reasonable proximity of participating providers to the business or personal residence of enrollees;
- Waiting times for appointments;
- Hours of operation; and
• Volume of technological and specialty services available to serve the needs of enrollees requiring technologically advanced or specialty care.

The company develops and complies with written documented policies and procedures specifying when the company will pay for out-of-area and out-of-network services that are covered by the policy, or as are required by state law. In any case where the company is required to cover services and it has an insufficient number or type of participating providers to provide a covered benefit, the company shall ensure that the enrollee obtains the covered benefit at no greater cost than if the benefit were obtained from participating providers, or providers or (comma removed after providers) shall make other arrangements acceptable to the insurance commissioner.

The company establishes and maintains adequate arrangements to ensure reasonable proximity of participating providers to the business or personal residences of enrollees. In determining whether a company has complied with this provision, the insurance commissioner shall give due consideration to the relative availability of health care providers in the enrollees’ service area.

The company demonstrates that it monitors, on an ongoing basis, its providers, provider groups and intermediaries with which it contracts to ensure the ability, clinical capacity, financial capability and legal authority, including applicable licensure requirements, to furnish all contracted benefits to enrollees. There are standards pertinent to provider licensing in Section J. Provider Credentialing of this chapter.

The company complies with all applicable provisions of state law not expressly covered by any other of these standards.
STANDARDS
NETWORK ADEQUACY

Standard 2
The company has a plan of operation for each plan offered in the state, and files updates whenever it makes a material change to an existing plan.

Apply to: Medicare Select carriers

Priority: Essential

Documents to be Reviewed

_____ Plan of operation
_____ Applicable statutes, rules and regulations

Others Reviewed

_____ _________________________________________
_____ _________________________________________

NAIC Model References

Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651), Section 10

Review Procedures and Criteria

The plan of operation contains evidence of at least the following:

- Covered services are available and accessible though network providers;
- Either the number of network providers in the service area is sufficient to deliver adequately all services, or that the company makes appropriate referrals for provision of such services outside its network;
- There are written documented agreements with network providers describing specific responsibilities;
- Emergency care is available 24 hours per day, 7 days per week;
- The provider agreements prohibit the provider from billing or otherwise seeking reimbursement from enrollees, other than for coinsurance, copayments or supplemental charges;
- A description or map of the service area;
- A description of the company’s grievance procedures;
- A description of the quality assurance program, including the formal organizational structure, the criteria for selection, retention and removal of network providers and the procedures for evaluating quality of care and taking corrective action when warranted;
- A list and description of network providers, by specialty; and
- Any other information requested by the insurance commissioner.
STANDARDS
NETWORK ADEQUACY

Standard 3
The company ensures that enrollees have access to emergency services 24 hours per day, 7 days per week within its network and provides coverage for urgently needed services and emergency services outside of the service area.

Apply to: Medicare Select carriers

Priority: Essential

Documents to be Reviewed

_____ Provider manuals and contracts
_____ Policy forms
_____ Plan of operation
_____ Applicable statutes, rules and regulations

Others Reviewed

_____ _________________________________________
_____ _________________________________________

NAIC Model References

Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651), Section 10

Review Procedures and Criteria

Within the network, the company operates or contracts with facilities to provide enrollees with access to emergency and urgently needed services on a 24 hours per day, 7 day per week basis.

The company covers in full, emergency services or services that are immediately required for an unforeseen illness, injury or condition, when it is not reasonable to obtain services through network providers.
### Standard 4

The company files with the insurance commissioner all required contract forms and any material changes to a contract proposed for use with its participating providers and intermediaries.

**Apply to:** Medicare Select carriers  
**Priority:** Essential

**Documents to be Reviewed**

- Provider manuals
- Sample of provider contracts
- Credentialing file
- Directory of providers
- Applicable statutes, rules and regulations

**Others Reviewed**

- ________________
- ________________

**NAIC Model References**

*Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651), Section 10.*

**Review Procedures and Criteria**

Determine if the provider contracts and endorsements have been filed (if required by state law).

Review provider contracts to determine if the provider is listed in the directory and to determine if credentialing is up-to-date.* (hyphens removed from up to date).
STANDARDS
NETWORK ADEQUACY

<table>
<thead>
<tr>
<th>Standard 5</th>
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</thead>
<tbody>
<tr>
<td>The company executes with each participating provider <strong>written–documented</strong> agreements that are in compliance with applicable statutes, rules and regulations.</td>
</tr>
</tbody>
</table>

Apply to: Medicare Select carriers

Priority: Essential

Documents to be Reviewed

- Provider manuals, contracts and intermediary subcontracts
- Applicable statutes, rules and regulations

Others Reviewed

- _________________________________________
- _________________________________________

NAIC Model References

*Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act* (#651), Section 10.

Review Procedures and Criteria

Every contract between a Medicare Select carrier and a participating provider or provider group contains a “hold harmless” provision specifying protection for enrollees from being billed by providers for other than coinsurance, copayments or supplemental charges.

The contract provides an extension of benefits beyond the period during which the policy was in force, if the enrollee suffers continuous total disability after contract termination.
STANDARDS
NETWORK ADEQUACY

Standard 7
The company provides at enrollment a directory of providers participating in its network. It also makes available, on a timely and reasonable basis, updates to its directory and files the directory with the insurance commissioner.

Apply to: Medicare Select carriers
Priority: Essential

Documents to be Reviewed

_____ Provider directory and updates
_____ Provider contracts
_____ Credentialing and re-credentialing documentation
_____ Internet directory
_____ Applicable statutes, rules and regulations

Others Reviewed

_____ _________________________________________
_____ _________________________________________

NAIC Model References

Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651), Section 10

Review Procedures and Criteria

Request information regarding the carrier’s frequency of updates to the provider directory.

Verify that the company is providing directory updates to enrollees and to the insurance commissioner at the frequency required by state law.

Review how provider data is maintained. If the provider directory is not produced from the same system(s) that handles the administration functions, determine if the data is maintained consistently between systems.

If the provider directory is made available on the carriers’ website, verify that a paper version can be requested, as an option, by the enrollee.
J. Provider Credentialing

1. Purpose

The provider credentialing portion of the examination is designed to ensure that companies offering Medicare Select plans have verification programs to ensure that participating health care professionals meet minimum specific standards of professional qualification.

The areas to be considered in this kind of review include the company’s written documented credentialing and re-credentialing policies and procedures, the scope and timeliness of verifications, the role of health professionals in ensuring accuracy and the oversight of any delegated verification functions.

2. Techniques

Prior to reviewing records for specific providers, examiners should request all written documented credentialing procedures from the company. Examiners should determine the composition of the carrier’s credentialing committee. Examiners should use the company’s provider directory to select a sample of specific provider credential files, drawing from a variety of provider types and facilities. For each provider selected, the examiner should request:

a. The provider application;

b. Credentialing verification materials, including materials obtained through primary and secondary sources;

c. Updates to credentialing information; and

d. Copies of correspondence to providers that relates to the credentialing process.

Examiners should determine how the credentialing committee permits providers to correct information and provide additional information for reconsideration. In the event the credentialing process is subcontracted, examiners should determine whether the contracting entity is following applicable standards.

3. Tests and Standards

The provider credentialing review includes, but is not limited to, the following standards related to the adequacy of the health carrier’s provider credentialing and contracting processes. The sequence of the standards listed here does not indicate priority of the standard.
STANDARDS

PROVIDER CREDENTIALING

Standard 1
The company establishes and maintains a program for credentialing and re-credentialing of providers in compliance with applicable statutes, rules and regulations.

Apply to: All Medicare Select carriers

Priority: Essential

Documents to be Reviewed

_____ Credentialing plan
_____ Credentialing policies and procedures
_____ Minutes of the credentialing committee
_____ Credentialing plan evaluation reports (if any)
_____ Applicable statutes, rules and regulations

Others Reviewed

_____ __________________________________________

_____ __________________________________________

NAIC Model References

Health Care Professional Credentialing Verification Model Act (#70), Section 5

Review Procedures and Criteria

The company establishes written documented policies and procedures for credentialing and re-credentialing of all health care professionals with whom the company contracts and applies those standards consistently.

The company ensures that the carrier’s medical director or other designated health care professional has the responsibility for, and participates in, the health care professional credentialing verification process.

The company establishes a credentialing verification committee consisting of licensed physicians and other health care professionals to review credentialing verification information and supporting documents in order to make decisions regarding credentialing verification.

The company makes all application and credentialing verification policies and procedures available for review by the applying health care professional upon written request.

The company keeps confidential all information obtained in the credentialing verification process, except as otherwise provided by state law.

The company retains all records and documents relating to a health care professional’s credentialing verification process for at least the number of years required by state law.
The company’s policies and procedures for credentialing and re-credentialing of providers are in compliance with state law.
K. Quality Assessment and Improvement

1. Purpose

The quality assessment portion of the examination is designed to ensure that companies offering Medicare Select plans have quality assessment programs in place that enable the company to evaluate, maintain and, when required by state law, improve the quality of health care services provided to enrollees. For Medicare Select plans that limit access to health care services to a closed network, the standards also require a quality improvement program with specific goals and strategies for measuring progress toward those goals.

The areas to be considered in this kind of review include the company’s written documented quality assessment and improvement policies and procedures, annual certifications, reporting of disciplined providers, communications with members about the program and oversight of delegated quality-related functions.

2. Techniques

In some jurisdictions, the quality assessment and improvement function may be monitored jointly by the Department of Insurance and Department of Health (or similar agency). To evaluate quality assessment and improvement activities, examiners should request information relative to the composition of the quality assessment and improvement committee. Examiners should also determine frequency of quality assessment and improvement meetings. To obtain an accurate assessment of a company’s quality assessment and improvement program, it is advisable to review quality assessment and improvement committee meeting minutes for all meetings conducted during the examination period. Ascertain whether the quality assessment program reasonably encompasses all aspects of the covered health care services. Determine whether the carrier has obtained certification from a nationally recognized accreditation entity. Determine which standards will be met by virtue of the certification process. Examiners should evaluate the process by which quality assessment and improvement information and directives are communicated to network providers. Review procedures such as peer review, for including network providers in the quality assessment and improvement process. Ascertain whether outcome-based goals and objectives are being monitored and met.

3. Tests and Standards

The quality assessment and improvement review includes, but is not limited to, the following standards related to the assessment and improvement activities conducted by the health carrier. The sequence of the standards listed here does not indicate priority of the standard.
STANDARDS  
QUALITY ASSESSMENT AND IMPROVEMENT

<table>
<thead>
<tr>
<th>Standard 1</th>
</tr>
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<tbody>
<tr>
<td>The company develops and maintains a quality assessment program that is in compliance with state law to evaluate, maintain and improve the quality of health services provided to enrollees.</td>
</tr>
</tbody>
</table>

**Apply to:** All Medicare Select carriers  

**Priority:** Essential

Documents to be Reviewed

- Quality assessment policies and procedures
- Quality assessment plan (if any)
- Minutes of the quality assessment committee
- Minutes of the board of directors
- Evaluations of the quality assessment program
- Job descriptions of the chief medical officer or clinical director
- Applicable statutes, rules and regulations

Others Reviewed

- _________________________________________
- _________________________________________

NAIC Model References

*Quality Assessment and Improvement Model Act (#71)*

Review Procedures and Criteria

The company develops a quality assessment program and procedures to ensure effective corporate oversight of the program.

The company develops and maintains the infrastructure and disclosure systems necessary to measure the quality of health care services provided to enrollees on a regular basis and appropriate to the types of plans offered by the company.

The company establishes a system designed to assess the quality of health care provided to enrollees. The system includes systematic collection, analysis and reporting of relevant data in accordance with statutory and regulatory requirements.

The company communicates findings in a timely manner to applicable regulatory agencies, providers and consumers as provided for by state law.
The company appoints a chief medical officer or clinical director to have primary responsibility for the quality assessment activities carried out by, or on behalf of, the company (Quality Assessment and Improvement Model Act (#71), Section 7).

The chief medical officer or clinical director approves the written documented quality assessment program, periodically reviews and revises the program documents and acts to ensure ongoing appropriateness. Not less than semi-annually, the chief medical officer or clinical director reviews reports of quality assessment activities (Quality Assessment and Improvement Model Act (#71), Section 7).

The company has an appropriate written documented policy to ensure the confidentiality of an enrollee’s health information used in the company’s quality assessment programs (Quality Assessment and Improvement Model Act (#71), Section 9).

The company complies with all applicable provisions of state law not expressly covered by any other of these standards.
### Standard 2

**QUALITY ASSESSMENT AND IMPROVEMENT**

The company develops and maintains a quality improvement program that is in compliance with applicable statutes, rules and regulations to evaluate, maintain and improve the quality of health services provided to enrollees.

**Apply to:** All Medicare Select carriers

**Priority:** Essential

**Documents to be Reviewed**

- Quality improvement policies and procedures
- Quality improvement plan
- Minutes of the quality improvement committee
- Minutes of the board of directors
- Evaluations of the quality improvement program
- Job descriptions of the chief medical officer or clinical director
- Applicable statutes, rules and regulations

**Others Reviewed**

- ________________________________
- ________________________________

**NAIC Model References**

*Quality Assessment and Improvement Model Act (#71)*

**Review Procedures and Criteria**

The company develops a quality improvement program and procedures to ensure effective corporate oversight of the program (*Quality Assessment and Improvement Model Act (#71), Section 7*).

The company develops and maintains the infrastructure and disclosure systems necessary to measure, on a regular basis, the quality of health care services provided to covered persons and appropriate to the types of plans offered by the company.

The company establishes a system designed to improve the quality and outcomes of health care provided to enrollees. The system includes systematic collection, analysis and reporting of relevant data in accordance with statutory and regulatory requirements (*Quality Assessment and Improvement Model Act (#71), Section 6C*).
The company has a **written documented** quality improvement plan that includes:

- A statement of the objectives, lines of authority and accountability, evaluation tools, data collection responsibilities, performance improvement activities and annual effectiveness review of the program;
- Intent to analyze processes and outcomes of care to discern the causes of variation;
- Identification of the targeted diagnoses and treatments to be reviewed each year;
- Methods to analyze quality, including collection and analysis of information on:
  - Over- or under-utilization of services;
  - Evaluation of courses of treatment and outcome of care; and
  - Collection and analysis of information specific to an enrollee or provider gathered from multiple sources and documentation of both the satisfaction and grievances of the enrollee(s);
- A method to compare program findings with past performance and internal goals and external standards;
- Methods for:
  - Measuring the performance of participating providers;
  - Conducting peer review activities to identify practices that do not meet the company’s standards;
  - Taking action to correct deficiencies;
  - Monitoring participating providers to determine whether they have implemented corrective action; and
  - Taking appropriate action when they have not;
- A plan to utilize treatment protocols and practice parameters developed with clinical input and using evaluations described above or acquired treatment protocols and providing participating providers with sufficient information about the protocols to meet the standards; and
- Evaluating access to care for covered persons according to the state’s standards, and a strategy for integrating public health goals with services offered under the plan, including a description of good faith efforts to communicate with public health agencies.

The company establishes an internal system to identify practices that result in improved health care outcomes, identify problematic utilization patterns, identify those providers that may be responsible for either exemplary or problematic patterns and foster an environment of continuous quality improvement (*Quality Assessment and Improvement Model Act* (#71), Section 6A).

The company ensures that participating providers have the opportunity to participate in developing, implementing and evaluating the quality improvement system (*Quality Assessment and Improvement Model Act* (#71), Section 6D).

The company provides enrollees with the opportunity to comment on the quality improvement process (*Quality Assessment and Improvement Model Act* (#71), Section 6E).

The company uses the findings generated by the system to work on a continuing basis with participating providers and other staff to improve the health care delivered to enrollees (*Quality Assessment and Improvement Model Act* (#71), Section 6B).

The company appoints a chief medical officer or clinical director to have primary responsibility for the quality improvement activities carried out by, or on behalf of, the health carrier (*Quality Assessment and Improvement Model Act* (#71), Section 7).

The chief medical officer or clinical director approves the **written documented** quality improvement program, periodically reviews and revises the program document and acts to ensure ongoing appropriateness. Not less than semi-annually, the chief medical officer or clinical director reviews reports of quality assessment activities (*Quality Assessment and Improvement Model Act* (#71), Section 7).

The company has an appropriate **written documented** policy to ensure the confidentiality of an enrollee’s health information used in the company’s quality improvement programs (*Quality Assessment and Improvement Model Act* (#71), Section 9).
The company complies with all applicable provisions of state law not expressly covered by any other of these standards.
STANDARDS
QUALITY ASSESSMENT AND IMPROVEMENT

<table>
<thead>
<tr>
<th>Standard 3</th>
</tr>
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<tbody>
<tr>
<td>The company files with the insurance commissioner a <strong>written documented</strong> description, in the prescribed format, of the quality assessment program, which includes a signed certification by a corporate officer of the company that the filing meets the requirements of applicable statutes, rules and regulations.</td>
</tr>
</tbody>
</table>

Apply to: All Medicare Select carriers

Priority: Essential

Documents to be Reviewed

- [ ] Written Documented description of the quality assessment program
- [ ] Signed certification by a corporate officer
- [ ] Applicable statutes, rules and regulations

Others Reviewed

- [ ]
- [ ]

NAIC Model References

*Quality Assessment and Improvement Model Act* (#71), Section 5D

Review Procedures and Criteria

Determine if the forms have been filed.
Date: 12/7/21

Virtual Meeting
(in lieu of meeting at the 2021 Fall National Meeting)

ANTIFRAUD (D) TASK FORCE
Monday, November 12, 2021

Meeting Summary Report

The Antifraud (D) Task Force met Nov. 12, 2021. During this meeting, the Task Force:

1. Adopted its Oct. 27 and Summer National Meeting minutes, which included the following action:
   A. Adopted its 2022 proposed charges.

2. Received an update from the Antifraud Education Enhancement (D) Working Group. The Working Group has been working with NAIC staff in preparation for the upcoming investigator safety training webinar that will take place in December. The Working Group advised its members to send any suggested training/webinar topics they would like to have provided.

3. Received an update from the Antifraud Technology (D) Working Group. The Working Group formed a subject matter expert (SME) group to create a template for industry to use when creating their Antifraud Plan. The SME group has been meeting since September to finalize this project. The final draft will be exposed to the Working Group for comment. Once adopted by the Working Group, it will be presented to the Task Force for consideration of adoption.

4. Received an update from the Improper Marketing of Health Insurance (D) Working Group. The Working Group has continued to meet monthly in regulator-to-regulator session. The Working Group is holding its first open meeting at the Fall National Meeting.

5. Heard reports on antifraud activity from NAIC staff and the Coalition Against Insurance Fraud (CAIF).

AFTF Summary
Virtual Meeting  
(in lieu of meeting at the 2021 Fall National Meeting)

MARKET INFORMATION SYSTEMS (D) TASK FORCE  
Tuesday, November 23, 2021

Meeting Summary Report

The Market Information Systems (D) Task Force met Nov. 23, 2021. During this meeting, the Task Force:

1. Adopted its Oct. 29 minutes, which included the following action:  
   A. Adopted its 2022 proposed charges.

2. Adopted its Summer National Meeting minutes.

3. Adopted the report of the Market Information Systems Research and Development (D) Working Group, which met Nov. 5 and Oct. 24 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) and paragraph 6 (consultations with NAIC staff members) of the NAIC Policy Statement on Open Meetings, and took the following action:  
   A. Adopted the artificial intelligence (AI) subject matter expert (SME) group’s recommendation, which included:  
      i. Evaluate currently available market analysis data and assess its quality.  
      ii. Adopt a more rigorously statistical approach to identify the predictive power of market scoring systems and integrate data into a single overall analysis.  
      iii. Incorporate promising AI modes of analyses, as well as traditional statistical modeling.  
      iv. Assess ways AI can improve the efficiency of qualitative analysis and facilitate pattern recognition across larger volumes of textual evidence.  
      v. Explore potential data sources suitable for AI techniques.  
   B. Reviewed and prioritized the outstanding Uniform System Enhancement Request (USER) forms.  
   C. Reviewed the 2020 Market Information Systems (MIS) data analysis metric results. The Working Group will continue its analysis of the results and determine recommendations to improve data quality.

4. Considered the Market Information Systems Research and Development (D) Working Group recommendations regarding the incorporation of AI in the NAIC MIS. The Task Force will continue discussion and consideration for adoption at its next meeting.

MISTF Summary for Fall National Meeting.docx
Virtual Meeting
*(in lieu of meeting at the 2021 Fall National Meeting)*

PRODUCER LICENSING (D) TASK FORCE
Monday, November 29, 2021

Meeting Summary Report

The Producer Licensing (D) Task Force met Nov. 29, 2021. During this meeting, the Task Force:

1. Adopted its Oct. 29 and Summer National Meeting minutes, which included the following action:
   A. Adopted its 2022 proposed charges.
   B. Heard an update on state implementation of online producer licensing examinations.
   C. Discussed a referral from the Special (EX) Committee on Race and Insurance regarding the availability of producer licensing examinations in foreign languages, steps examination vendors have taken to mitigate cultural bias in examinations, and the location of insurance producers compared to demographic information for a geographic area.
   D. Discussed the review of the NAIC’s *Guidelines for State Insurance Regulators to the Violent Crime Control and Law Enforcement Act of 1994* to create a more user-friendly resource for states that would lead to better consistency in how states review 1033 waiver requests.
   E. Discussed procedures for amending the NAIC Uniform Producer Licensing Applications.
   F. Received reports from the Producer Licensing Uniformity (D) Working Group and the Uniform Education (D) Working Group.

2. Received the report of the Producer Licensing Uniformity (D) Working Group, which provided the Task Force with the results of its survey addressing the appropriate producer licensing standard for the sell, solicitation, and negotiation of pet insurance. Seven states responded to the survey that the current uniform licensing standard for pet insurance is the correct policy direction; seven responded that the major lines of authority of Property/Casualty (P/C) should be required; one state responded that pet insurance should become a core limited line; and one state responded that a license for any major line of authority should be required.

3. Received the report of the Uniform Education (D) Working Group, which is continuing to discuss various state requirements for the approval of continuing education (CE) course instructors.

4. Discussed the draft procedures for amending the NAIC Producer Licensing Applications, which are being developed to ensure that the consideration of changes to the uniform applications support the NAIC members’ goal of providing stable, uniform applications and encourage the use of electronic technology for licensing.

5. Received comments from the American Council of Life Insurers (ACLI) on diversity, inclusion, and unnecessary barriers to individuals seeking an insurance producer license. The ACLI referenced the 1033 waiver process and the presence of unnecessary pre-licensing education mandates.

6. Discussed the elimination of cultural bias in producer licensing examinations, which included a review of preliminary feedback from two examination vendors on their internal training and industry standards for examination fairness.
7. Received a report from the National Insurance Producer Registry (NIPR) Board of Directors. October marked the 25th anniversary for NIPR, and NIPR is on track to have its highest transaction volume and review year in 2021. NIPR continues to implement the contact change request application for business entities. NIPR has implemented the application in 28 states and has processed more than 7,300 transactions. NIPR recently implemented a chat feature for customers, and from January to October, the customer service department handled over 162,000 calls, more than 70,000 emails, and 20,000 chats. NIPR is also on track to complete its transition to the cloud before the end of the year.

8. Discussed how states could address errors or misstatements on producer licensing applications, which were completed by third-party authorized submitters.
Summary Report


1. During its Nov. 4 meeting, the Working Group:
   A. Adopted its Oct. 7 minutes.
   B. Adopted a revised draft Chapter 25—Conducting the Medicare Supplement Examination for inclusion in the Market Regulation Handbook (Handbook). The draft was updated to include provisions from the Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651).
   C. Adopted a revised draft Chapter 24—Conducting the Health Examination for inclusion in the Handbook. The draft was updated to include a provision from the Health Maintenance Organization Model Act (#430).
   D. Discussed draft revisions to Chapter 21—Conducting the Property and Casualty Examination for inclusion in the Handbook regarding provisions from the recently adopted Real Property Lender-Placed Insurance Model Act (#631).
   F. Received verbal updates from state insurance regulator volunteers reviewing models potentially affecting the Handbook. The models reviewed were the Suitability in Annuity Transactions Model Regulation (#275), the Corporate Governance Annual Disclosure Model Act (#305), and the Corporate Governance Annual Disclosure Model Regulation (#306).
   G. Received a verbal update from Tim Mullen (NAIC) regarding the Working Group’s group supervision charge to “[d]iscuss the effectiveness of a group’s supervision of market conduct risks and develop examination procedural guidance, as necessary.” Mr. Mullen provided a brief background regarding how and why the charge was developed, and he provided some areas for the Working Group to consider when discussing the charge.

2. During its Oct. 7 meeting, the Working Group:
   A. Adopted its Sept. 2 minutes.
   B. Discussed draft revisions to Chapter 25 for inclusion in the Handbook. The draft was updated to include provisions from Model #651.
   C. Discussed draft revisions to Chapter 24 for inclusion in the Handbook. The draft was updated to include a provision from Model #430.
   D. Received verbal updates from state insurance regulator volunteers reviewing models potentially affecting the Handbook. The models reviewed were Model #631, Model #440, Model #275, Model #305, and Model #306.

3. During its Sept. 2 meeting, the Working Group:
   A. Adopted a new title insurance standardized data request (SDR) to address in force policies and a new title insurance SDR to address claims for inclusion in the reference documents of the Handbook.
   B. Received verbal updates from state insurance regulator volunteers who had reviewed adopted models potentially affecting the content of the Handbook, which included the Unfair Trade
Practices Act (#880), Model #440, Model #305, Model #306, Model #275, Model #430, and Model #651.
Virtual Meeting
(in lieu of meeting at the 2021 Fall National Meeting)

MARKET ANALYSIS PROCEDURES (D) WORKING GROUP
Thursday, November 18, 2021

Meeting Summary Report

The Market Analysis Procedures (D) Working Group met Nov. 18, 2021. During this meeting, the Task Force:

1. Adopted its Summer National Meeting minutes.
2. Discussed market analysis training needs for state insurance regulators.
3. Reviewed the first draft of standard Market Conduct Annual Statement (MCAS) scorecard ratios for the MCAS Travel Insurance and the MCAS Short-Term Limited-Duration (STLD) Insurance Data Call and Definitions. The first collection of data for these new lines of business will be for 2022 data collected in 2023.
4. Discussed market analysis tools that may be eliminated as they are replaced with enhanced tools created as part of the NAIC State Ahead project to develop market regulation self-service dashboards.
5. Discussed the definition of “surrender” and “replacement” for the purposes of the Annuity MCAS Data Call and Definitions. A clarification will be drafted for the Frequently Asked Questions (FAQ) document.

MAPWG Summary for Fall National Meeting.docx
Virtual Meeting

MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP
Monday, November 22, 2021

Summary Report

The Market Conduct Annual Statement Blanks (D) Working Group met Nov. 22, 2021. During this meeting, the Working Group:

1. Adopted its July 28 minutes which included the following action:
   A. Adopted its June 30 minutes.
   B. Received an update on the life Market Conduct Annual Statement (MCAS) draft edits for accelerated underwriting (AU).
   C. Received an update on the Other Health Drafting Group.
   D. Discussed the lawsuit definitions and placement of the lawsuit data elements for the homeowners and private passenger auto (PPA) MCAS.
   E. Requested submission of suggested edits to existing MCAS blanks and data call and definitions.

2. Received an update on the life MCAS draft edits for accelerated underwriting (AU). The Working Group is coordinating its definition with the definition that will be adopted by the Accelerated Underwriting (A) Working Group. The Accelerated Underwriting (A) Working Group will discuss a proposed definition for AU during its Dec. 6 meeting.

3. Received an update from the Other Health Drafting Group. A new chair for the drafting group has been appointed, and it will resume its work on the other health blank.

4. Exposed revisions to the definition of “lawsuit” and the placement of the lawsuit data elements in the homeowners and PPA MCAS blanks. The revisions and structure will allow for the distinction between claims-related lawsuits and non-claims-related lawsuits.

5. Exposed an interrogatory question for capturing information on third-party vendors providing data and algorithms used in the digital claims process.

MCASWG Summary for Fall National Meeting