Draft: 12/2/25

Market Regulation and Consumer Affairs (D) Committee
E-Vote
November 21, 2025

The Market Regulation and Consumer Affairs (D) Committee conducted an e-vote that concluded Nov. 21, 2025. The following Committee members participated: Dean L. Cameron, Chair (ID); Trinidad Navarro, Co-Vice Chair (DE); Holly W. Lambert (IN); Sharon P. Clark (KY); Robert L. Carey (ME); Mike Causey represented by Jackie Obusek (NC); D.J. Bettencourt (NH); Ned Gaines (NV); and Allan L. McVey (WV).

1. Adopted its 2026 Proposed Charges

The Committee conducted an e-vote to consider adoption of: 1) its 2026 proposed charges; 2) the Antifraud (D) Task Force charges; and 3) the Producer Licensing (D) Task Force charges.

A majority of the Committee members voted in favor of adopting the 2026 proposed charges (*see NAIC Proceedings – Fall 2025, Executive (EX) Committee, Attachment Three*). The motion passed.

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

Draft Pending Adoption

Draft: 8/15/25

Market Regulation and Consumer Affairs (D) Committee
Minneapolis, Minnesota
August 13, 2025

The Market Regulation and Consumer Affairs (D) Committee met in Minneapolis, MN, Aug. 13, 2025. The following Committee members participated: Dean L. Cameron, Chair (ID); Trinidad Navarro, Co-Vice Chair (DE); Holly W. Lambert, Co-Vice Chair (IN); Alan McClain represented by Crystal Phelps (AR); Peter M. Fuimaono represented by Elizabeth Perri (AS); Sharon P. Clark (KY); Robert L. Carey represented by Robert Wake (ME); Angela L. Nelson represented by Jo A. LeDuc (MO); Mike Causey represented by Jacqueline Obusek (NC); Ned Gaines (NV); Carter Lawrence represented by Bill Huddleston (TN); Cassie Brown (TX); and Allan L. McVey and Joylynn Fix (WV). Also participating were: David Buono and Shannen Logue (PA); Matthew Gendron (RI); Larry D. Deiter (SD); and Jon Pike (UT).

1. Adopted its July 25 Minutes

The Committee met July 25. During this meeting, it took the following action: 1) adopted its April 30 minutes; and 2) adopted revisions to the Market Conduct Annual Statement (MCAS) data call and definitions for private passenger auto (PPA), homeowners, lender-placed, pet, and other health lines of business.

Commissioner Clark made a motion, seconded by LeDuc, to adopt the Committee's July 25 minutes (Attachment One). The motion passed unanimously.

2. Received an Update on the Development of Examination and Licensing PBMs

Fix said the Pharmacy Benefit Management (D) Working Group has drafting groups working on examination standards and licensing and registration standards for pharmacy benefit managers (PBMs). She said the Working Group's PBM Examination Chapter Drafting Group has completed work on two sections of the draft PBM examination chapter and plans to complete the remaining sections soon after the Summer National Meeting. The examination standards address operations/governance of PBMs, engagement between PBMs and pharmacy networks, PBM relationships with clients, PBM relationships with consumers, and drug reviews/clinical issues. After the Working Group receives all the sections and completes its own review, it plans to expose the initial draft of the PBM examination chapter for a public comment period.

Fix said the Licensing and Registration Standards Drafting Group, which the Working Group established after the Spring National Meeting to develop an initial draft of the standards, recently finished its work and forwarded the draft to the full Working Group for review. She said that following the completion of this review, the Working Group will expose the draft for a public comment period.

Fix said the Working Group has also been discussing the changes that need to be made to the State Based Systems (SBS) to better handle PBM complaints. She said Susan Jennette (DE) will lead a group of volunteers to work on the project and plans to continue working with them over the next few months to develop recommendations for the full Working Group's discussion. She said she expects the work to roll into next year.

3. Discussed the Draft Cybersecurity Incident Response Framework

Director Cameron said the purpose of the cybersecurity incident response framework initiative is to assist NAIC members in assessing the significance of cybersecurity events and developing protocols for multistate coordination after a cybersecurity event has occurred. He said key concepts to be addressed include: 1) criteria to

assess the impact of a cybersecurity event to trigger the need for multistate coordination; 2) establishing the threshold impacts, such as financial impact or consumer impact, that would trigger the use of the multistate protocols; 3) procedures to quickly identify a lead state to coordinate the efforts of state departments; and 4) the respective and appropriate roles of the Cybersecurity (H) Working Group, Market Actions (D) Working Group, and Financial Analysis (E) Working Group.

Director Cameron said that at a high level, the framework would likely include this Committee working in collaboration with the Innovation, Cybersecurity, and Technology (H) Committee to conduct an initial assessment of a cybersecurity event. This assessment would include whether the primary impact is a market conduct impact, a financial impact, or both. After the assessment, the Cybersecurity (H) Working Group would maintain an advisory role, and an assessment group comprised of members of this Committee, the Innovation, Cybersecurity, and Technology (H) Committee, and the Financial Condition (E) Committee would identify an appropriate lead state based on selection criteria to be established. He said the identified lead state would then coordinate with the appropriate subject matter experts (SMEs) under this Committee and/or the Financial Condition (E) Committee to take any needed action. Throughout the response, the Cybersecurity (H) Working Group would continue to provide advisory expertise and oversight.

Buono said that a Pennsylvania domestic company recently had a cybersecurity event. The company was completely shut down and unable to electronically process underwriting, claims, and other policyholder services. He said it is important to streamline the regulatory response to not overwhelm the company that is already struggling to meet consumer demands and restore its systems. Director Cameron noted that Pennsylvania treated the response similarly to a catastrophic event, and its work should be applauded. The goal was to first protect the consumer.

Commissioner Brown asked for the materials displayed on the monitors but not included in the materials. Director Cameron said they would be distributed to the Committee members for consideration and further discussion after they are reviewed.

Erica Weyhenmeyer (National Association of Mutual Insurance Companies—NAMIC) asked if interested parties could review the cybersecurity incident response. Director Cameron said interested parties will be included, but he did not have a timeframe yet.

4. Received an Update on Marketplace Issues Discussed at the Market Actions (D) Working Group

Commissioner Lambert highlighted the importance of the work being done by the Market Actions (D) Working Group and introduced Buono as the Working Group chair. Buono said he chairs the Working Group with the assistance of vice chair Pamela O'Connell (CA). He said the Working Group is a diverse set of market regulators across all the NAIC zones. He said they want to reintroduce themselves with more transparency on their processes and share what information they can without breaching any confidentiality. He said that even though it is called the Market Actions (D) Working Group, the Working Group does more than market conduct actions. Buono said the Working Group is also a forum for the members and Collaborative Action Designees (CADs) to educate themselves on company processes and gain information on marketplace issues. Buono said the meetings are closed and the discussions kept confidential to avoid publicizing allegations that turn out to be nothing.

Buono said Director Cameron requested that every NAIC jurisdiction's chief regulator affirm who their CAD and alternate CAD are. He said that for the first time, every jurisdiction now has an appointed CAD. He said all CADs are invited to all meetings and encouraged to participate in the discussions of the Working Group.

Buono said that at this national meeting, the Working Group discussed concerns around total loss evaluations and began discussions on restarting and improving the Working Group's national analysis program.

5. Received an Update on the Development of a Playbook to Coordinate State Enforcement Actions on Unlicensed Entities

Gendron said the Market Action (D) Working Group's second charge is to facilitate interstate communication and coordinate collaborative state regulatory activities involving nontraditional market actions through the Coordinated Market Investigation Subgroup. He said he and Dan Bumpus (VA) co-chair the Subgroup. Throughout the year, the Subgroup has been looking into two companies. Based on their experiences, they believe a playbook would be valuable, and they have begun to develop a list of things for states to consider when addressing an unlicensed entity in the insurance market. They will use the current investigations to inform what would be in the playbook.

6. Discussed the Viability and Functionality of the Consumer Agent Broker Search Tool

Commissioner Navarro said that during its April 30 meeting, the Committee received three presentations. Harry Ting (Health Care Consumer Advocate) provided a presentation regarding the need for an NAIC consumer-facing tool to assist consumers in finding ethical, knowledgeable insurance producers for all lines of insurance; Gary Lisker (Financial Industry Regulatory Authority—FINRA) provided an overview of FINRA's BrokerCheck, which is a web-based tool consumers can use to find information on securities investment advisors and brokers; and Tim Mullen (NAIC) provided an overview of an initial prototype of a consumer agent/broker search tool based on the project's original scope and feedback from the SMEs.

Commissioner Navarro said presentations provided important background on the concept, and it was clear that further discussion and direction were needed by the Committee, in conjunction with receiving input from both the Antifraud (D) Task Force and Producer Licensing (D) Task Force.

Commissioner Navarro said the idea of an NAIC consumer-facing agent/broker search tool arose from the Improper Marketing of Health Insurance (D) Working Group, which reports to the Antifraud (D) Task Force. He said the Improper Marketing of Health Insurance (D) Working Group recognized that one of the best ways to protect insurance consumers from fraud is to provide consumers the ability to verify an individual's licensing status prior to purchasing an insurance product. This project also complemented the national system of producer licensing and would eliminate any reputational risk of state insurance regulators for not providing a level of transparency similar to what is provided in other sectors of the financial services industry. He noted, for example, FINRA's public portal BrokerCheck, which is a free tool to help consumers research the professional background of brokers and brokerage firms. He said the Conference of State Bank Supervisors (CSBS) also has a public portal called the Nationwide Multistate Licensing System Consumer Access Portal (NMLS Consumer Access).

Commissioner Navarro said a prototype was first provided to the Antifraud (D) Task Force at the 2024 Summer National Meeting, but regulator feedback during the second part of 2024 was mixed. The design allows a consumer to access the NAIC website and determine where a person is licensed and for what lines of authority. The consumer would then be provided with a link to each state website to obtain additional information. The current design leverages the SBS Licensee Lookup available in 34 jurisdictions.

Commissioner Navarro said that before having a more detailed discussion, the Committee needs to address whether the NAIC should serve as direct communication to consumers or whether communication to consumers about licensed individuals should only come from individual state insurance departments.

Commissioner Clark said Kentucky already provides a lot of agent information to consumers in their state. She said citizens are more likely to turn to the state department of insurance (DOI) than to the NAIC, which many have never heard of. Commissioner Navarro said that at the Antifraud (D) Task Force meeting during this national

meeting, it discussed the entity operating in multiple states. Some states may not have information on a bad actor and would not be able to provide this information to their consumers. He said that in another Task Force discussion, it was learned that an agent could obtain a license in a different state after being convicted of insurance fraud in another state.

Director Deiter agreed with Commissioner Clark and said each state has different standards regarding what types of enforcement information would be included. Director Deiter also noted that FINRA is a regulatory body, and the NAIC is not.

Commissioner Pike said the idea is worth exploring. He said many of his state's producer problems arise from out-of-state. Gendron supported multistate efforts to show producer misconduct. Producers will often move to different states when caught.

Wake said this is a "both/and" solution, not an "either/or" one. He said the NAIC provides numerous services to the states, and all the producer information goes through the NAIC. The state and NAIC efforts would be coordinated. He said an agent/broker look-up tool would have a consumer focus. If there is information about producer misconduct, it should be available to the consumer. Commissioner Navarro said states only have state data, but the NAIC can provide national-level data. He said that not sharing misconduct information with consumers is irresponsible.

Dr. Ting said the function of the state DOIs is to protect consumers, which includes protecting them from engaging with fraudulent producers. He said there is currently no good website available to consumers to research insurance producers. He said each state only has data on its own enforcement actions on producers and does not have national data. He said the NAIC should be allowed to share information about producers with consumers. He said not doing so would be irresponsible. He noted that the National Insurance Producer Registry (NIPR) shares the information with companies. Commissioner Clark asked if consumers should have access to information on consumers in good standing, and whether any and all actions by a DOI against a producer should be included. Dr. Ting said the actions that should be shared are serious actions, such as fraud, misappropriating premiums, and misrepresenting coverage. He said the NAIC could determine what should be shared. Wake noted that this is already public information and not confidential.

Buono said Pennsylvania has a consumer portal similar to Kentucky, and he understands Dr. Ting's frustration. State portals do not show national data. He said Pennsylvania is trying to link to the Regulatory Information Retrieval System (RIRS) data, but it only flags that there are RIRS actions with no details.

Director Deiter said FINRA is a regulator and must provide the information, but the NAIC is quasi-regulatory. He asked whether states would have to opt in to an agent/broker look-up tool.

Director Cameron said the issue requires more exploration. He said there may be a solution that could allow this to be built out while still respecting the states' regulatory authority. He asked the members to think further about this, what resources could be used, and the roles of the Producer Licensing (D) Task Force, the Antifraud (D) Task Force, and NIPR.

7. Received an Update on NAIC PICS Alerts for the NIPR Attachment Warehouse

Mullen said that after the Committee's discussion at the Spring National Meeting, NAIC staff implemented an "Alert Manager Shared" inbox to proactively manage "bounce backs" for all NAIC alerts to identify individuals who have signed up for the alerts but failed to receive the alert. He said this is an important improvement with NAIC staff being more proactive in assisting states when there is a change in personnel and there is a need to deactivate a state user account and add a new state user account. As part of this process, the NAIC added a verification step

with the state NAIC information technology (IT) liaisons to confirm a need for deactivation. Mullen said that while not specific to Personalized Information Capture System (PICS) alerts for the Attachment Warehouse, 14 PICS deactivation requests were submitted in June, and 27 deactivation requests were submitted in July.

Mullen said that to complement these actions, NAIC staff compiled a list of regulators in each state receiving the Attachment Warehouse PICS alerts. He said NAIC staff will be conducting outreach to these state contacts to confirm the proper individuals are receiving the alerts.

Mullen said the NAIC will work with NIPR staff to schedule a webinar this fall to provide additional outreach and training to states regarding the Attachment Warehouse and the management and use of PICS alerts.

Director Cameron said there is room for improvement, and NIPR is working on improvements for 2026.

8. Adopted the Reports of its Working Groups

Commissioner Navarro made a motion, seconded by Commissioner Clark, to adopt the reports of the following task forces and working groups, which met after the Market Regulation and Consumer Affairs conference call of July 25: 1) Antifraud (D) Task Force; 2) Producer Licensing (D) Task Force; 3) Market Conduct Annual Statement Blanks (D) Working Group (Attachment Two); 4) Market Regulation Certification (D) Working Group (Attachment Three); and 5) Pharmacy Benefit Management (D) Working Group (Attachment Four). The motion passed unanimously.

9. Discussed Other Matters

Logue said 24 states have adopted the *Model Bulletin on the Use of Artificial Intelligence Systems by Insurers* and a handful of states are in the process of adoption. She said that this year, the Big Data and Artificial Intelligence (H) Working Group has a charge to develop an artificial intelligence (AI) evaluation tool to help regulators conduct market or financial examinations and assess the controls and practices insurers have as it pertains to AI systems.

Logue said the AI evaluation tool is intended to be an interim solution for states to pilot during their examinations to gather input and develop recommendations for long-term solutions, which may include updates to examination handbooks, MCAS data, Corporate Governance Annual Disclosure (CGAD) templates, etc.

Logue said a draft version of the AI systems evaluation tool has been exposed for a public comment period ending Sept. 5. After the conclusion of the comment period, the feedback will be reviewed, and updates to the tool will be made. She said a copy of the tool is available on the Working Group's web page, and anyone can reach out to Miguel Romero (NAIC), Scott Sobel (NAIC), or Dorothy Andrews (NAIC) to get up to speed on the initiative.

Logue said the Working Group wants to encourage regulators, insurers, and interested parties to review the draft tool and provide feedback; recruit states that are interested in being a pilot user of the tool in order to provide input on the long-term solutions; and identify AI training needs for regulators who would be evaluating insurers' use of AI Systems.

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

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Adopted by the Pharmacy Benefit Management (D) Working Group, Dec. 9, 2025

Draft 12/9/25

PHARMACY BENEFIT MANAGER LICENSURE AND REGULATION GUIDELINES FOR REGULATORS

Table of Contents

Section 1. Short Title

This best practice document shall be known and may be cited as the Pharmacy Benefit Manager Licensure and Regulations Guidelines for Regulators.

Section 2. Purpose

A. This document establishes the standards and criteria for the licensure and regulation of pharmacy benefit managers providing claims processing services or other prescription drug or device services for health benefit plans.

B. The purpose of this document is to:

(1) Promote, preserve, and protect the public health, safety and welfare through effective regulation and licensure of pharmacy benefit managers;

(2) Promote the solvency of the commercial health insurance industry, the regulation of which is reserved to the states by the McCarran-Ferguson Act (15 U.S.C. §§ 1011 – 1015), as well as provide for consumer savings, and fairness in prescription drug benefits;

(3) Provide for powers and duties of the commissioner; and

(4) Prescribe penalties and fines for violations.

Section 3. Definitions

Drafting Note: States should review and modify the definitions below, if needed, for consistency with their state laws or regulations.

A. "Claims processing services" means the administrative services performed in connection with the processing and adjudicating of claims relating to pharmacist services that include:

(1) Receiving payments for pharmacist services;

(2) Making payments to pharmacists or pharmacies for pharmacist services; or

(3) Both paragraphs (1) and (2).

B. "Commissioner" means the Commissioner of Insurance.

Drafting Note: Use of the title of the chief insurance regulatory officer wherever the term "commissioner" appears.

C. "Covered person" means a member, policyholder, subscriber, enrollee, beneficiary, dependent or other individual participating in a health benefit plan.

D. "Data calls" generally means a request for specific information or datasets from various sources, such as organizations, departments, or individuals. It often serves as a crucial step in gathering and consolidating data for analysis, reporting, or decision-making.

E. "Health benefit plan" means a policy, contract, certificate or agreement entered into, offered or issued by a health carrier or other entity to provide, deliver, arrange for, pay for or reimburse any of the costs of [physical, mental or behavioral] health care services.

F. "Health carrier" means an entity subject to the insurance laws and regulations of this state, or subject to the jurisdiction of the commissioner, that contracts or offers to contract or enters into an agreement to provide, deliver, arrange for, pay for or reimburse any of the costs of health care services, including a sickness and accident insurance company, a health insurance company, a health maintenance organization, a hospital and health service corporation, or any other entity providing a plan of health insurance, health benefits, or health care services.

Drafting Note: States that license health maintenance organizations pursuant to statutes other than the insurance statutes and regulations, such as the public health laws, will want to reference the applicable statutes instead of, or in addition to, the insurance laws and regulations.

G. "Other prescription drug or device services" means services other than claims processing services, provided directly or indirectly, whether in connection with or separate from claims processing services, including, but not limited to:

(1) Negotiating rebates, discounts or other financial incentives and arrangements with drug companies;

(2) Disbursing or distributing rebates;

(3) Managing or participating in incentive programs or arrangements for pharmacist services;

(4) Negotiating or entering into contractual arrangements with pharmacists or pharmacies, or both;

(5) Developing and maintaining formularies;

(6) Designing prescription benefit programs; or

(7) Advertising or promoting services.

H. “Pharmacist” means an individual licensed as a pharmacist by the [state] Board of Pharmacy.

I. “Pharmacist services” means products, goods, and services or any combination of products, goods and services, provided as a part of the practice of pharmacy.

J. “Pharmacy” means the place licensed by the [state] Board of Pharmacy in which drugs, chemicals, medicines, prescriptions and poisons are compounded, dispensed or sold at retail.

K. (1) “Pharmacy benefit manager” means a person, business or entity, including a wholly or partially owned or controlled subsidiary of a pharmacy benefit manager, that provides claims processing services or other prescription drug or device services, or both, to covered persons who are residents of this state, for health benefit plans.

(2) Pharmacy benefit manager does not include:

(a) A health care facility licensed in this state;

(b) A health care professional licensed in this state;

(c) A consultant who only provides advice as to the selection or performance of a pharmacy benefit manager; or

(d) A health carrier to the extent that it performs any claims processing and other prescription drug or device services exclusively for its enrollees.

Section 4. Applicability

A. This document shall apply to a contract or health benefit plan issued, renewed, recredentialed, amended or extended on or after the effective date of any regulatory changes as prescribed by the commissioner including any health carrier that performs claims processing or other prescription drug or device services through a third party. The commissioner shall establish a timeline for compliance.

B. As a condition of licensure, any contract in existence on the date the pharmacy benefit manager receives its license to do business in this state shall comply with the guidelines of this document.

C. Nothing in this document is intended or shall be construed to conflict with existing relevant federal law.

Section 5. Licensing Requirement

A. A person may not establish or operate as a pharmacy benefit manager in this state for health benefit plans without first obtaining a license from the commissioner.

B. The commissioner may adopt regulations establishing the licensing application, financial and reporting requirements for pharmacy benefit managers.

C. A person applying for a pharmacy benefit manager license shall submit an application for licensure in the form and manner prescribed by the commissioner with the following documents and forms:

(1) Articles of Incorporation or other entity formation documents which contain stamps or certification

of filing with the Secretary of State of the domicile state;

(2) Organizational Chart detailing entity structure of officers;

(3) Provide names, business and mailing address, email addresses and phone number for individuals responsible for regulatory compliance and complaints;

(4) Certificate of Good Standing or other documentation verifying registration in the applying state;

(5) Completed Biographical Affidavit UCAA Form 11 or state form as prescribed by the commissioner for all officers and managing owners with more than 10% ownership in the entity;

(6) Surety Bond in the amount prescribed by the commissioner and all applicable state laws and regulations;

(7) Errors & Omissions Coverage in the amount prescribed by the commissioner and all applicable state laws and regulations;

(8) Audited Financials or other approved financial statement form approved by the commissioner showing financial ~~solvency~~viability;

(9) List of all affiliations of a health insurer, health care center, hospital service corporation, medical service corporation, sub-contractors with noted duties pursuant to agreements between parties, or fraternal benefit society licensed in the state of application attested to by an officer of the applying ~~P~~pharmacy ~~B~~benefit ~~M~~manager entity; and

(10) Any other state specific documents deemed necessary by the commissioner.

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D. A person submitting an application for a pharmacy benefit manager license shall file representative copies of its standard pharmacy network/provider participation agreement, standard health carrier/client services agreement, and any material subcontracting or delegation agreements as part of the license application.

E. If any facilities, personnel, services, or networks are provided or held by an entity other than the person submitting the application, including a parent company, subsidiary, or affiliate, person submitting the application shall maintain and submit an arm's length agreement establishing the perosn's legal right of access to and use of those resources in accordance with good corporate governance.

F. (1) A person submitting an application for a pharmacy benefit manager license shall demonstrate, as part of the license application, that it has adequate digital infrastructure, personnel, systems, and processes to securely process claims, safeguard records, and implement reasonable cybersecurity and breach-reporting measures.

(2) Applicants shall provide documentation sufficient to demonstrate operational readiness and information security controls, including:

(a) A written attestation from a responsible officer confirming the existence of policies, personnel, and systems designed to protect data and ensure secure claim processing;

(b) A summary description of digital infrastructure and cybersecurity measures, including data

encryption, access control, and backup protocols;

(c) Copies or summaries of the applicant's cybersecurity and incident response policies; and

(d) Representative copies of any third-party or affiliate service agreements governing digital systems, data access, or hosting arrangements, which must include provisions ensuring confidentiality, breach notification, and legal right of access.

(3) Licensees shall maintain such infrastructure, controls, and documentation on an ongoing basis throughout the term of licensure and make them available to the commissioner upon request.

~~D.~~G. A person submitting an application for a pharmacy benefit manager license shall include with the application a non-refundable application fee as prescribed by the commissioner and applicable state laws and regulations. ~~Attached to this document is a list of fees by state.~~

~~E.~~H. The commissioner may refuse to issue or renew a license if the commissioner determines that the applicant or any individual responsible for the conduct of affairs of the applicant is not competent, trustworthy, financially responsible or of good personal and business reputation or has been found to have violated the insurance laws of this state or any other jurisdiction, or has had an insurance or other certificate of authority or license denied or revoked for cause by any jurisdiction.

~~F.~~I. Renewal requirements.

(1) Unless surrendered, suspended or revoked by the commissioner, a license issued under this section shall remain valid as long as the pharmacy benefit manager continues to do business in this state and remains in compliance with the provisions of this act and any applicable rules and regulations, including the payment of an annual license renewal fee as prescribed by the commissioner and applicable state laws and regulations and completion of a renewal application on a form prescribed by the commissioner.

(2) Such renewal fee and application shall be received by the commissioner on or before designated renewal date or the anniversary of the effective date of the pharmacy benefit manager's initial or most recent license as prescribed by the commissioner and applicable state laws and regulations.

(3) The renewal application shall include:

(a) An attestation by an officer of the pharmacy benefit manager whether or not in the previous year, the licensee or any contracted health plan engaged in the practice of steering or imposed point of sale or retroactive fees in connection with its health plans and insureds;

(b) Audited financials or other financial statement form approved by the commissioner showing financial solvency as determined by the commissioner; and

(c) Proof of continuation of previously submitted bonds or newly executed surety and error and omissions bonds.

~~G~~J. Requirements after approval of license in the form and process prescribed by the commissioner and all applicable state laws and regulations.

(1) Provide the National Average Drug Acquisition Cost (NADAC) established by the federal Centers for Medicare & Medicaid (CMS) report:

(a) For the months of January through April, no later than June 15;

(b) For the months of May through August, no later than October 15; and

(c) For the months of September through December, no later than February 15 of the following year.

(2) On or before March 1 of each year, provide the website domain and uniform resource locator (URL) for public access to the pharmacy benefit manager's NADAC reports.

(3) Report all rebates and other payments received in the preceding year from pharmaceutical manufacturers on behalf of each health plan the pharmacy benefit manager is contracted with on a form or process as prescribed by the commissioner.

(4) Proof of Network Adequacy Requirements and Reporting.

(a) A pharmacy benefit manager's network shall be reasonably adequate, shall provide for convenient patient access to pharmacies within a reasonable distance from a patient's residence and shall not be comprised only of mail order pharmacy benefits but have a mix of mail order and physical stores in this state.

(b) A pharmacy benefit manager shall provide a network report describing the pharmacy benefit manager's network and the mix of mail-order to physical stores in this state in a time and manner required as prescribed by the commissioner. A pharmacy benefit manager's network shall include a detailed description of any separate, sub-networks for specialty drugs.

(c) Failure to provide a timely report or meet the network adequacy standards provided in subparagraph (a) of this paragraph may result in the suspension, ~~or~~ revocation, or denial of a pharmacy benefit manager's license by the commissioner.

(d) A pharmacy benefit manager may not require a pharmacy or pharmacist, as a condition for participating in the pharmacy benefit manager's network, to obtain or maintain accreditation, or credentialing that is inconsistent with, more stringent than, or in addition to state requirements for licensure or other relevant federal or state standards.

Drafting Note: States may not be able to include mail order to meet network adequacy or other standards to meet regulatory reporting standards.

Drafting Note: States may consider adding a waiver provision for applicants and licensees unable to meet the network adequacy requirements under this subsection.

~~H~~K. Requirements After Inactivation of License.

(1) The pharmacy benefit manager shall maintain a surety and errors and omissions bonds for a period of at least one year immediately following the surrender, non-renewal or revocation of the license.

(2) All data calls and reporting shall be required for the months the pharmacy benefit manager was actively licensed and conducting business in the state.

Section 6. Gag Clauses and Other Pharmacy Benefit Manager Prohibited Practices

A. In any participation contracts between a pharmacy benefit manager and pharmacists or pharmacies providing prescription drug coverage for health benefit plans, no pharmacy or pharmacist may be prohibited, restricted or penalized in any way from disclosing to any covered person any healthcare information that the pharmacy or pharmacist deems appropriate regarding:

(1) The nature of treatment, risks or alternative thereto;

(2) The availability of alternate therapies, consultations, or tests;

(3) The decision of utilization reviewers or similar persons to authorize or deny services;

(4) The process that is used to authorize or deny healthcare services or benefits; or

(5) Information on financial incentives and structures used by the insurer.

B. A pharmacy benefit manager may not prohibit a pharmacy or pharmacist from discussing information regarding the total cost for pharmacist services for a prescription drug or from selling a more affordable alternative to the covered person if a more affordable alternative is available.

C. A pharmacy benefit manager contract with a participating pharmacist or pharmacy may not prohibit, restrict, or limit disclosure of information to the commissioner, law enforcement or state and federal governmental officials, provided that:

(1) The recipient of the information represents it has the authority, to the extent provided by state or federal law, to maintain proprietary information as confidential; and

(2) Prior to disclosure of information designated as confidential the pharmacist or pharmacy:

(a) Marks as confidential any document in which the information appears; or

(b) Requests confidential treatment for any oral communication of the information.

D. A pharmacy benefit manager may not terminate the contract of or penalize a pharmacist or pharmacy due to a pharmacist or pharmacy:

(1) Disclosing information about pharmacy benefit manager practices, except for information determined to be a trade secret, as determined by state law or the commissioner; or

(2) Sharing any portion of the pharmacy benefit manager contract with the commissioner pursuant to a complaint or a query regarding whether the contract is in compliance.

E. (1) A pharmacy benefit manager may not require a covered person purchasing a covered prescription drug to pay an amount greater than the lesser of the covered person's cost-sharing amount under the

terms of the health benefit plan or the amount the covered person would pay for the drug if the covered person were paying the cash price.

(2) Any amount paid by a covered person under this subsection shall be attributable toward any deductible or, to the extent consistent with section 2707 of the Public Health Service Act, the annual out-of-pocket maximums under the covered person's health benefit plan.

Section 7. Enforcement

A. The commissioner shall enforce compliance with all applicable laws and regulations of the state.

B. Regulatory Examinations.

(1) The commissioner may examine or audit the books and records of a pharmacy benefit manager providing claims processing services or other prescription drug or device services for a health benefit plan to determine compliance with all state laws and regulations.

(2) All pharmacy benefit managers operating in this state shall provide to the commissioner or their designee convenient and free access, at all reasonable office hours, to all books and records relating to the business affairs.

(3) The cost of the examination shall be the responsibility of the pharmacy benefit manager. The state should refer to the *Model law on Examinations* (#390) for additional guidance. It can be considered that if the examination was the result of a complaint filed and it is determined that the complaint was not justified, the commissioner can consider not requiring payment from the pharmacy benefit manager.

(4) The information or data acquired during an examination under paragraph (1) is:

(a) Considered proprietary and confidential;

(b) Not subject to the [Freedom of Information Act] of this state;

(c) Not subject to subpoena; and

(d) Not subject to discovery or admissible in evidence in any private civil action.

C. The commissioner may use any document or information provided during the regulatory examination to determine compliance with all state laws and regulations.

D. The commissioner may impose a penalty on a pharmacy benefit manager or the health carrier with which it is contracted, or both, for any violation of state laws and regulations.

E. An appeals process for any administrative action or fine should be provided to the pharmacy benefit manager in accordance with state laws and regulations.

Section 8. Regulations

The commissioner may promulgate regulations relating to pharmacy benefit managers that are not inconsistent with this document.

Section 9. Effective Date

A person doing business in this state as a pharmacy benefit manager on or before the effective date of any changes in state laws or regulations shall have six (6) months to come into compliance.

Drafting Note: States laws or regulations may vary on when a change in state law or regulation is effective. As such, states should review their laws and regulations and modify the language in this section accordingly.

2025 Fall National Meeting
Hollywood, Florida

ANTIFRAUD (D) TASK FORCE
Wednesday, December 10, 2025
2:30 – 3:30 p.m.

Meeting Summary Report

The Antifraud (D) Task Force met Dec. 10, 2025. During this meeting, the Task Force:

1. Adopted its Summer National Meeting minutes.

2. Adopted its Oct. 29 minutes. During this meeting, the Task Force took the following action:
   A. Adopted its 2026 proposed charges.

3. Adopted a motion to add a long-term care (LTC) fraud category to the Online Fraud Reporting System (OFRS).

4. Heard a presentation from the Coalition Against Insurance Fraud (Coalition) on the implications of generative artificial intelligence (AI) in the insurance sector. The presentation addressed the impact of AI on insurance practices, identified various forms of fraud observed within the industry, and analyzed the resulting financial consequences.

5. Received an update from the Improper Marketing of Health Insurance (D) Working Group, which met Oct. 23 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss improper marketing of health insurance.

6. Heard reports from the National Insurance Crime Bureau (NICB) and the Coalition on antifraud activity.

2025 Fall National Meeting
Hollywood, Florida

PRODUCER LICENSING (D) TASK FORCE
Wednesday, December 10, 2025
12:00 – 1:00 p.m.

The Producer Licensing (D) Task Force met Dec. 10, 2025. During this meeting, the Task Force:

1. Adopted it Summer National Meeting minutes.

2. Adopted its Oct. 31 minutes. During this meeting, the Task Force took the following action:
   A. Adopted its 2026 proposed charges.

3. Adopted the report of the Adjuster Licensing (D) Working Group, which met Oct. 21 and Sept. 25. During these meetings, the Working Gorup took the following action:
   A. Finalized its review of Chapter 18—Adjusters of the *State Licensing Handbook*.
   B. Discussed the challenges across jurisdictions with Designated Home State (DHS) licensing.

4. Adopted the report of the Producer Licensing Uniformity (D) Working Group, which met Oct. 7. During this meeting, the Working Group took the following action:
   A. Discussed its review of the *State Licensing Handbook*. The Working Group suggested revisions to Chapter 9—Lines of Insurance, Chapter 10—Surplus Lines, and Chapter 11—Appointments.
   B. Discussed the importance of maintaining an up-to-date state licensing contact list for state licensing directors and designated staff.

5. Adopted the report of the Uniform Education (D) Working Group, which met Dec. 4, Oct. 15, and Sept. 10. During these meetings, the Working Group took the following action:
   A. Discussed its review of Chapter 6—Prelicensing Education, Chapter 8—Testing Programs, and Chapter 14—Continuing Education of the *State Licensing Handbook*. The Working Group is conducting its final review of the chapters and will then present the chapters to the Producer Licensing Uniformity (D) Working Group.

6. Heard a report from the National Insurance Producer Registry (NIPR) Board of Directors. Through October 2025, NIPR's revenue was $77.5 million, which is 8.1% over budget and 12% over the same period in 2024. On Dec. 8, the Board of Directors approved NIPR's 2026 proposed budget, which forecasts $95.7M in revenue. NIP is implementing the Uniform Application updates, approved by the Producer Licensing (D) Task Force at the NAIC 2024 Fall National Meeting. NIPR's goal is to have the updated applications in production in the second quarter of 2026.

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Virtual Meeting

MARKET ANALYSIS PROCEDURES (D) WORKING GROUP
November 3, 2025

Summary Report

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

1. Reported that it met Oct. 6 and Aug. 25 in regulator-to-regulator session, pursuant to paragraph 6 (consultations with NAIC staff members) of the NAIC Policy Statement on Open Meetings. During these meetings, the Working Group took the following action:
    A. Discussed the specifics of the recommendations made for improving the Market Analysis Prioritization Tool (MAPT, including the reasons supporting the recommendations, how jurisdictions could improve their baseline analysis, and next steps for implementing the recommendations.

2. Adopted a recommendation to request approval from the Market Regulation and Consumer Affairs (D) Committee to engage an external party to retool the prioritization tool, for the private passenger auto (PPA) line of business only, using current technologies.

3. Received a report from the Market Regulation Certification (D) Working Group on the development of a market analysis requirement to be included in the Voluntary Market Regulation Certification Program.

4. Discussed adding home and auto warranty contracts as the next line of business to the Market Conduct Annual Statement (MCAS). The number of states with authority over that line is insufficient to require MCAS reporting.

5. Discussed its revisions to the Market Analysis Review System (MARS) Level 2 guidelines.

NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Virtual Meeting

MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP
Sunday, December 3, 2023

Summary Report

The Market Conduct Annual Statement Blanks (D) Working Group met Oct. 10, 2023. During this meeting the Working Group:

1. Adopted its Aug. 24 minutes, which included the following action:
   A. Adopted its July 19 minutes, which included the following action:
      i. Discussed the Market Conduct Annual Statement (MCAS) directions for determining when a claim is closed on the private passenger auto (PPA) and homeowners line of business.
      ii. Discussed changes to the MCAS data element revision process timeline.
      iii. Discussed filing deadlines for other health and short-term, limited duration (STLD) lines of business.
   B. Reviewed reporting of closed claims for PPA and homeowners lines of business
   C. Reviewed the MCAS data element revision process timeline.
   D. Reviewed filing deadlines for other health and STLD lines of business.

2. Adopted its minutes from the Sept. 18 Electronic Votes, which included the following action:
   A. Adopted a motion to remove duplicate data elements from the MCAS other health blank:
      i. Data elements #54 and #61 both ask for covered lives impacted by cancellations initiated by the policyholder/certificate holder during the period. The Working Group voted to remove data element #54 and retain data element #61.
      ii. Data elements #58 and #62 both ask for covered lives impacted by cancellations resulting from nonpayment. The Working Group voted to remove data element #58 and retain data element #62.

3. Approved a proposal to rename the claims closed data elements in the property/casualty (P/C) MCAS blanks to read as follows: "number of claims closed in your system with the date of final payment within 'x' days" or "number of claims closed in your system without payment within 'x' days."

4. Approved a May 31 annual MCAS reporting deadline for the other health and STLD MCAS lines of business to align with the reporting deadline for the health MCAS.

5. Approved edits to the data element revision process document to provide guidelines that encourage drafting groups to finish their work products at least 60 days prior to the June 1 deadline for adoption of revisions.

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Virtual Meeting

MARKET CONDUCT EXAMINATION GUIDELINES (D) WORKING GROUP

Summary Report

The Market Conduct Examination Guidelines (D) Working Group has not met since the Summer National Meeting. State insurance regulator-only subject matter expert (SME) drafting groups met during the interim, under the direction of the Market Conduct Examination Guidelines (D) Working Group chair, to continue drafting material for exposure at a forthcoming Working Group meeting when it is completed.

1. The accelerated underwriting SMEs met Nov. 12, Oct. 23, Oct. 6, and Sept. 30 to draft market conduct examiner guidance for inclusion in the *Market Regulation Handbook* (Handbook) based upon the Regulatory Guidance Document adopted by the Accelerated Underwriting (A) Working Group (disbanded in 2025) on Aug. 6, 2024, and by the Life Insurance and Annuities (A) Committee at the 2024 Summer National Meeting.

2. The pet insurance SMEs met Nov. 14, Oct. 21, Oct. 8, Sept. 24, and Sept. 3 to draft a new pet insurance in-force standardized data request (SDR) and make revisions to the current exposure draft of a new pet insurance chapter for inclusion in the Handbook. The chapter is based on the *Pet Insurance Model Act* (#633). The pet insurance SMEs also plan to create a pet insurance claims and a pet insurance complaints SDR. The Working Group plans to re-expose the pet insurance chapter draft during its next meeting.

3. The travel insurance SMEs met Oct. 14, Oct. 1, and Sept. 9 to incorporate revisions addressing comments received from the U.S. Travel Insurance Association (USTIA) and the American Property Casualty Insurance Association (APCIA) into the currently exposed draft of the Conducting the Property and Casualty Travel Insurance Examination chapter of the Handbook. The SMEs made additional revisions to the draft chapter via email the week of Nov. 25. Revisions to the travel insurance chapter are based on the *Travel Insurance Model Act* (#632). The Working Group plans to re-expose the travel insurance chapter draft during its next meeting.

4. The material developed by the regulator-only SMEs is subject to the Working Group's adoption process, which includes public exposure, a comment period or periods, and review, discussion, and ultimately adoption, at open Working Group meetings. When state insurance regulator-only SMEs complete their work on preliminary drafts, the drafts will then be publicly exposed, and regulators and non-regulators will have the opportunity to submit and present comments/provide feedback about the exposure drafts during upcoming Working Group meetings.

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Virtual Meeting

MARKET INFORMATION SYSTEMS (D) WORKING GROUP
November 5, 2025

Summary Report

The Market Information Systems (D) Working Group met Nov. 5 in regulator-to-regulator session, pursuant to paragraph 6 (consultations with NAIC staff members related to NAIC technical guidance) of the NAIC Policy Statement on Open Meetings. During this meeting, the Working Group:

1. Discussed its Oct. 1 meeting, which included the following action:
   A. Discussed its Aug. 27 meeting, which included the following action:
      i. Received an update on outstanding Uniform System Enhancement Request (USER) forms and Market Information System (MIS) projects.
      ii. Discussed the survey of state insurance departments regarding the importance and usefulness of the different MIS data analysis metrics.
      iii. Discussed and continued revisions to the NAIC i-Site+ help section for the Market Analysis Review System (MARS) Level 1.
   B. Discussed the MIS data analytics reports and received a demonstration of the Complaints Database System (CDS) metrics being created in ThoughtSpot.
   C. Discussed and continued revisions to the NAIC i-Site+ help section for the MARS Level 1.

2. Considered a recently submitted USER request to add complaint coverage codes for auto and home warranties.

3. Discussed the MIS data analytics reports and received a demonstration of Regulatory Information Retrieval System (RIRS) metrics being created in ThoughtSpot. The expectation is for the reports to be available in the first quarter of 2026.

4. Adopted revisions to the NAIC i-Site+ help section for the MARS Level 1.

2025 Summer National Meeting
Hollywood, Florida

MARKET REGULATION CERTIFICATION (D) WORKING GROUP
Tuesday, December 9, 2025
8:00 – 9:00 a.m.

Meeting Summary Report

The Market Regulation Certification (D) Working Group met Dec. 9, 2025. During this meeting, the Working Group:

1. Adopted its Nov. 17 minutes. During this meeting, the Working Group took the following action:
   A. Adopted its Aug. 6 minutes. During this meeting, the Working Group took the following action:
      i. Adopted its May 21 minutes.
      ii. Discussed the proposed draft of a new market analysis certification requirement.
   B. Discussed the status of the review of the applications for self-certification. There are 22 states that are provisionally certified.
   C. Discussed the proposed draft of a new market analysis certification requirement. The Working Group reached a consensus on a broadened definition of what counts as market analysis.

2. Adopted the proposed draft of a new market analysis certification requirement, 12—Department Market Analysis Activity, with a primary requirement to conduct at least 30 market analysis activities, which are recorded in the Market Analysis Review System (MARS) or the Market Action Tracking System (MATS).

3. Discussed the next phase of the Voluntary Market Regulation Certification Program to begin accepting applications for full certification.

4. Reminded states/territories that they can continue to submit self-certifications to be automatically provisionally certified. The goal is to have 25 states provisionally certified by the end of 2025 and 25 states provisionally certified by the end of 2026.

2025 Fall National Meeting
Hollywood, Florida

PHARMACY BENEFIT MANAGEMENT (D) WORKING GROUP
Tuesday, December 9, 2025
2:15 – 3:15 p.m.

Meeting Summary Report

The Pharmacy Benefit Management (D) Working Group met Dec. 9, 2025. During this meeting, the Working Group:

1. Adopted its Summer National Meeting minutes.

2. Heard a presentation from Pharmacy Marketplace on a proposed automated pharmacy complaint tool it is developing to address issues related to the pharmacy complaint and appeal process.

3. Adopted the *Pharmacy Benefit Manager (PBM) Licensure and Regulation Guidelines for Regulators* document, including the revisions suggested by the Michigan Department of Insurance and Financial Services (DIFS) in its comment letter to the Working Group, and forwarded it to the Market Regulation and Consumer Affairs (D) Committee for its consideration. This action followed the Working Group's discussion of comments received by the Dec. 1 public comment deadline.

4. Discussed the draft PBM examination chapter, which the Working Group exposed on Nov. 25 for a public comment period ending Jan. 16, 2026. Following the end of the public comment period, the Working Group plans to meet in late January or early February to discuss the comments received and discuss next steps.

5. Received an update on the potential State Based Systems (SBS) changes to better handle PBM complaints.

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Virtual Meeting

SPEED TO MARKET (D) WORKING GROUP
October 8, 2025

Summary Report

The Speed to Market (D) Working Group met Oct. 8, 2025. During this meeting, the Working Group:

1. Adopted its Aug. 21 minutes, which included the following action:
   A. Adopted its June 24 minutes.
   B. Approved a product coding matrix (PCM) revision regarding Affordable Care Act (ACA)-related dental products.
   C. Discussed the survey for System for Electronic Rates & Forms Filing (SERFF) Tableau dashboards, metrics, and reporting.
   D. Received an update on the *Product Filing Review Handbook*.
   E. Received a report on the SERFF modernization project and SERFF Product Steering Committee (PSC).
   F. Received an update on the Interstate Insurance Product Regulation Commission (Compact).

2. Received an update on the creation of an annual SERFF metrics report to be provided to all NAIC members at each Spring National Meeting. Each commissioner or director will receive a state-specific report summarizing activity by system instance (e.g., property/casualty [P/C] and life and health) and comparing current and previous year data. The reports will include monthly filing and closure counts, five-year trend data, turnaround times, and product-specific details for several key types of insurance (TOIs), including personal auto, homeowners, and long-term care (LTC). The report will focus solely on individual states and will not include state-to-state comparisons.

3. Received a report on the *Product Filing Review Handbook.* Technical edits were made by NAIC staff. In 2026, the Working Group will consider substantive changes to the handbook.

4. Received a report on the SERFF modernization project and SERFF PSC.

