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Synopsis of the NAIC Committee, Subcommittee and Task Force Meetings
2019 Fall National Meeting
December 7–10, 2019

To: Members of the NAIC and Interested Parties
From: The Staff of the NAIC

Committee Action
NAIC staff have reviewed the committee, subcommittee and task force reports and highlighted the actions taken by the committee groups during the Fall National Meeting in Austin, TX. The purpose of this report is to provide NAIC members, state insurance regulators and interested parties with a summary of these meeting reports.

EXECUTIVE (EX) COMMITTEE AND PLENARY (Joint Session)
Dec. 10, 2019
1. Adopted the report of the Executive (EX) Committee, which met Dec. 8 and took the following action:
   a. Adopted the report of the joint meeting of the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee, which met Dec. 7.
   b. Adopted its Nov. 18 and Oct. 7–8 interim meeting report.
   c. Adopted the reports of its task forces: the Financial Stability (EX) Task Force; the Government Relations (EX) Leadership Council; the Innovation and Technology (EX) Task Force; and the Long-Term Care Insurance (EX) Task Force.
   d. Adopted its 2020 proposed charges.
   e. Adopted Requests for NAIC Model Law Development to amend: 1) the Insurance Holding Company System Regulatory Act (#440); 2) the Insurance Holding Company System Model Regulation with Reporting Forms and Instructions (#450); and 3) the Unfair Trade Practices Act (#880).
   f. Received a status report on the NAIC State Ahead strategic plan implementation.
   g. Received a status report on model law development efforts.
   h. Heard reports from the National Insurance Producer Registry (NIPR) and the Interstate Insurance Product Regulation Commission (Compact).
2. Adopted by consent the committee, subcommittee and task force minutes of the Summer National Meeting.
3. Adopted the NAIC 2020 proposed budget.
4. Adopted the NAIC 2020 proposed committee charges.
5. Received the following committee reports: the Life Insurance and Annuities (A) Committee; the Health Insurance and Managed Care (B) Committee; the Property and Casualty Insurance (C) Committee; the Market Regulation and Consumer Affairs (D) Committee; the Financial Condition (E) Committee; the Financial Regulation Standards and Accreditation (F) Committee; and the International Insurance Relations (G) Committee.
6. Adopted the 2020 Generally Recognized Expense Table (GRET).
7. Adopted Actuarial Guideline LII—Variable Annuity Early Adoption (AG 52).
9. Adopted the Post-Disaster Claims Guide.
10. Adopted amendments to the Guideline for Stay on Termination of Netting Agreements and Qualified Financial Contracts (#1556).
12. Adopted the Re-Evaluation of Qualified Jurisdictions and Summary of Findings and Determinations for Bermuda, France, Germany, Ireland, Japan, Switzerland and the United Kingdom (UK) for the NAIC List of Qualified Jurisdictions.
13. Adopted the Evaluation of Reciprocal Jurisdiction and Summary of Findings and Determinations for Bermuda, Japan and Switzerland for the NAIC List of Reciprocal Jurisdictions.
14. Adopted revisions to Part D: Primary Licensing, Redomestications and Change of Control of the Accreditation Standards.
15. Received a status report on state implementation of NAIC-adopted model laws and regulations.
16. Received the results of the 2020 zone officer elections. Midwest Zone: Director Larry Deiter, Chair (SD); Director Jillian Froment, Vice Chair (OH); and Commissioner Doug Ommen, Secretary (IA). Northeast Zone: Commissioner Stephen C. Taylor, Chair (DC); Commissioner Jessica Altman, Vice Chair (PA); and Commissioner Gary Anderson, Secretary (MA). Southeast Zone: Commissioner Jim L. Ridling, Chair (AL); Commissioner Mike Chaney, Vice Chair (MS); and Commissioner James J. Donelon, Secretary (LA). Western Zone: Director Lori K. Wing-Heier, Chair (AK); Commissioner Michael Conway, Vice Chair (CO); and Commissioner Andrew Stolfi, Secretary (OR).
17. Elected the 2020 NAIC officers: Director Raymond G. Farmer, President (SC); Commissioner David Altmaier, President-Elect (FL); Director Dean L. Cameron, Vice President (ID); and Director Chlora Lindley-Myers, Secretary-Treasurer (MO).

EXECUTIVE (EX) COMMITTEE
Dec. 8, 2019
1. Adopted the report of the joint meeting of the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee, which met Dec. 7 and took the following action:
   a. Adopted its Nov. 18, Oct. 7–8 and Summer National Meeting minutes.
   b. Adopted the Internal Administration (EX1) Subcommittee’s Nov. 26 and Oct. 18 minutes, which included the following action:
      1. Received an update on the Defined Benefit Plan portfolio as of Sept. 30.
      2. Received an update on the NAIC long-term investment plan portfolio as of Sept. 30.
      3. Ratified the vote to begin restructuring the Defined Benefit Plan portfolio to implement the liability driven investment (LDI) strategy.
      4. Approved the 2020 proposed charges for the Internal Administration (EX1) Subcommittee and the Information Systems (EX1) Task Force.
   c. Adopted the report of the Audit Committee, which met Dec. 3 and took the following action:
      1. Received an overview of the Oct. 31 financial statements.
      2. Received an update on the 2019/2020 Service Organization Control (SOC) 1 and SOC 2 reviews and reports.
      3. Received an update on database filing fee payments.
      4. Received an update on zone financials.
   d. Adopted the report of the Information Systems (EX1) Task Force, which met Dec. 6 and took the following action:
      1. Received an update on three draft 2020 fiscals with a technology component.
      2. Received an operational report for the NAIC’s information technology (IT) activities.
      3. Received a portfolio update, which includes 20 active projects, and a summary of three projects completed since the Summer National Meeting.
      4. Reaffirmed the Audit Committee Charter.
   e. Approved a recommendation on a vendor and funding to conduct a System for Electronic Rate and Form Filing (SERFF) assessment.
   f. Approved the release of a fiscal to conduct a principal-based reserve (PBR) yearly renewable term (YRT) reinsurance study for public review and comment.
   g. Heard a presentation on the NAIC branding project, which includes updating the NAIC logo.
   h. Received the joint chief executive officer (CEO)/chief operating officer (COO) report.
   i. Received a cybersecurity briefing.
2. Adopted the report of the Executive (EX) Committee, which met Nov. 18 and Oct. 7–8 and took the following action:
   a. Approved the NAIC 2020 proposed budget and recommended the budget be adopted by the full NAIC membership at the Fall National Meeting.
   b. Approved recommendations for the NAIC’s Defined Benefit Plan Fund Investments.
   c. Approved the investment policy statement (IPS) for the NAIC’s long-term funds.
   d. Approved the IPS for the NAIC’s defined benefit plan and the defined contribution plan.
   e. Adopted the Information Systems (EX1) Task Force’s 2020 proposed charges.
   f. Adopted the Internal Administration (EX1) Subcommittee’s 2020 proposed charges.
   g. Exposed the NAIC 2020 proposed budget, including five fiscals, for a public comment period ending Nov. 7.
3. Adopted its 2020 proposed charges.
4. Adopted Requests for NAIC Model Law Development to amend: 1) the Insurance Holding Company System Regulatory Act (#440) and the Insurance Holding Company System Regulation with Reporting Forms and Instructions (#450); and 2) the Unfair Trade Practices Act (#880).
5. Received a status report on the NAIC State Ahead strategic plan implementation.
6. Received a status report on model law development efforts for amendments to the: Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act (#171); Annuity Disclosure Model Regulation (#245); Suitability in Annuity Transactions Model Regulation (#275); Health Maintenance Organization Model Act (#430); Life Insurance Disclosure Model Regulation (#580); Mortgage Guaranty Insurance Model Act (#630); and the following new models: the Real Property Lender-Placed Insurance Model Act; the Pet Insurance Model Law; and the Pharmacy Benefit Manager (PBM) Model Law.
7. Heard reports from NIPR and the Compact.
10. Adopted the report of the Innovation and Technology (EX) Task Force. See the Task Force listing for details.
11. Adopted the report of the Long-Term Care Insurance (EX) Task Force. See the Task Force listing for details.

Financial Stability (EX) Task Force  
Dec. 9, 2019  
1. Adopted its Summer National Meeting minutes.  
2. Adopted the report of the Liquidity Assessment (EX) Subgroup.  
3. Exposed the proposed 2019 NAIC Liquidity Stress Test Framework jointly with the Liquidity Assessment (EX) Subgroup for a 60-day public comment period ending Feb. 7.  
4. Heard an update on Financial Stability Oversight Council (FSOC) developments.  
5. Received an update from the Receivership and Insolvency (E) Task Force on its work to address the Task Force’s referral letter to undertake analysis relevant to the Macroprudential Surveillance Initiative.  
6. Heard an update on collateralized loan obligations (CLO) stress tests.  
7. Heard an update on macroprudential surveillance.  
8. Received an update from the Valuation Analysis (E) Working Group on the Task Force’s referral to assess a potential concern related to the American Academy of Actuaries’ (Academy) economic scenario generators (ESGs).

Government Relations (EX) Leadership Council  
The Government Relations (EX) Leadership Council did not meet at the Fall National Meeting.

Innovation and Technology (EX) Task Force  
Dec. 9, 2019  
1. Adopted its Oct. 18 minutes, which included the following action:  
   a. Adopted its Summer National Meeting minutes.  
   b. Adopted the Sept. 5 minutes of the Artificial Intelligence (EX) Working Group.  
   c. Adopted its 2020 proposed charges, which include a few relatively minor changes from its 2019 charges.  
   d. Heard a consumer representative request for an InsurTech bulletin.  
   e. Adopted a Request for NAIC Model Law Development to revise the Unfair Trade Practices Act (#880).  
   f. Discussed comments related to the North Dakota anti-rebating bulletin.  
2. Adopted the report of the Artificial Intelligence (EX) Working Group, which met Dec. 7 and took the following action:  
   a. Reviewed a draft principles document from the North Dakota Insurance Department as a “strawman” for moving forward to complete the deliverable.  
   b. Discussed comments related to the Organisation for Economic Co-operation and Development (OECD) Artificial Intelligence Principles as a basis for developing artificial intelligence (AI) principles for the insurance industry.  
   d. Decided to meet at least once via conference call prior to the 2020 Spring National Meeting to discuss the comments and the draft.  
3. Adopted the report of the Big Data (EX) Working Group, which met Dec. 7 and took the following action:  
   a. Adopted its Oct. 7 minutes, which included the following action:  
      1. Adopted its Summer National Meeting minutes.  
      2. Heard a presentation from ISO Claims Solutions regarding the use of big data in fraud detection and claims settlement. The presentation provided information on ISO’s ClaimSearch database.  
   b. Discussed the use of big data in fraud detection and claim settlement, which included two presentations from ISO and a presentation from the National Insurance Crime Bureau (NICB), and discussed the Working Group members’ views on whether state insurance regulators have the appropriate regulatory authority under existing unfair trade laws and unfair claims settlement regulations to address marketplace practices.  
   c. Received an update on the work of the Casualty Actuarial and Statistical (C) Task Force. The Task Force continues to facilitate training and sharing of expertise on predictive analytics through webinars and conference calls on Nov. 26, Oct. 22, Oct. 8 and Aug. 27. The Task Force continues to work on its draft white paper on best practices for the regulatory review of predictive analytics and is reviewing comments from 11 interested parties.  
   d. Received an update on the work of the Accelerated Underwriting (A) Working Group, which held an organizing conference call on Oct. 2 to review a work plan for accomplishing its charge. The work plan contemplates three general phases to accomplish its work. The first phase is information gathering. The second phase is to identify issues and the best ways to address them (white paper, model bulletin, model law or something else). The third phase is to develop a work product by the 2020 Fall National Meeting.  
   e. Received an update on NAIC technical and non-technical rate review trainings. In addition to “book club” calls, the NAIC is developing technical and non-technical training. The technical training will be conducted by the NAIC’s consultant, Dorothy Andrews (Actuarial & Analytics Consortium LLC), and will focus on training actuaries and statisticians. The non-technical training will target rate filing reviewers and market conduct examiners. This training
will focus on evaluating rate classes for unfair discriminations and understanding when additional actuarial assistance is needed.

f. Received a presentation from Birny Birnbaum (Center for Economic Justice—CEJ) on the role of advisory organizations and the need to create the accountability and regulatory oversight of new vendors of big data algorithms as contemplated in antitrust laws and advisory organization statutes.

4. Adopted the report of the Speed to Market (EX) Working Group, which met Dec. 3 and Sept. 12 and took the following action:
   a. Discussed the System for Electronic Rate and Form Filing (SERFF) enhancements and prioritization of several focus areas, including: submission validations, review tools, workload management, performance and reliability, the Search function, document management, reporting and data export, streamlined correspondence, and user experience.
   b. Heard an update on the survey sent to states about SERFF functionality and received a brief overview of the Request for Proposal (RFP) to conduct a business and technical assessment of SERFF.
   c. Discussed suggestions for 2019 changes to the Life, Accident/Health, Annuity and Credit Uniform Product Coding Matrix (PCM) effective Jan. 1, 2020. Changes related to existing Types of Insurance (TOIs)/sub-TOIs and the addition of new TOIs/sub-TOIs were determined not to be needed, but the Working Group voted to remove references to 2010 dates on Medicare Supplement instructions for all TOIs and sub-TOIs.
   d. Discussed suggestions for 2019 changes to the Property/Casualty (P/C) Uniform PCM effective Jan. 1, 2020, and adopted two description changes and a sub-TOI under 16.0 Workers’ Compensation.

5. Heard a report from NAIC staff on activity of the Innovation and Technology State Contacts group.

6. Discussed options for addressing the anti-rebating issues identified as potentially impeding innovation. Commissioner Jon Godfread (ND) presented an updated version of North Dakota’s draft guideline for addressing the anti-rebating issue in his state. The Task Force decided that work complete and discontinue work on a bulletin to begin work on development of language to amend Model #880 since the Executive (EX) Committee adopted the Request for NAIC Model Law Development to do so. The Task Force asked for volunteers to work on a drafting group to develop this model law language.

7. Heard a report on cybersecurity initiatives. Director Raymond G. Farmer (SC) provided a legislative update on adoption of the Insurance Data Security Model Law (#668) and an update on recent and upcoming cybersecurity tabletop exercises. Cynthia Amman (MO), Privacy Protections (D) Working Group chair, also provided an update on data privacy issues. She said the Working Group is in the process of building the membership list as well as the distribution lists for interested state insurance regulators and interested parties. Additionally, she said that the Working Group met Dec. 8 and took the following action:
   a. Discussed its proposed workplan to meet monthly via conference call to keep on track so it can accomplish its charges by the deadline established.
   b. Received a presentation by Jennifer McAdams (NAIC), during which she reviewed: the NAIC Insurance Information and Privacy Protection Model Act (#670); the Privacy of Consumer Financial and Health Information Regulation (#672); the General Data Protection Regulation (GDPR); the California Consumer Privacy Act (CCPA); and the state data privacy legislation.
   c. Received an update from Kendall Cotton, Montana state auditor, on current legislative activities in the state.
   d. Discussed comments received from the CEJ, the National Association of Mutual Insurance Companies (NAMIC) and the American Property Casualty Association (APCIA).

8. Heard an update on a request from Mr. Birnbaum regarding development of a document that would outline the difference between insurance products and banking and other consumer products for the benefit of startups and other companies new to the insurance industry. The Task Force agreed this should not be a charge to the Task Force but discussed other avenues available to get this information communicated and made available through Center for Insurance Policy and Research (CIPR) products, as well as the NAIC’s Professional Designation Program.

9. Heard an update on the National Conference of Insurance Legislators (NCOIL) insurance modernization activity from U.S. Rep. Matt Lehman (R-IN), vice president of NCOIL.

**Long-Term Care Insurance (EX) Task Force**

**Dec. 9, 2019**

1. Adopted its Oct. 31 and Summer National Meeting minutes, which included adoption of its 2020 proposed charges.

2. Received progress reports on the activities of the Task Force’s workstreams as follows:
   a. The Multi-State Rate Review Practices workstream is refining a set of selection principles and criteria for guiding the development of a recommended rate review methodology.
   b. The Restructuring Techniques workstream is developing its strategic plan.
   c. The Reduced Benefit Options and Consumer Notices workstream conducted a state survey to gather information about states’ practices in reviewing and approving reduced benefit options and the associated consumer notices. The workstream plans to research further and gather more information.
d. The Valuation of Long-Term Care Insurance (LTCI) Reserves workstream continues to focus on work performed at the NAIC on the actuarial review of insurers’ actuarial filings and solvency monitoring.

e. The Non-Actuarial Variance Among States workstream conducted a limited state survey to identify factors affecting rate approvals that are not of an actuarial basis. The workstream plans to gather additional information and begin drafting best practices.

f. The Data Call Design and Oversight workstream issued a request for a proposal to select a consultant to conduct a data call of LTCI insurers in order to accumulate, analyze and describe to NAIC members the current level of rate inequity among the states’ policyholders.

3. Heard comments from interested parties, including Cantilo & Bennett LLP and the American Council of Life Insurers (ACLI).

INTERNAL ADMINISTRATION (EX1) SUBCOMMITTEE

See the Executive (EX) Committee and Plenary (joint session) listing for details.

Information Systems (EX1) Task Force
Dec. 6, 2019

1. Adopted its Summer National Meeting minutes.

2. Received an update on three draft 2020 fiscals with a technology component.

3. Received an information technology (IT) operational report on the NAIC’s IT activities, including: a) product highlights; b) innovation and technology; c) service and support; d) data collection metrics; e) team; f) project portfolio summary; and g) technology adoption and system usage. The report provides updates for upcoming improvements, impacts to new state technology offerings from the NAIC and general updates on the activities of the NAIC technology team.

4. Received a project portfolio update, including project status reports for 20 active technical projects and a summary of three projects completed since the Summer National Meeting.

5. Received an update on a new NAIC Technology Products and Services catalog.

LIFE INSURANCE AND ANNUITIES (A) COMMITTEE
Dec. 8, 2019

1. Adopted its Nov. 4 minutes, which included the following action:
   a. Adopted its Summer National Meeting minutes.
   b. Adopted its 2020 proposed charges.
   c. Adopted the Life Actuarial (A) Task Force’s 2020 proposed charges.
   d. Adopted the 2020 Generally Recognized Expense Table (GRET).
   e. Adopted Actuarial Guideline LII—Variable Annuity Early Adoption (AG 52).

2. Discussed comments received on the draft Suitability in Annuity Transactions Model Regulation (#275) and approved the draft as revised during this meeting, with the exception of the draft templates, which were referred back to the Annuity Suitability (A) Working Group for discussion during a conference call to be scheduled before year-end.

3. Adopted the following working group and task force reports: the Annuity Disclosure (A) Working Group, including its Dec. 2, Sept. 19 minutes and an extension of the Request for NAIC Model Law Development; the Life Insurance Illustration Issues (A) Working Group, including its Oct. 21, Sept. 17, Sept. 3, July 30 minutes and an extension of the Request for NAIC Model Law Development; and the Retirement Security (A) Working Group, including its Nov. 13 and Oct. 23 minutes.

4. Adopted the report of the Accelerated Underwriting (A) Working Group, which met Dec. 8 and took the following action:
   a. Adopted its Oct. 2 minutes, which included the following action:
      1. Discussed its draft work plan for completing its charge by the 2020 Fall National Meeting.
   b. Heard a presentation on accelerated underwriting in life insurance from Patrick L. Brockett (The University of Texas at Austin).
   c. Discussed its next steps, which includes additional presentations prior to the 2020 Spring National Meeting.

5. Adopted the report of the Annuity Suitability (A) Working Group, which met Dec. 7 and took the following action:
   a. Adopted its Nov. 5, Oct. 29, Oct. 15, Oct. 8, Sept. 17 and Summer National Meeting minutes, which included the following action:
      1. Reviewed and discussed a draft of proposed revisions to Model #275 developed by the technical drafting group. The draft reflected the framework developed by the Working Group during its discussions at the Summer National Meeting and during its July 29, July 23 and June 20 meetings, which include a best interest standard of conduct in Model #275.
      2. Exposed a draft of proposed revisions to Model #275 for a public comment period ending Sept. 30.
      3. Discussed the comments received by the Sept. 30 public comment period deadline.
      4. Referred the revised draft of Model #275 to the Life Insurance and Annuities (A) Committee for its consideration. As part of that motion, it was noted that in sending the draft to the Committee, it does not mean that each Working
Group member supports every provision in the draft, but that the Working Group has completed its work as directed by the Committee at the Spring National Meeting. The Committee chair exposed the revised draft for a public comment period ending Nov. 26.

6. Adopted the report of the Life Actuarial (A) Task Force, which met Dec. 5–6. See the Task Force listing for details.

**Life Actuarial (A) Task Force**  
**Dec. 5–6, 2019**

1. Adopted its Oct. 17, Oct. 3, Sept. 26, Sept. 19 and Sept. 12 minutes, which included the following action:
   a. Adopted its Summer National Meeting minutes.
   b. Adopted its 2020 proposed charges.
   c. Adopted the 2020 Generally Recognized Expense Table (GRET).
   d. Provided direction to the IUL Illustration (A) Subgroup on revising *Actuarial Guideline XLIX—The Application of the Life Illustrations Model Regulation to Policies with Index-Based Interest* (AG 49).
   e. Adopted the American Academy of Actuaries (Academy) Life Experience Committee and the Society of Actuaries (SOA) Preferred Mortality Oversight Group Valuation Basic Table Team (Joint Committee) Individual Life Insurance Mortality Improvement Scale Recommendation—for Use with AG 38 and VM-20.
   f. Heard updates on the YRT field test from the Academy YRT Field Test Project Oversight Work Group.

2. Heard an update on the YRT field test from the Academy YRT Field Test Project Oversight Work Group.

3. Heard an update from the Academy Annuity Reserves Work Group on the proposed timeline and approach for the development of a principle-based reserve (PBR) framework for non-variable annuities.

4. Heard an update from the Academy SVL Interest Rate Modernization Work Group on a plan to develop valuation rates for products they pass exclusion tests under the Annuity Reserves Work Group PBR framework for non-variable annuities.

5. Adopted the report of the VM-22 (A) Subgroup.

6. Discussed considerations for changes to the Joint Committee process for developing life mortality improvement factors for use with *Actuarial Guideline XXXVIII—The Application of the Valuation of Life Insurance Policies Model Regulation* (AG 38) and VM-20, Requirements for Principle-Based Reserves for Life Products.

7. Exposed amendment proposal 2019-33, which applies as appropriate PBR requirements for group insurance contracts with individual risk selection issued under insurance certificates.


9. Exposed amendment proposal 2019-60, which revises the applicability of credibility methods to a company’s business subject to VM-20.

10. Exposed amendment proposal 2019-61, which clarifies that policies with a rider s for universal life with secondary guarantee (ULSG) are excluded from the Life PBR Exemption when the secondary guarantee is material.

11. Heard an update from the SOA on research and education.


13. Submitted a proposal to the Life Insurance and Annuities (A) Committee that it consider forming a guaranteed issue (GI) valuation subgroup.


15. Heard an update on the Request for Proposal (RFP) for the economic scenario generator (ESG).

16. Heard an update on the cessation of the London Interbank Offered Rate (LIBOR) and its possible replacement.


18. Discussed PBR mortality aggregation.

19. Heard an update from the Compact.

20. Adopted the minutes of the IUL Illustration (A) Subgroup, and the Subgroup report, which included directing the Subgroup to revise AG 49 to subject cap buy-ups and index return enhancements to constraints reasonably similar to the constraints to be applied to multipliers.

21. Discussed the Valuation Basic Table (VBT) and Expiring Experience, and comments received on Amendment Proposal Form (APF) 2019-56.

22. Adopted the report of the Experience Reporting (A) Subgroup.


**HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE**  
**Dec. 8, 2019**

1. Adopted its Oct. 24 and Summer National Meeting minutes. During its Oct. 24 meeting, the Committee:
   a. Adopted the Health Actuarial (B) Task Force’s 2020 proposed charges, the Regulatory Framework (B) Task Force’s 2020 proposed charges and the Senior Issues (B) Task Force’s 2020 proposed charges.
   b. Adopted its 2020 proposed charges.

2. Adopted the report of the Consumer Information (B) Subgroup, including its Nov. 18, Oct. 21 and Oct. 7 minutes.
3. Adopted the report of the Health Innovations (B) Working Group, which met Dec. 7 and took the following action:
   a. Adopted its Oct. 28 and Summer National Meeting minutes.
   b. Heard two presentations on innovative insurer efforts to contain health care costs. A presentation from UnitedHealth Group (UHG) described the prevalence and causes of wasteful spending, the importance of incentives in driving changed health behaviors, and the benefits of more healthy choices on the part of consumers. A presentation from Medica showed the effects of Medica’s engagement with accountable care organizations (ACOs), which resulted in risk-adjusted cost savings in five of six cases.
   c. Heard a presentation on health care costs from the Health Care Cost Institute (HCCI) on trends in health spending. The HCCI pointed out that due to high prices, costs have increased even as utilization has decreased in recent years. It also noted that value-based care may be having an effect on the margins, but such care has only been rigorously studied in the Medicare context.
   d. Heard a presentation on providers’ reactions to insurer cost containment efforts from the Texas Medical Association (TMA). The presentation described the burden of prior authorization and other utilization management practices, and it recommended greater regulation of prior authorization.
   e. Heard a presentation on consumer priorities for cost containment efforts from Families USA. Families USA shared survey data on the difficulties paying for health care services, discussed state efforts regarding the control of prescription drug costs and recommended surprise billing solutions that do not raise premiums.
4. Heard an update from the federal Center for Consumer Information and Insurance Oversight (CCIIO) on its recent regulatory activities. The CCIIO provided the Committee with a snapshot of current open enrollment, including data on the number of applications submitted and enrollment by subsidized and unsubsidized individuals. The CCIIO also discussed its efforts to provide price transparency in the health care marketplace, which is a top priority for the Trump administration.
5. Heard a presentation from the co-author of the book *Overcharged: Why Americans Pay Too Much for Health Care*. The presentation highlighted the current problems in the health care system leading to high health care costs and solutions to address them.
6. Heard a panel presentation on state surprise billing laws. Representatives from the Texas Department of Insurance (DOI) and the Washington DOI discussed their surprise bill laws highlighting provisions in the laws related to their scope and method of establishing the out-of-network provider payment.
7. Heard an update on legal actions related to the federal Affordable Care Act (ACA), including: 1) a case challenging the constitutionality of the individual mandate and its potential impact on other key ACA provisions; 2) a case challenging the legality of the recent federal association health plan (AHP) regulation; 3) a case challenging the legality of the recent federal short-term, limited-duration plan (STLD) regulation; and 4) a case challenging the legality of the federal government’s refusal to pay participants for full risk corridor amounts.
8. Heard a federal legislative update on congressional legislation and administrative actions of interest to the Committee.
9. Adopted the report of the Health Actuarial (B) Task Force, which met Dec. 6. See the Task Force listing for details.
10. Adopted the report of the Long-Term Care Insurance (E/B) Task Force. See the Task Force listing under the Financial Condition (E) Committee for details.
11. Adopted the report of the Regulatory Framework (B) Task Force. See the Task Force listing for details.
12. Adopted the report of the Senior Issues (B) Task Force. See the Task Force listing for details.

**Health Actuarial (B) Task Force**

Dec. 6, 2019

1. Adopted the report of the Health Care Reform Actuarial (B) Working Group, which included the following action:
   a. Heard an update from the federal Center for Consumer Information and Insurance Oversight (CCIIO) on the risk adjustment data validation (RADV) white paper released on Dec. 6.
2. Adopted its Sept. 17, Aug. 27 and Summer National Meeting minutes, which included the following action:
   a. Adopted its 2020 proposed charges.
   b. Received an update from the American Academy of Actuaries (Academy) and Society of Actuaries (SOA) on progress on changes to the 2005 Group Term Life Waiver Mortality and Recovery Table (2005 Table).
3. Adopted the report of the Long-Term Care Actuarial (B) Working Group, which met Dec. 6 and took the following action:
   a. Adopted its Oct. 24, Sept. 24, Aug. 28, Aug. 20 and Summer National Meeting minutes, which included the following action:
      2. Adopted the Long-Term Care Pricing (B) Subgroup’s Sept. 12 minutes, which included the following action:
         a. Discussed group long-term care insurance (LTCI) pricing.
      3. Adopted the report of the Long-Term Care Valuation (B) Subgroup, which included guidance for year-end 2019 *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves (AG 51)* filings.
   b. Heard an update from the Academy on LTCI Work Group activities.
c. Heard an update from the Society of Actuaries (SOA) on long-term care insurance (LTCI) research.
5. Heard an update from the SOA on health insurance research.
6. Heard an update from the Academy Health Practice Council.

**Long-Term Care Insurance (E/B) Task Force**
See the Task Force listing under the Financial Condition (E) Committee for details.

**Regulatory Framework (B) Task Force**
Dec. 7, 2019
1. Adopted its Oct. 2 and Summer National Meeting minutes. During its Oct. 2 meeting, the Task Force:
   a. Adopted its 2020 proposed charges.
2. Adopted the report of the Accident and Sickness Insurance Minimum Standards (B) Subgroup, which included its Nov. 25, Nov. 19, Nov. 4, Oct. 28, Oct. 7 and Sept. 16 minutes. During these meetings, the Subgroup:
   a. Discussed the comments received on Sections 1–5 of the *Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act* (#171), now known as the *Supplementary and Short-Term Health Insurance Minimum Standards Model Act* (#170). The Subgroup plans to complete its review of the comments received via conference call after the Fall National Meeting.
3. Adopted the report of the ERISA (B) Working Group, which met Dec. 7 and took the following action:
   a. Adopted its Summer National Meeting minutes.
   b. Discussed association health plans (AHPs), including state legislative and regulatory activity addressing multiple employer welfare arrangements (MEWAs).
   c. Heard from the U.S. Department of Labor (DOL) about its reorganization and continuing willingness to coordinate with the NAIC and the states on issues of mutual interest.
   d. Heard from the Georgetown University Center on Health Insurance Reforms (CHIR) about its Freedom of Information Act (FOIA) request to the DOL for information on MEWA investigations.
   e. Adjourned into regulator-to-regulator session, pursuant to paragraph 2 (pending investigations which may involve either the NAIC or any member in any capacity), paragraph 3 (specific companies, entities or individuals) and paragraph 8 (consideration of strategic planning issues) of the NAIC Policy Statement on Open Meetings.
4. Adopted the report of the HMO Issues (B) Subgroup, which included its Nov. 21 and Sept. 16 minutes. During these meetings, the Subgroup:
   a. Exposed the Virginia Insurance Bureau’s recommendations for revising the *Health Maintenance Organization Model Act* (#430) to address inconsistencies and redundancies with the provisions in the *Life and Health Insurance Guaranty Association Model Act* (#520) for public a public comment period ending Oct. 15.
   b. Discussed the Virginia Insurance Bureau’s revised recommendations for revising Model #430 and the Maine Department of Insurance’s (DOI) comments on the revised recommendations.
   c. Adopted a motion to accept the Maine DOI’s approach for revising Model #430. The Subgroup plans to review and discuss an initial draft of revisions to Model #430 reflecting the Maine DOI’s approach via conference call after the Fall National Meeting.
5. Adopted the report of the Pharmacy Benefit Manager Regulatory Issues (B) Subgroup, which included its Dec. 2, Oct. 3, Aug. 29, Aug. 22 and Aug. 15 minutes. During these meetings, the Subgroup:
   a. Heard presentations from various stakeholders, including representatives from health insurers, pharmaceutical manufacturers, pharmacy benefit managers (PBMs), academia and consumers. The Subgroup conducted these information-gathering sessions to help inform its discussions on next steps to carry out its 2019 charge to consider developing a new NAIC model to establish a licensing or registration process for PBMs. As part of its 2019 charge, the Subgroup may consider including in the new NAIC model provisions on PBM prescription drug pricing and cost transparency.
   b. Discussed its next steps in making progress on its 2019 charge during a regulator-to-regulator session pursuant to paragraph 8 (consideration of strategic planning issues) of the NAIC Policy Statement on Open Meetings.
6. Heard an update from the CHIR’s work related to federal Affordable Care Act (ACA) implementation and other issues of interest to state insurance regulators. The update included a discussion of a forthcoming publication discussing state oversight of health care sharing ministries. There was also discussion of the CHIR’s work related to MEWAs. The CHIR recently published thousands of pages of DOL investigative records regarding MEWAs. The CHIR is continuing to track and analyze state regulatory approaches to MEWAs and short-term, limited-duration plans (STLDPs) in the wake of federal rule changes. The CHIR is also continuing its work to track state reforms affecting the individual market. The presentation also highlighted the CHIR’s future research projects, including projects related to reinsurance and standardized health plans.
7. Heard a presentation on the implementation of the Consumer Purchasing Model in Summit County, CO.
8. Heard a panel presentation from America’s Health Insurance Plans (AHIP) on health care cost trends. The presentation also included affordability recommendations for state insurance regulators to consider.

Senior Issues (B) Task Force
Dec. 7, 2019
1. Adopted its Oct. 16, Sept. 24 and Summer National Meeting minutes, which included the following action:
   a. Adopted a letter to the federal Centers for Medicare & Medicaid Services (CMS).
   b. Adopted its 2020 proposed charges.
2. Heard an update on federal funding for the State Health Insurance Assistance Program (SHIP).
3. Heard about a legislative proposal drafted by U.S. Sen. Pat Toomey (PA), which is based upon one of the long-term care (LTC) policy option recommendations adopted by the Task Force that would allow for retirement account dollars to be used to buy long-term care insurance (LTCI) so families can better plan for long-term services and supports (LTSS) needs.
4. Heard an issue raised by Bonnie Burns (California Health Advocates—CHA) about conflicts between Medicare, the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) and the Coordination of Benefits Model Regulation (#120).

PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE
Dec. 9, 2019
1. Adopted its Nov. 18 minutes, which included the following action:
   a. Adopted its Sept. 10 minutes, which included the following action:
      1. Adopted its Summer National Meeting minutes.
      2. Adopted documents related to the private flood insurance data call.
   b. Adopted additional documents related to the private flood insurance data call, including making the data publicly available.
   c. Discussed proposed blanks changes related to private flood insurance.
   d. Discussed the upcoming Fall National Meeting.
2. Adopted the following working group reports: the Cannabis Insurance (C) Working Group; the Lender-Placed Insurance Model Act (C) Working Group; the Pet Insurance (C) Working Group; and the Transparency and Readability of Consumer Information (C) Working Group.
3. Adopted its 2020 proposed charges.
4. Adopted a blanks request to create a supplement to collect private flood insurance data and to revise the Credit Insurance Experience Exhibit to include private flood coverages.
5. Adopted an extension for revisions to the proposed Real Property Lender-Placed Insurance Model Act.
6. Adopted Considerations for State Insurance Regulators in Building the Private Flood Insurance Market, a document meant to provide state insurance regulators with actions that might be considered to facilitate the growth of the private flood insurance market in their states.
7. Heard a presentation from SBP on work the group does to promote resiliency and mitigation among homeowners pre- and post-disaster.
8. Heard a presentation on underinsurance issues from the American Property Casualty Insurance Association (APCIA) and the National Association of Mutual Insurance Companies (NAMIC).
9. Heard an update on crop insurance from the U.S. Department of Agriculture (USDA) and the National Crop Insurance Services (NCIS).
10. Reported that state insurance regulators are currently reviewing private passenger auto state exhibits created from data collected from statistical agents. The Committee plans to release the private passenger auto report on its website in the near future.
11. Adopted the report of the Catastrophe Insurance (C) Working Group, which met Dec. 7 and took the following action:
   a. Adopted its Summer National Meeting minutes.
   b. Adopted the report of the State Disaster Response Plan drafting group, which included the following action:
      1. Updated the Working Group regarding the status of the State Disaster Response Plan.
      2. Exposed the draft of the State Disaster Response Plan for a 30-day public comment period ending Jan. 6, 2020.
   d. Adopted the NAIC Considerations for State Insurance Regulators in Building the Private Flood Insurance Market. The document will be sent to the Property and Casualty Insurance (C) Committee with comments provided by the Reinsurance Association of America (RAA) and NAMIC.
   e. Heard from FEMA and Milliman on Risk Rating 2.0. The presentation focused on the limitations of the current NFIP rates, as well as the changes FEMA hopes to incorporate in its new risk rating system.
12. Adopted the report of the Climate Risk and Resilience (C) Working Group, which met Dec. 7 and took the following action:
   a. Adopted its Oct. 2 and Summer National Meeting minutes. During its Oct. 2 meeting, the Working Group:
   b. Heard an update on Working Group members’ climate resilience-related activities, which included participation in several key conferences focused on sustainability and resilience.
   c. Discussed the NAIC Climate Risk Disclosure Survey, including climate risk mitigation and resilience measures reported by insurers and the incorporation of the Financial Stability Board (FSB) Task Force on Climate-Related Financial Disclosures (TCFD) guidelines into the response guidelines.
   d. Heard a presentation on the American International Group’s (AIG) newly implemented sustainability strategy and enhanced reporting, including participating in the 2018 TCFD disclosure report.
13. Adopted the report of the Terrorism Insurance Implementation (C) Working Group, which met Dec. 8 and took the following action.
   a. Adopted its Summer National Meeting minutes.
   b. Heard updates on congressional activity related to the federal Terrorism Risk Insurance Act (TRIA), which expires on Dec. 31, 2020. This included a report from NAIC staff on congressional activity related to reauthorization of TRIA, including a summary of testimony from Director Chlora Lindley-Myers (MO) before the House Financial Services Committee. Brooke Stringer (NAIC) also reported the U.S. House of Representatives passed a seven-year TRIA reauthorization bill that does not make substantial changes to the program but requires the Government Accountability Office (GAO) to conduct a study on cyber terrorism risks and calls for further reporting on the affordability and availability of terrorism risk insurance for places of worship.
   d. Heard a presentation from NAIC staff regarding preliminary results from the State Supplement portion of the 2019 terrorism risk insurance data call, including an overview of the quality of the data.
14. Adopted the report of the Casualty Actuarial and Statistical (C) Task Force. See the Task Force listing for details.
15. Adopted the report of the Surplus Lines (C) Task Force. See the Task Force listing for details.
16. Adopted the report of the Title Insurance (C) Task Force. See the Task Force listing for details.
17. Adopted the report of the Workers’ Compensation (C) Task Force. See the Task Force listing for details.

**Casualty Actuarial and Statistical (C) Task Force**

Dec. 7, 2019

1. Adopted its Summer National Meeting minutes.
2. Adopted its Nov. 12 and Oct. 15 minutes, which included the following action:
   a. Adopted its 2020 proposed charges.
   b. Adopted a revised implementation plan for the Casualty Actuarial Society (CAS)/Society of Actuaries (SOA) Task Force’s Appointed Actuary Continuing Education Verification Process.
   c. Exposed the Best Practices for Regulatory Review of Predictive Analytics white paper for a public comment period ending Nov. 22.
3. Adopted the report of the Actuarial Opinion (C) Working Group, including its Nov. 20 and combined Oct. 4, Oct. 1, Sept. 20, Sept. 12, Sept. 10 and Sept. 6 minutes. During these meetings, the Working Group took the following action:
   e. Discussed Statement of Actuarial Opinion (SAO) statistics.
   f. Discussed the 2019 SAO instructions. The Blanks (E) Working Group issued a correction in October to the version included in the Annual/Quarterly Statement Instructions publication. The revisions are posted on the Blanks (E) Working Group’s web page.
   g. Discussed the 0% intercompany pool and a company’s persistent adverse development.
5. Adopted the oral report of the Statistical Data (C) Working Group. The Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner’s Insurance Report (Homeowners Report) has been publicly released. The Report on Profitability by Line by State (Profitability Report) and the Competition Database Report are adopted and should be released in December. The Auto Insurance Database Report will be considered for adoption after the Fall National Meeting.
7. Heard a presentation about current pricing practices in the United Kingdom (UK).
9. Discussed the Actuarial Standards Board’s (ASB) request for input on a potential Property/Casualty (P/C) Rate Filing Actuarial Standard of Practice (ASOP). State insurance regulators are asked to submit potential answers to the questions asked by the ASB by Jan. 7, 2020.

10. Heard reports from the American Academy of Actuaries (Academy) regarding the activities of its Committee on Property and Liability Financial Reporting (COPLFR) and its Casualty Practice Council. COPLFR has conducted a webinar and in-person training and is developing a frequently asked questions (FAQ) document on the changes in the 2019 SAO instructions.

11. Heard reports on actuarial professionalism from the Academy, the Actuarial Board for Counseling and Discipline (ABCSD), and the ASB.

12. Heard reports on P/C actuarial research from the CAS and the SOA.

**Surplus Lines (C) Task Force**
Dec. 7, 2019

1. Adopted its Summer National Meeting minutes.

2. Adopted the report of the Surplus Lines (C) Working Group, which met Sept. 26 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings and once during an open session. During the meeting, the Working Group approved four applications for the NAIC Quarterly Listing of Alien Insurers.

3. Discussed comments received regarding a 2020 annual blanks proposal regarding the modification of Schedule T to include a new Part 3 that would add details on “Home State” direct premiums written. The blanks proposal was temporarily tabled, and discussion will continue at the 2020 Spring National Meeting.

4. Received an update on a referral to the Producer Licensing (D) Task Force, including proposed revisions to Standard 37 and Standard 38 of the State Licensing Handbook. Discussion will continue during the Producer Licensing (D) Task Force’s meeting at the Fall National Meeting.

5. Heard details regarding adjustments to exempt commercial purchaser minimum qualifications, which are required every five years.

**Title Insurance (C) Task Force**
Dec. 8, 2019

1. Adopted its Sept. 25 and Summer National Meeting minutes, which included adoption of its 2020 proposed charges.

2. Heard an update on recent fraudulent activities.

3. Heard a presentation on the title industry, including types of endorsements, market statistics, closing protection letter (CPL) statutes and the effect of mandatory title insurance from Demotech.

4. Heard a presentation on the history of CPLs from Stewart Title and Land Title Guarantee Company of Colorado.

5. Received compiled NAIC information on CPLs.

**Workers’ Compensation (C) Task Force**
Dec. 9, 2019

1. Adopted its Summer National Meeting minutes.

2. Adopted the report of the NAIC/IIABC Joint (C) Working Group, which included the following action:
   a. Updated the Task Force regarding the status of the Workers’ Compensation Policy and the Changing Workforce white paper.
   b. Exposed the draft of the Workers’ Compensation Policy and the Changing Workforce white paper for a 30-day public comment period ending Jan. 6, 2020.

3. Heard a presentation regarding official disability guidelines and formularies.

**MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE**
Dec. 9, 2019

1. Adopted its Oct. 1 minutes, which included the following action:
   a. Adopted its Summer National Meeting minutes.
   b. Appointed a new Privacy Protections (D) Working Group to address the charge: “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), by the 2020 Summer National Meeting.”

2. Adopted its 2020 proposed charges, including the charges of the Anti-fraud (D) Task Force, the Market Information Systems (D) Task Force and the Producer Licensing (D) Task Force.

3. Adopted a workers’ compensation standardized data request, which will be incorporated into the NAIC Market Regulation
Handbook for the states to voluntarily use to determine if a company follows appropriate procedures with respect to the issuance and/or termination of workers’ compensation policies.

4. Adopted property/casualty (P/C) travel insurance examination standards, which will be incorporated into the NAIC Market Regulation Handbook for the states to voluntarily use for conducting travel insurance company examinations. The standards are based upon the Travel Insurance Model Act (#632).

5. Adopted revisions to the NAIC State Licensing Handbook, which was revised to be consistent with established NAIC policy on producer licensing.

6. Adopted the 2019 Continuing Education Reciprocity (CER) Agreement. This agreement is used to support the use of the CER Form. Continuing education (CE) providers may use the CER Form to streamline the course-approval process in multiple states. Through the reciprocal approval process, the CE provider’s home state conducts a substantive review of the CE course; therefore, non-resident states do not need to perform a similar review for a course previously approved by the home state.

7. Adopted the reports of its working groups: the Advisory Organization Examination Oversight (D) Working Group; the Market Conduct Annual Statement Blanks (D) Working Group; the Market Conduct Examination Standards (D) Working Group; the Market Actions (D) Working Group; and the Market Regulation Certification (D) Working Group. The adoption of the reports included adoption of the following:

8. Heard a presentation on mental health parity examinations from the American Psychiatric Association (APA). The APA provided an overview of existing parity market conduct examination areas of interest and encouraged state insurance regulators to use and expand their parity oversight and enforcement authority.

9. Adopted the report of the Market Analysis Procedures (D) Working Group, which met Dec. 8 and took the following action:
   a. Adopted its Nov. 21, Oct. 31 and Aug. 27 minutes, which included the following action:
      1. Adopted its Summer National Meeting Minutes.
      2. Heard an update on the short-term, limited duration (STLD) data call.
      3. Discussed the analysis of lender-placed Market Conduct Annual Statement (MCAS) data.
      4. Discussed a uniform process for addressing MCAS waiver and extension requests.
      5. Agreed not to include fraternals in the MCAS until a formal proposal is received for their inclusion in the MCAS.
      6. Discussed the addition of “Other Health” as the next line of business in the MCAS.
      7. Heard an update on the STLD data call template.
      8. Adopted “Other Health” as a line of business in MCAS.
      9. Discussed a uniform process for addressing MCAS waiver and extension requests.
   b. Heard an update on the STLD data call. A reminder letter was sent to all companies on Dec. 5 reminding them of the Dec. 13 due date.
   c. Discussed the plan for revising the MCAS Best Practices Guide.
   d. Discussed its 2020 proposed charges.
   e. Discussed the “Other Health” line of business for the MCAS and the process for developing the blank in the Market Conduct Annual Statement Blanks (D) Working Group.

10. Adopted the report of the Privacy Protections (D) Working Group, which met Dec. 8 and took the following action:
    a. Heard a presentation by NAIC legal staff, which included the following:
       1. Reviewed Model #670.
       2. Reviewed Model #672.
       4. Reviewed the California Consumer Privacy Act (CCPA).
       5. Reviewed State Data Privacy Legislation.
    b. Discussed the draft briefing document “Privacy Protection (D) Working Group Workplan” and noted that the Working Group will meet on a regular basis via conference call, perhaps every six weeks beginning in 2020.
    c. Asked for additional Working Group members, interested state insurance regulators and interested parties.
    d. Heard comments from the Center for Economic Justice (CEJ), the National Association of Mutual Insurance Companies (NAMIC), the American Property Casualty Insurance Corporation (APCIC) and the American Council of Life Insurers (ACLI).

11. Adopted the report of the Antifraud (D) Task Force. See the Task Force listing for details.


13. Adopted the report of the Producer Licensing (D) Task Force. See the Task Force listing for details.
Antifraud (D) Task Force
Dec. 8, 2019
1. Adopted its Oct. 31 and Summer National Meeting minutes. During its Oct. 31 meeting, the Task Force took the following action:
   a. Adopted its 2020 proposed charges.
   b. Received updates from the National Insurance Crime Bureau (NICB) and the Coalition Against Insurance Fraud (CAIF).
2. Received an update from the Antifraud Education Enhancement (D) Working Group. The Working Group conducted an investigator safety webinar on Oct. 30. The webinar had more than 300 participants and received a 4.6 out 5 review.
4. Discussed the fraudulent treatment of consumers. The Task Force was presented with a Buzzfeed article bringing awareness to a potential threat claiming that an alliance between insurers and law enforcement is working against innocent consumers. The Task Force decided to further review and provide an additional update at the 2020 Spring National Meeting.
5. Heard a report from the Healthcare Fraud Prevention Partnership (HFPP) and the resources available to states.
6. Heard reports on antifraud activity from NAIC staff and the CAIF.

Market Information Systems (D) Task Force
Dec. 7, 2019
1. Adopted its Oct. 29 minutes, which included the following action:
   a. Adopted its Summer National Meeting minutes.
   b. Adopted the report of the Market Information Systems Research and Development (D) Working Group, which met Sept. 19 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: 1) reviewed the outstanding Uniform System Enhancement Request (USER) forms; and 2) reprioritized outstanding projects.
   c. Adopted its 2020 proposed charges.
2. Adopted the report of the Market Information Systems Research and Development (D) Working Group, which met Nov. 19 and Nov. 15 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. During these meetings, the Working Group took the following action:
   a. Reviewed and prioritized the outstanding USER forms.
   b. Reviewed the Regulatory Information Retrieval System (RIRS) subject matter expert (SME) group’s report and recommendations for changes to the RIRS coding.
   c. Reviewed the Market Information Systems (MIS) data analysis results.
   d. Adopted improvements to address data quality of the Complaints Database System (CDS); the Market Action Tracking System (MATS); RIRS action and effective dates; and provide training on Market Conduct Annual Statement (MCAS) waiver and extension processes.
3. Adopted the MIS Data Analysis Metric and Recommendations.
4. Received a report on the outstanding USER forms.
5. Discussed its new charge to make recommendations for the use of artificial intelligence (AI) in the MIS. The Task Force will receive comments and hear presentations at the 2020 Spring National Meeting.

Producer Licensing (D) Task Force
Dec. 7, 2019
1. Adopted its Oct. 25 minutes, which included the following action:
   a. Adopted its Summer National Meeting minutes.
   b. Adopted its 2020 proposed charges.
   c. Discussed proposed revisions to the NAIC Uniform Licensing Standards (ULS) for surplus lines that would permit a state the flexibility to require both an underlying property/casualty (P/C) license and accident and health (A&H) license, only an underlying P/C license, or only an underlying A&H license prior to the issuance of a resident surplus lines license.
   d. Discussed a draft outline of a white paper to review the role of chatbots in the distribution of insurance.
   e. Discussed NAIC/Financial Industry Regulatory Authority (FINRA) data sharing, which will add new data fields of FINRA’s Central Registration Depository (CRD) number and FINRA active/inactive status to the NAIC’s State Producer Licensing Database (SPLD).
2. Adopted revisions to the NAIC State Licensing Handbook (Handbook), which was revised to be consistent with established NAIC policy on producer licensing.
3. Adopted the 2019 Continuing Education Reciprocity (CER) Agreement. This agreement is used to support the use of the Uniform Continuing Education Reciprocity Course Filing Form (CER Form). Continuing education (CE) providers may use the CER Form to streamline the course-approval process in multiple states. Through the reciprocal approval process, the CE provider’s home state conducts a substantive review of the CE course and, therefore, non-resident states do not need to perform a similar review for a course previously approved by the home state.

4. Discussed the Surplus Lines (C) Task Force request to consider whether the requirement of a resident producer to hold underlying P/C licenses before a surplus lines license is issued should be expanded to permit an A&H license to fulfill this requirement. There continues to be divergent views on what, if any, changes should be made to the ULS for surplus lines. The Task Force decided not to modify the ULS. The Task Force decided it would be better for consumers and industry if each state implements changes to state laws, as needed, as the surplus line market for A&H products develops.

5. Adopted the report of the Producer Licensing Uniformity (D) Working Group, including its Oct. 30, Oct. 10, Sept. 26, Sept. 12, Aug. 29 and Aug. 21 minutes. During these meetings, the Working Group took the following action:
   a. Drafted proposed revisions to the Handbook.
   b. Discussed comments received on the proposed revisions to the Handbook.
   c. Adopted the proposed revisions to the Handbook.

6. Adopted the report of the Uniform Education (D) Working Group, including its Oct. 31 and Aug. 22 minutes. During these meetings, the Working Group took the following action:
   a. Drafted proposed revisions to the CER Agreement.
   b. Discussed comments received on the proposed revisions to the CER Agreement.
   c. Adopted the proposed revisions to the CER Agreement.

7. Heard a report from the NIPR Board of Directors, which met Dec. 6. During this meeting, the Board heard a report from the NIPR Audit Committee, which reported NIPR’s total revenues are $3,555,225 (10.2%) above budget through October, and 13.9% above the prior year. The Board approved NIPR’s 2020 budget, with projected revenues of $46.1 million and projected expenses of $43.3 million. The Board heard an update on the progress of implementing NIPR’s strategic plan, which will be completed in 2020. In addition to the general progress on the plan, two major strategic initiatives have been accomplished this year. NIPR implemented Florida for resident licensing for its individual insurance producers, and it is anticipated Florida’s resident business entities will be available before year-end. Another major accomplishment was a joint NAIC/NIPR security infrastructure initiative, data de-identification. The joint project was part of the NAIC’s State Ahead strategic plan initiative and involved extensive work by the teams to protect personally identifiable information (PII) by masking or de-identifying the PII data in a consistent manner for all NAIC and NIPR non-production technical environments. A third strategic initiative, which is coming in January 2020, is an updated NIPR website design that will provide easier navigation and improve the user experience.

FINANCIAL CONDITION (E) COMMITTEE
Dec. 9, 2019

1. Adopted its Oct. 31, Aug. 29 and Summer National Meeting minutes. During its Oct. 31 and Aug. 29 meetings, the Committee took the following action:
   a. Adopted its 2020 proposed charges.
   b. Adopted a Request for NAIC Model Law Development related to the group capital calculation.
   c. Adopted revisions to the Guideline for Stay on Termination of Netting Agreements and Qualified Financial Contracts (#1556).
   d. Adopted proposed changes to the Annual Statement Instructions – Property/Casualty, specifically related to the Actuarial Opinion, including, among other things, the definition of “qualified actuary.”

2. Adopted the following working group reports: the Group Solvency Issues (E) Working Group; and National Treatment and Coordination (E) Working Group.

3. Adopted the report of the Mortgage Guaranty Insurance (E) Working Group, which met Dec. 8 and took the following action:
   a. Exposed a proposed mortgage guaranty insurance capital model for a 45-day public comment period ending Jan. 22, 2020. The model measures a mortgage insurer’s expected capital based on a portfolio of mortgage loans for which it provides guaranty insurance.
   b. Exposed the revised Mortgage Guaranty Insurance Model Act (#630) for a 45-day public comment period ending Jan. 22, 2020. The model was last updated July 2000, and as a result, the model was substantially overhauled.

4. Adopted revisions to the *Process for Evaluating Qualified and Reciprocal Jurisdictions*.

5. Adopted the report of the Group Capital Calculation (E) Working Group, which met Dec. 7 and took the following action:
   a. Adopted its Oct. 30, Aug. 29 and Summer National Meeting minutes, which included the following action:
      1. Adopted a revised memorandum on debt.
      2. Adopted a Request for NAIC Model Law Development related to the group capital calculation (GCC).
      3. Discussed needed confidentiality protections.
   b. Heard a summary of data and initial observations from the GCC field test.

6. Adopted the report of the Restructuring Mechanisms (E) Working Group, which met Dec. 8 and took the following action:
   a. Adopted its Oct. 1 and Summer National Meeting minutes, which included the following action:
      1. Asked follow-up questions and heard answers from Enstar Group and Aon Service Corporation on their respective views on different restructuring mechanisms.
   b. Discussed plans for drafting a white paper as a deliverable of its charges.
   c. Received final restructuring principles from the American Council of Life Insurers (ACLI) and the American Property Casualty Insurance Association (APCIA).
   d. Discussed segregated accounts, protected cells and guaranty fund protection.
   e. Heard from the National Conference of Insurance Guaranty Funds (NCIGF) regarding its adopted position on restructuring.
   f. Received a report of the Restructuring Mechanisms (E) Subgroup. The Subgroup has distributed a survey to the states regarding the transactions and current activity, including input on the definition of “runoff.”
   g. Discussed the Prudential and Rothesay Life decision and various viewpoints.
   h. Received notification from the Oklahoma Insurance Department that they recently approved their first Insurance Business Transfer (IBT).


8. Adopted the report of the Capital Adequacy (E) Task Force. See the Task for listing for details.

9. Adopted the report of the Examination Oversight (E) Task Force. See the Task for listing for details.

10. Adopted the report of the Receivership and Insolvency (E) Task Force. See the Task for listing for details.

11. Adopted the report of the Reinsurance (E) Task Force. See the Task for listing for details.


13. Adopted the report of the Valuation of Securities (E) Task Force. See the Task for listing for details.

**Accounting Practices and Procedures (E) Task Force**

Dec. 8, 2019

1. Adopted its Aug. 22 and Summer National Meeting minutes.

2. Adopted the report of the Statutory Accounting Principles (E) Working Group, which met Dec. 7 and took the following action:
   a. Adopted its Sept. 9 and Summer National Meeting minutes.
   b. Adopted the following nonsubstantive revisions to statutory accounting guidance:
      1. Revisions adopt: a) *Statement of Statutory Accounting Principles (SSAP) No. 61R—Life, Deposit-Type and Accident and Health Reinsurance* disclosures with an effective date of Dec. 31, 2020; b) A-791 Q&A updates regarding contracts with medical loss ratios (MLRs); and c) updates to the 2c. Q&A regarding risk transfer and group term life yearly renewable term (YRT) reinsurance with an effective date of Jan. 1, 2021. The proposed revisions to the A-791 Q&A regarding the scope of nonproportional contracts subject to Appendix A-791 were referred to the informal life and health reinsurance drafting group to address informal application questions. The Working Group directed notification to the Life Actuarial (A) Task Force.
      2. Revisions clarify that goodwill resulting from the acquisition of a subsidiary, controlled or affiliated (SCA) entity by an insurance reporting entity that is reported on the SCA financial statements (resulting from the application of pushdown) is subject to the 10% admittance limit based on the acquiring entity’s capital and surplus. The remainder of the agenda item was re-exposed.
      3. Revisions clarify the recognition and measurement guidance for derivatives that do not qualify as hedging, income generation or replication transactions.
      4. Revisions clarify that nonadmittance is required when there is an unalleviated substantial doubt about an SCA’s ability to continue as an ongoing concern identified in any part of the audit report.
      5. Revisions reject:
         i. *ASU 2019-05, Targeted Transition Relief*
         ii. *ASU 2019-06, Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities*
         iii. *ASU 2019-03, Updating the Definition of Collections*
         iv. *ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*
6. Revisions clarify that only wash sales that cross reporting period end-dates are subject to the wash sale disclosure.
8. Revisions incorporate the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance” (EU Covered Agreement) and the “Bilateral Agreement Between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance” (U.K. Covered Agreement), into Appendix A-785—Credit for Reinsurance.
9. Adopted the following editorial revisions to statutory accounting:
   i. Clarify wording in an existing SSAP No. 62R—Property and Casualty Reinsurance disclosure.
   ii. Reference the definition of a structured note.
   iii. Add two new suffixes for Securities Valuation Office (SVO) filings carried over from the prior year.

c. Exposed the following substantive revisions to statutory accounting guidance:
1. A revised issue paper and a substantively-revised SSAP No. 32—Preferred Stock.
2. SSAP No. 105—Working Capital Finance Investments incorporating industry revisions to program requirements, as directed by the Working Group, and directed NAIC staff to draft an issue paper.

d. Exposed the following nonsubstantive revisions to statutory accounting guidance:
1. Revisions specify that cash pooling structures that meet specified criteria qualify as cash equivalents.
2. Revisions incorporate additional concepts to prevent the “rolling” of certain investments as cash equivalents or short-term investments. Revisions exclude qualifying cash pools from rolling requirements.
4. Revisions reject ASU 2017-11, Accounting for Certain Financial Instruments with Down Round Features; Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Noncontrolling Interests with a Scope Exception and incorporate guidance for when certain freestanding instruments shall be recognized as liabilities, not equity.
5. Revisions expand guidance regarding financial guarantees and the use of the equity method for when losses exceed the equity value. The “Illustration of the Application of INT 00-24” will be inserted as an exhibit.
6. SSAP No. 25—Affiliates and Other Related Parties:
   i. Revisions data-capture existing disclosures, which are currently completed in a narrative format. A blanks proposal to expose the data-captured template was proposed to be concurrently exposed.
   ii. Revisions clarify the types of entities that are included as related parties and that a non-controlling ownership interest greater than 10% is a related party and subject to the related party disclosures, the guidance for disclaimers of affiliation, and control for statutory accounting. The revisions also reject seven Financial Accounting Standards Board (FASB) ASUs for statutory accounting. The exposure includes an intent to dispose agenda item 2011-16, which is a historical item drafted to consider the SSAP No. 25 definition. With exposure, directed notification to the Group Solvency Issues (E) Working Group.
7. Revisions provide enhanced disclosures to identify when an issued surplus note’s anticipated or typical cash flows have been partially or fully offset by a held asset.
8. Revisions eliminate the multi-step financial modeling designation guidance in determining final NAIC designations for residential mortgage-backed securities (RMBS)/commercial mortgage-backed securities (CMBS) securities. This exposure is contingent on a related action by the Valuation of Securities (E) Task Force.
9. Revisions include footnote excerpts in the reporting exhibits to aggregate deposit-type contracts captured in Exhibit 5 – Life Contracts and an inquiry as to whether a similar footnote would be beneficial for Exhibit 6 – Deposit-Type Contracts were requested. With exposure, directed notification to the Financial Stability (EX) Task Force.
10. Revisions propose minor edits to the liquidity disclosures regarding withdrawal characteristics for life and deposit-type contracts to match noted reporting clarifications.
11. Revisions expand managing general agent (MGA) and third-party administrator (TPA) disclosures.
12. Revisions clarify that the installment fee guidance should be narrowly applied. Comments are requested on how related installment fee expenses should be reported, whether guidance to separately identify and reclassify installment fee expenses to other expenses should be provided, and whether diversity should be permitted in reporting installment fee expenses. The Casualty Actuarial and Statistical (C) Task Force and the Property and Casualty Risk-Based Capital (E) Working Group will be notified of the exposure.
13. Revisions incorporate interested parties’ recommendations to separate the guidance by product type and emphasize guidance that loss and loss adjusting expense liabilities are established regardless of payments to third parties (except for capitated health claim payments). The revisions emphasize existing guidance that claims that related liabilities are not recognized as paid until the losses are paid to claimants or claims are adjusted.
14. Revisions incorporate disclosure updates for reinsurers from reciprocal jurisdictions.
15. Requested comments on preferred approaches for reporting retroactive contracts that meet the exception for prospective accounting and the characteristics of the approaches. Requested industry and state insurance regulator volunteers, and directed notification to the Casualty Actuarial and Statistical (C) Task Force.

16. Revisions include additional NAIC staff modifications regarding persistency commission and levelized commission arrangements to address certain comments received to allow for further discussion. With exposure, directed a referral to the Life Actuarial (A) Task Force.

17. Revisions clarify the reporting of derivatives with financing premiums, and requested comments on whether guidance allowing offset should be considered for derivatives and related financing provisions.

18. Revisions clarify that the fair value of collateral received or held for derivative disclosure purposes shall be reported net of collateral paid/pledged if a counterparty has the legal right to offset. Updates to applicable annual statement instructions are proposed to be concurrently exposed.

19. Revisions clarify that the “assignment” of goodwill is a disclosure element. Also directed revisions to the Sub-1 Acquisition Overview filing template to capture this information for new SCA acquisitions.

20. Revisions clarify that a look-through of a more-than-one holding company structure is permitted if each of the holding companies within the structure complies with the requirements.


22. Revisions reject ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities.

23. Exposed the following editorial revisions to statutory accounting:
   i. Update references in SSAP No. 62R Exhibit A – Implementation Questions and Answers, which provides a retroactive reinsurance illustration and update, and paragraph 85 to match the current format of property/casualty (P/C) annual statement Schedule F – Reinsurance.
   ii. Revise references to the annual statement instructions and combine the life and fraternal references.

24. Received an update on the following projects and referrals:
   2. Responses for the data call on “linked” surplus notes to address the Surplus Note Accounting – Referral from the Reinsurance (E) Task Force are requested by Dec. 31, 2019.
   3. FASB delayed implementation of ASU 2016-13: Credit Losses until 2023 for everyone except large U.S. Securities and Exchange Commission (SEC) filers, which are required to follow the ASU in 2020.
   5. No comments by the Working Group are planned regarding U.S. generally accepted accounting principles (GAAP) exposures. Received information from industry on recent FASB discussions. NAIC staff will address the expected Reference Rate Reform FASB project to ensure that it will be promptly reviewed.

25. The comment deadline for new and exposed items is Jan. 31, 2020, except for the editorial agenda item (Ref #2019-44EP), which has a Dec. 20, 2019, comment deadline.

13. Adopted the report of the Blanks (E) Working Group, which met Oct. 22 and took the following action:
   a. Adopted its Sept. 5 and Aug. 20 minutes, which included the following action:
      1. Exposed blanks proposal 2019-24BWG. The proposal adds a life experience data contact to the electronic Jurat page for life/fraternal company filers only to allow NAIC staff and state insurance regulators to locate a contact person more easily from each legal entity life insurance company to facilitate communication regarding data studies and submissions to the NAIC.
   b. Adopted four blanks proposals:
      1. 2019-21BWG – Modify the Illustrations for Note 33 to disclose individually the Separate Account with Guarantees Products and Separate Account Nonguaranteed Products.
      2. 2019-22BWG – Add a question regarding the Executive Summary of the PBR Actuarial Opinion to the Supplemental Exhibits and Schedules Interrogatories.
      3. 2019-23BWG – Modify the instructions and illustration for Note 8 – Derivatives for disclosures adopted by SSAP No. 108. Add instructions and a blanks page for Schedule DB, Part E, to the quarterly statement.
      4. 2019-24BWG – Add a Life Experience Data Contact to the electronic Jurat page for life/fraternal companies.
   c. Exposed its revised procedures.
   d. Exposed three proposals for a public comment period ending Nov. 22.
   e. Adopted the editorial listing.
   f. Approved the State Filing Checklist templates.

**Capital Adequacy (E) Task Force**
Dec. 8, 2019

1. Adopted its Oct. 8 minutes, which included the following action:
a. Adopted its Sept. 18 minutes, which included the following action:
   1. Adopted its 2020 proposed charges.

b. Exposed its referrals:
   1. NAIC Designations for Schedule D, Part 2 – Section 2.
   2. Mutual Funds.
   3. Comprehensive Funds.

2. Adopted the report of the Health Risk-Based Capital (E) Working Group, which met Dec. 8 and took the following action:
   a. Adopted its Oct. 21 and Sept. 9 minutes, which included the following action:
      1. Reported that the Working Group met Oct. 10 in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings.
      3. Discussed field testing of the Health Test and agreed to move forward.
      4. Referred the Long-Term Care HMO Guaranty Fund Memorandum to the Capital Adequacy (E) Task Force.
      5. Received comments and rejected proposal 2019-04-H (Health Care Receivables).
      6. Received comments on the excessive growth charge.
      7. Received comments on the Health Bond Structure.
      8. Discussed the managed care credit.
      9. Received an update from the Health Test Ad Hoc Group.
   b. Discussed the Health Bond Structure draft.
   c. Received comments on the Health Test Language Proposal.
   e. Adopted updates to the 2020 working agenda.
   f. Received an update from the Excessive Growth Charge Ad Hoc Group.

3. Adopted the report of the Life Risk-Based Capital (E) Working Group, which met Dec. 7 and took the following action:
   a. Adopted its Oct. 23 and Summer National Meeting minutes. During its Oct. 23 meeting, the Working Group:
      1. Rejected the proposal to update the risk-based capital (RBC) charge for unaffiliated common stock supporting long-horizon contractual commitments.
      2. Exposed the memorandum on potential further work on life growth operational risk for public comment.
      3. Adopted its July 22, June 24, June 17, June 6, May 13, April 26 and Spring National Meeting minutes.
   b. Adopted the report of the Longevity Risk (A/E) Subgroup, including adoption of its Nov. 25, Nov. 4, Oct. 7, Sept. 30 and Sept. 18 minutes, which included the following action:
      1. Discussed the Academy Longevity Risk Task Force’s proposal for incorporating a risk charge for longevity in the life and fraternal RBC formula.
      2. Adopted the Subgroup’s recommendation to the Life Risk-Based Capital (E) Working Group for a longevity risk charge.
   c. Exposed the Longevity Risk (A/E) Subgroup’s recommendation for a longevity risk charge along with the Academy’s alternative that includes covariance for a 60-day public comment period. The Working Group also agreed to scope out longevity reinsurance transactions for now with direction to the Subgroup to continue to work on this aspect.
   d. Heard an update from the Academy C2 Work Group.
   e. Heard an update from NAIC staff on the work being done on economic scenario generators (ESGs).
   f. Discussed comments received on life growth risk.
   g. Discussed an issue related to phase-in and spreading of variable annuity reserves and capital. The Working Group will review and identify any needed guidance.

4. Adopted the report of the Property and Casualty Risk-Based Capital (E) Working Group, which met Dec. 8 and took the following action:
   a. Adopted its Nov. 8 minutes, which included the following action:
      1. Adopted the Catastrophe Risk (E) Subgroup’s Summer National Meeting minutes.
      2. Adopted its Summer National Meeting minutes.
      3. Adopted proposal 2019-11-P (Clarification to Instructions Regarding Lloyd’s of London) and the 2019 reporting guideline.
      5. Exposed the 2019 catastrophe event list.
      6. Heard updates from the Academy on reviewing the underwriting risk components.
      7. Discussed the appropriate factor of unrated uncollateralized recoverables.
8. Discussed the factor of using the aggregate exceedance probability (AEP) and occurrence exceedance probability (OEP) basis.
   b. Adopted the report of the Catastrophe Risk (E) Subgroup, which met Dec. 6 and took the following action:
      1. Adopted its Nov. 8 minutes, which included the following action:
         a. Adopted its Summer National Meeting minutes.
         b. Adopted the Property and Casualty Risk-Based Capital (E) Working Group’s Summer National Meeting minutes.
         c. Adopted proposal 2019-11-P (Clarification to Instructions Regarding Lloyd’s of London) and the 2019 reporting guideline.
         d. Adopted proposal 2019-12-P (Remove PR038 Adjustment for Reinsurance Penalty).
         e. Exposed the 2019 catastrophe event lists.
         f. Heard updates from the American Academy of Actuaries (Academy) on reviewing the underwriting risk components.
         g. Discussed the appropriate factor of unrated uncollateralized recoverables.
         h. Discussed the factor of using the aggregate exceedance probability (AEP) and occurrence exceedance probability (OEP) basis.
      3. Heard a presentation from the Academy on “Wildfire: Lessons Learned.” The presentation included topics on wildfire risk, mitigation, and modeling.
      4. Heard a presentation from the Academy on “Actuaries Climate Index (ACI).” The presentation included topics on ACI components, and ACI recent index findings.
      5. Discussed the factor of using AEP basis versus OEP basis.
      6. Discussed the possibility of allowing additional third-party commercial vendor models.
      c. Exposed proposal 2018-19-P (Vulnerable 6 or Unrated Risk Charge) for a 45-day public comment period ending Jan. 21, 2020.
      d. Discussed 2020 property/casualty (P/C) RBC working agenda.
      e. Discussed the possibility of using the NAIC as a centralized location for reinsurer designations.
      f. Discussed the possible treatment of the R3 related to the runoff companies and captive companies.
      g. Discussed the monoline mortgage guaranty insurers. The Working Group will closely monitor the development of the risk-based mortgage guaranty capital model from the Mortgage Guaranty Insurance (E) Working Group.
      h. Discussed the Restructuring Mechanisms (E) Subgroup charge related to the Property and Casualty Risk-Based Capital formula.
   5. Adopted its working agenda.
   6. Received a Long-Term Care HMO Guaranty Fund Memorandum.
  10. Adopted the RBC Preamble.
  11. Received comments on referrals for:
      a. NAIC Designations for Schedule D, Part 2, Section 2 – Common Stocks.
      b. RBC Charges for Funds and Comprehensive Funds.
      c. Structured Notes.

Examination Oversight (E) Task Force
Dec. 8, 2019
1. Adopted its Sept. 13 and Summer National Meeting minutes.
2. Adopted the report of the Electronic Workpaper (E) Working Group, which met Dec. 3 in regulator-to-regulator session, pursuant to paragraph 4 (internal or administrative matters of the NAIC or any NAIC member) of the NAIC Policy Statement on Open Meetings.
3. Adopted the report of the Financial Examiners Coordination (E) Working Group, which met Aug. 5 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings.
4. Adopted the report of the Financial Analysis Solvency Tools (E) Working Group, which met Sept. 4 to discuss proposed revisions to the Financial Analysis Handbook (Handbook) and the Insurance Regulatory Information System (IRIS) for 2019 annual statement filings. The proposals included:
   a. Combined two quantitative procedures under property/casualty (P/C) reserving, where the materiality procedure and the related quantitative benchmark procedure were combined under one procedure.
   b. Exposed enhanced regulatory guidance to the Handbook related to parental guarantees and troubled insurance companies that resulted from referrals from the Financial Analysis (E) Working Group.
c. Adopted Handbook guidance on salary compensation that was drafted by the Risk-Focused Surveillance (E) Working Group and exposed at the 2018 Fall National Meeting.
d. Adopted previously exposed guidance updates to the Handbook related to intercompany pooling, which was referred by the Group Solvency Issues (E) Working Group.
e. Adopted previously exposed changes to the Life IRIS for 2020 annual statement filings due to blank changes.

At the close of the open meeting, the Working Group adjourned into regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings. The Working Group adopted the proposed revisions via e-vote on Oct. 15.

5. Adopted the report of the IT Examination (E) Working Group, which met Sept. 26 to adopt revisions on the following:
   a. Information technology (IT) review conclusions – Revisions are intended to clarify the scope of the IT review and the way examiners should respond to IT review findings.
b. Use of third-party work – Revisions are intended to clarify the ways that third-party work can be evaluated and used during an exam’s IT review.
c. Cybersecurity self-assessment tools – Revisions allow state insurance regulators to incorporate the results of a company’s completed self-assessment. Additionally, a drafting group developed a mapping between IT exam guidance and the cybersecurity self-assessment tool developed by the Financial Services Sector Coordinating Council (FSSCC) to facilitate state insurance regulator use of the information contained within the tool.

6. Adopted the report of the Financial Examiners Handbook (E) Technical Group as amended during the Task Force meeting, which met Nov. 14 and Sept. 12 to adopt revisions on the following topics:
   a. Troubled companies – Revisions incorporate insights from the Troubled Company Handbook on the following topics: priority ratings guidance, communication expectations for companies that are troubled or potentially troubled and pre-receivership considerations.
b. Management letters – Revisions clarify which level of the management letter should be addressed and the level of information that should be included therein. During the Task Force meeting, the Task Force received a proposal from industry to amend the guidance to clarify that the discretion by the state insurance regulators to issue management letters should consider the guidance that immediately follows.
c. Exhibit V (Prospective Risk Assessment) – Revisions encourage enhanced testing of overarching prospective risks and to better facilitate the communication of examination results with the financial analysts.
d. Exhibit AA (Summary Review Memorandum) – Revisions address the order in which C-level interviews should be conducted, as well as provide a new interview template for interviewing a chief marketing officer.
e. Compensation study – Revisions include a description of commonly held roles and responsibilities for commonly held regulatory positions and suggest salary ranges for examiners and analysts based on the results of a state insurance regulator compensation study.

7. Received a report from the NAIC’s Capital Markets Bureau regarding a transition within U.S. financial markets away from using LIBOR as a reference benchmark. The Capital Markets Bureau will provide further state insurance regulator-only educational materials to help state insurance regulators better understand how insurance companies will be affected.

8. Received an update from NAIC staff regarding work performed to update the state insurance regulator-only Jumpstart reports.

Long-Term Care Insurance (E/B) Task Force
The Long-Term Care Insurance (E/B) Task Force did not meet at the Fall National Meeting.

Receivership and Insolvency (E) Task Force
Dec. 8, 2019

1. Adopted its Summer National Meeting minutes.
3. Adopted the report of the Receivership Financial Analysis (E) Working Group, which met Dec. 8 in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings. During this meeting, the Working Group discussed the status of individual receiverships.
4. Adopted the report of the Receivership Large Deductible Workers’ Compensation (E) Working Group, which met Dec. 2 and Oct. 24 and took the following action:
6. Discussed next steps for addressing recommendations from the Macroprudential Initiative (MPI). The Task Force plans to:
   a. Continue discussions during a future conference call regarding possible remedies for ensuring the continuity of essential services and functions to an insurer in receivership.
   b. Delegate to its Receivership Model Law (E) Working Group the development of recommendations for methods to encourage the states to adopt key areas in receivership law to enhance the efficiency and effectiveness of the receivership process across the states.
8. Heard an international resolution update that highlighted activities of the International Association of Insurance Supervisors (IAIS). The IAIS Resolution Working Group met in September to:
   a. Finalize the Application Paper on Recovery Planning.
   b. Continue development of the Application Paper on Resolution Planning.

Reinsurance (E) Task Force
Dec. 8, 2019
1. Adopted its Oct. 22 minutes, which included the adoption of the proposed revisions to the Process for Evaluating Qualified and Reciprocal Jurisdictions, adopted the re-evaluations of France, Germany, Ireland and the United Kingdom as Qualified Jurisdictions, and adopted revisions to the Reinsurance Ceded section of the Accreditation Program Manual, and its Summer National Meeting minutes.
2. Adopted the report of the Reinsurance Financial Analysis (E) Working Group. The Working Group met Nov. 26 and Oct. 10 in regulator-to-regulator sessions, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, to discuss actions taken with respect to the passporting of certified reinsurers by the states.
3. Adopted the report of the Qualified Jurisdiction (E) Working Group. The Working Group met Nov. 5, Oct. 7 and Aug. 22 via conference call in regulator-to-regulator session, pursuant to paragraph 8 (consideration of strategic planning issues) of the NAIC Policy Statement on Open Meetings. The Working Group has adopted re-evaluations of Bermuda, France, Germany, Ireland, Japan, Switzerland and the United Kingdom as Qualified Jurisdictions and evaluations of Bermuda, Japan and Switzerland as Reciprocal Jurisdictions.
4. Adopted the re-evaluations of Bermuda, Japan and Switzerland as Qualified Jurisdictions and their evaluations as Reciprocal Jurisdictions.
5. Exposed a Blanks Proposal that incorporates the 2019 revisions from the Credit for Reinsurance Model Law (#785) and the Credit for Reinsurance Model Regulation (#786) into the Annual Reporting Blanks and Instructions.

Risk Retention Group (E) Task Force
Dec. 7, 2019
1. Adopted its Oct. 7 minutes.
2. Adopted Frequently Asked Questions (FAQ) and Best Practices documents for risk retention groups (RRGs) to further assist the states with the registration of RRGs.
3. Adopted a referral to the Property and Casualty Insurance (C) Committee to consider proposed revisions to the NAIC Uniform Risk Retention Group – Notice and Registration form. The revisions are intended to clarify expectations for RRGs registering in non-domiciliary states and facilitate compliance with the federal Liability Risk Retention Act (LRRA).
4. Discussed next steps for the Task Force, including informing industry and regulators about the new resources and registration form; monitoring the impact of the above adoptions; providing training, such as a webinar; and considering revisions to the Risk Retention and Purchasing Group Handbook or the Company Licensing Best Practices Handbook.

Valuation of Securities (E) Task Force
Dec. 8, 2019
1. Adopted its Sept. 5, Oct. 31; and Summer National Meeting minutes, which included the following action:
   a. Adopted an updated amendment to the Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual) to add instructions for the new administrative fields “RTS” and “RT” that was exposed for a 14-day comment period that ended Aug. 30.
   b. Adopted its 2020 proposed charges.
   c. Adopted a P&P Manual amendment updating the interim instructions for Mortgage Reference Securities that was exposed for a 30-day comment period that ended Sept. 4.
d. Discussed a proposed P&P Manual amendment to add instructions for Exchange Traded Funds (ETF) that contain a combination of preferred stocks and bonds and directed Securities Valuation Office (SVO) staff to prepare a memo summarizing issues related to ETFs.

e. Received a proposed P&P Manual amendment to rename the U.S. Direct Obligations/Full Faith and Credit Exempt List and to the NAIC U.S. Government Money Market Fund List and discontinue the Bond Fund List and migrate these funds to the new NAIC Fixed Income-Like SEC (U.S. Securities and Exchange Commission) Registered Funds List in 2020. The amendment was exposed for 45-day comment period ending on Dec. 16.

f. Receive a proposed P&P Manual amendment to add instructions to limit NAIC Designations to the NAIC Assigned Sovereign Rating. The amendment was exposed for 45-day comment period ending on Dec. 16.

g. Received a proposed P&P Manual amendment to add instructions for Ground Lease Transactions. The amendment was exposed for 22-day comment period ending on Nov. 22.

h. Discussed a proposed P&P Manual amendment for Principal Protected Securities.

2. Received an update from NAIC staff on projects before the Statutory Accounting Principles (E) Working Group, including:

   Items Adopted by the Working Group: 1) Other Derivatives –revisions to clarify that other derivatives – which are derivatives that are not used in hedging, income generation or replication transactions – shall be reported at fair value and nonadmitted; 2) Goodwill – for subsidiary, controlled and affiliated investments (SCAs), the Working Group adopted minor revisions to clarify that goodwill from an insurance entity acquisition of an SCA is subject to the 10% adjusted capital and surplus limit, regardless if the goodwill had been “pushed down;” and 3) Wash Sales –revisions to clarify that the wash sale disclosure shall only include wash sale transactions that cross reporting periods. Items Exposed by the SAPWG: 1) Preferred Stock – revised issue paper and proposed substantively revised SSAP No. 32R as part of the investment classification project; 2) Related Party Transactions – proposed to data-capture existing SSAP No. 25 disclosures and exposure to clarify the types of entities that are included as related parties, clarification that non-controlling ownership interest greater than 10% is a related party; 3) Working Capital Finance Investments – substantive revisions to SSAP No. 105 as directed by the Working Group to reflect 6 of the recommendations provided by industry and referred from the Task Force; 4) Rolling Short-Term Investments –revisions to SSAP No. 2R to incorporate principle concepts in classifying investments as cash equivalents or short-term investments; 5) Qualifying Cash Pools – revisions to SSAP No. 2R to incorporate concepts to allow cash pools to be reported as cash equivalents; 6) Financial Modeling – 43R –revisions to eliminate the financial modeling guidance from SSAP No. 43R, noting that this exposure was contingent on the Task Force taking a similar action at the National Meeting; and 7) Financing Derivatives –revisions for the reporting of derivatives with financing premia.

3. Received a proposed Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual) amendment to reflect the U.S. SEC’s adoption of a new Rule 6c-11 under the Investment Company Act of 1940, to modernize regulation of exchange traded funds to operate without first obtaining an exemptive order under from the SEC under the Act and exposed the amendment for a 45-day comment period ending Jan. 23, 2020.

4. Adopted a proposed P&P Manual amendment and refer it to the Statutory Accounting Principles (E) Working Group instructions for Ground Lease Financing (GLF) transaction following a decision tree analysis approach: 1) the SVO would analyze it to see if it meets the credit tenant loan criteria and the SVO could analyze the sub-leases; 2) assess if the Structured Security Group can model the GLF; and 3) if a ratings agency rating was assigned, authorize the SVO to use that analysis in its assessment. The amendment that was exposed for a 22-day comment period that ended on Nov. 22.

5. Received a proposed P&P Manual amendment to remove the financial modeling instructions for RMBS/CMBS securities and direct Investment Analysis Office (IAO) staff to instead produce NAIC designations and NAIC designation categories for these securities and exposed the amendment for a 60-day comment ending Feb. 7, 2020.

6. Received an SVO staff report on their work defining principal protected notes. Staff reported been working iteratively with industry on a general framework to describe repackaged securities that may possess Other Non-Payment Risks that the SVO must assess under its Subscript S authority.

7. Received a CIPR staff report on their infrastructure project. CIPR staff, with assistance from the Capital Markets Bureau, is researching the state of infrastructure investing as it pertains to US insurance companies and has solicited a great deal of information from interested parties. A great deal of progress has been made, including finalizing a definition of economic infrastructure.

8. Received an SVO staff report on various technology projects: integration of security identifiers in the filing exempt process (BECRS/GICRS) has been deferred; inclusion of ratings data the Japan Credit Rating Agency, Ltd. has been deferred; implementation of additional CRP data feeds for securities subject to private rating letters component of filing exemption has been deferred; implementation of the carry-over procedure in 2019 for the administrative symbols “YE” and “IF” completed; and implementation of NAIC designation categories was on schedule for early 2020.

FINANCIAL REGULATION STANDARDS AND ACCREDITATION (F) COMMITTEE
Dec. 6 – 7, 2019
The Financial Regulation Standards and Accreditation (F) Committee met Dec. 6, in regulator-to-regulator session pursuant to paragraph 7 (consideration of individual state insurance department’s compliance with NAIC financial regulation standards)
of the NAIC Policy Statement on Open Meetings, to: 1) discuss state-specific accreditation issues; 2) vote to award continued accreditation to the insurance departments of Connecticut, Massachusetts and New York; and 3) vote to award accreditation for the first time to the insurance department of the U.S. Virgin Islands. The Committee also met Dec. 7, in open session, and took the following action:

1. Adopted its Summer National Meeting minutes.
3. Adopted revisions to the Review Team Guidelines for troubled companies effective Jan. 1, 2020. The revisions incorporate updated guidance on timely and effective communication of a troubled or potentially troubled company between the domiciliary and non-domiciliary states.
4. Adopted the 2019 revisions to the Credit for Reinsurance Model Law (#785) and the Credit for Reinsurance Model Regulation (#786) as revisions to the Reinsurance Ceded accreditation standard. These revisions address the reinsurance collateral requirements necessary for U.S. ceding companies to take credit for certain reinsurance transactions. The adoption includes a waiver of procedure to expeditiously adopt the accreditation standard. The adopted effective date is Sept. 1, 2022.
5. Adopted the Term and Universal Life Insurance Reserve Financing Model Regulation (#787) as a new accreditation standard effective Sept. 1, 2022. This model establishes uniform, national standards governing reserve financing arrangements pertaining to term life and universal life insurance policies with secondary guarantees.

INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE
Dec. 7, 2019

1. Adopted its Nov. 6, Oct. 15, Aug. 13, and 2019 Summer National Meeting minutes. During its Nov. 6, Oct. 15 and Aug. 13 meetings, the Committee took the following action:
   a. Heard an update on upcoming International Association of Insurance Supervisors (IAIS) committee meetings.
   b. Approved submission of NAIC comments on the IAIS draft Issues Paper on the Use of Big Data Analytics in Insurance and heard updates on IAIS activities and the Financial Sector Assessment Program (FSAP).
   c. Approved submission of NAIC comments on IAIS revised supervisory material and material related to the holistic framework for systemic risk in the insurance sector.
2. Adopted the report of the ComFrame Development and Analysis (G) Working Group, which met Dec. 7 in regulator-to-regulator session, pursuant to paragraph 8 (consideration of strategic planning issues) of the NAIC Policy Statement on Open Meetings, to discuss next steps for implementation of the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) and the monitoring period and to hear an update on the aggregation method process.
3. Adopted its 2020 proposed charges.
4. Heard an update on key 2019 projects of the IAIS, including revised Insurance Core Principles (ICPs) and ComFrame, the holistic framework for systemic risk in the insurance sector, and the insurance capital standard (ICS) and monitoring period.
5. Heard an update on international activities, focusing on regional supervisory cooperation and the Organisation for Economic Co-operation and Development (OECD). Regional supervisory cooperation activities include ongoing engagement with regulators in Europe, the Asia-Pacific region and Latin America, as well as the NAIC International Fellows Program.
6. Heard an update on the FSAP. The 2019–2020 International Monetary Fund (IMF) FSAP of the U.S. financial regulatory system is currently underway. The FSAP is comprised of Mission 1 and Mission 2, with much of the work for the FSAP exercise for insurance concentrated in Mission 1, which took place this fall. Mission 2 will take place in early 2020, with meetings both with the NAIC and several states. The IMF is expected to publish a technical note on insurance by the summer of 2020.

NAIC/CONSUMER LIAISON COMMITTEE
Dec. 9, 2019

1. Adopted its Summer National Meeting minutes.
2. Observed presentation of the Excellence in Consumer Advocacy award from NAIC consumer representatives to Michael Conway (CO).
3. Heard a presentation from Birny Birnbaum (CEJ) on what state insurance regulators can do to promote retirement security. This presentation focused on the health (Long Term Care) and non-health gaps (Life and Annuity) in consumer education and consumer protection, current NAIC committee activities and a consumer-focused strategy to fill the gaps.
4. Heard a presentation from Amy Bach (United Policyholders-UP) on navigating troubled waters using residual markets. This presentation explained California's current situation, recapped what UP, the California Department of Insurance-CDI, the California’s FAIR Plan-CFP and partners are doing to navigate troubled waters, and briefly reviewed Florida's experience.
5. Heard a presentation from Erica Eversman (Automotive Education and Policy Institute—AEPI) on consumers filing complaints or reporting improper insurer behavior in the automobile repair context. This presentation shed light on the fact that critical problems for consumers filing complaints or reporting improper insurer behavior in the automobile repair context is that consumers have no idea why it may be important for them to have particular repair procedures or parts used in the repair of their vehicles.

6. Heard a presentation from Claire McAndrew (Families, USA) and Sarah Lueck (Center on Budget and Policy Priorities—CBPP) on protecting patients from surprise medical bills and the impact of other Federal policy changes on consumers. This presentation discussed the importance of federal protections against surprise medical bills, provided an update on the status of surprise medical bill legislation in Congress, and highlighted implications for state insurance regulators. It also discussed other federal policy changes - including changes made by the federal government, Congress, or the courts - that would impact coverage and care for consumers and the work of state insurance regulators.

7. Heard a presentation from Deborah Darcy (American Kidney Fund-AKF) on clarifying insurance coverage of living donors. This presentation provided recommendations to state insurance regulators on the need for clear guidance in health insurance documentation and how complaints to commissioners should be resolved by the health insurance of the recipient paying the medical bills.

8. Heard a presentation from Katie Keith (Out2Enroll) and Silvia Yee (Disability Rights Education and Defense Fund—DREDF) on raising consumer concerns about wellness programs. In light of a recently announced federal opportunity for states to expand wellness programs to the individual market, this presentation highlighted the latest data on wellness programs, recent legal challenges, consumer concerns, and recommendations for state regulators.

9. Heard a presentation from Matthew Smith (Coalition Against Insurance Fraud—CAIF) and Dan Kreitman (Healthcare Fraud Prevention Partnership—HFPP) on how HFPP is protecting Americans from insurance fraud. This presentation acquainted commissioners and the consumer representatives with the HFPP, its history, purpose and how it could assist regulators in protecting their citizens.

NAIC/AMERICAN INDIAN AND ALASKA NATIVE LIAISON COMMITTEE
Dec. 8, 2019
1. Adopted its Summer National Meeting minutes.
3. Heard an update from NAIC legal staff on the removal of health insurance resources from the U.S. Health and Human Services (HHS) website.

NAIC/INDUSTRY LIAISON COMMITTEE
The NAIC/Industry Liaison Committee did not meet at the Fall National Meeting.

NAIC/STATE GOVERNMENT LIAISON COMMITTEE
Dec. 7, 2019
1. Heard welcome remarks from NAIC president, Superintendent Eric A. Cioppa (ME). Superintendent Cioppa discussed how the NAIC has made progress on a number of important initiatives, including the recent amendments to the Credit for Reinsurance Model Law (#785).
2. Adopted its 2018 Summer National Meeting minutes.
4. Discussed health insurance developments. Director Raymond G. Farmer (SC) noted how state insurance regulators are waiting for the draft Notice of Benefit and Payment Parameters for 2021, which sets the rules for federal Affordable Care Act (ACA)-complaint plans. He also discussed how regulators are tracking congressional activity on surprise bills, and how the U.S. Department of Transportation has appointed an Air Ambulance Advisory Committee, to which Commissioner Jon Godfread (ND) was appointed.
5. Discussed long-term care insurance (LTCI). Commissioner Scott A. White (VA) discussed how the NAIC is focused on developing a consistent national approach for reviewing LTCI rates that result in actuarily appropriate increases being granted by the states in a timely manner. He also said state insurance regulators are focused on ensuring consumers are provided with meaningful options to reduce their benefits in situations where the premiums are no longer affordable. He discussed the creation of the Long-Term Care Insurance (EX) Task Force and gave an update on the various workstreams.
6. Discussed big data and data privacy. Commissioner Godfread discussed how big data is reshaping the insurance marketplace, and how state insurance regulators are responding. He also noted how the NAIC has appointed a new Privacy Protections (D) Working Group to review state insurance privacy protections and determine if changes are needed.
7. Discussed the group capital calculation (GCC) and Macroprudential Initiative. Superintendent Cioppa discussed how the GCC will be a tool that state insurance regulators can use in their solvency-monitoring activities. He discussed macroprudential monitoring and how it provides state insurance regulators with a better understanding of how the insurance sector is impacted by various risk exposures in the broader financial markets and economy.
The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.

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