

**NAIC | SPRING  
2021 | NATIONAL  
MEETING**

**SYNOPSIS**



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**Synopsis of the NAIC Committee, Subcommittee and Task Force Meetings  
Virtual 2021 Spring National Meeting  
April 7–14, 2021**

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 Virtual 2021 Spring National Meeting. 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)**

April 14, 2021

1. Adopted the report of the Executive (EX) Committee. See the Committee listing for details.
2. Adopted by consent the committee, subcommittee and task force minutes of the 2020 Fall National Meeting.
3. Adopted amendments to the *Unfair Trade Practices Act* (#880).
4. Received the report of the Life Insurance and Annuities (A) Committee. See the Committee listing for details.
5. Received the report of the Health Insurance and Managed Care (B) Committee. See the Committee listing for details.
6. Received the report of the Property and Casualty Insurance (C) Committee. See the Committee listing for details.
7. Received the report of the Market Regulation and Consumer Affairs (D) Committee. See the Committee listing for details.
8. Received the report of the Financial Condition (E) Committee. See the Committee listing for details.
9. Received the report of the Financial Regulation Standards and Accreditation (F) Committee. See the Committee listing for details.
10. Received the report of the International Insurance Relations (G) Committee. See the Committee listing for details.
11. Adopted the *Real Property Lender-Placed Insurance Model Act* (#631).
12. Adopted the *Regulatory Review of Predictive Models* white paper.
13. Adopted amendments to the *Antifraud Plan Guideline* (#1690).
14. Adopted the *Guideline for Administration of Large Deductible Policies in Receivership* (#1980).
15. Received a status report on state implementation of NAIC-adopted model laws and regulations.

**EXECUTIVE (EX) COMMITTEE**

April 14, 2021

1. Adopted the report of the joint meeting of the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee, which met April 7 in regulator-to-regulator session, pursuant to paragraph 4 (internal or administrative matters of the NAIC or any NAIC member) of the NAIC Policy Statement on Open Meetings. During this meeting, the Committee and Subcommittee took the following action:
  - A. Adopted its March 16, 2021; Feb. 24, 2021; and 2020 Fall National Meeting minutes.
  - B. Adopted the report of the Audit Committee, which met April 1 and took the following action:
    1. Received an overview of the Dec. 31, 2020, financial statements with an update for Feb. 28, 2021.
    2. Received the 2020 audit report from RSM.
    3. Received an update on the 2020/2021 Service Organization Control (SOC) 1 and SOC 2 reviews.
  - C. Adopted the report of the Information Systems (EX1) Task Force, which met March 24 and took following action:
    1. Adopted its 2020 Fall National Meeting minutes.
    2. Received an update on the 2021 NAIC System for Electronic Rate and Form Filing (SERFF) fiscal.
    3. Received an operational report on the NAIC's information technology (IT) activities.
  - D. Approved the exposure of the Solvency Workpaper Software Modernization – Implementation Preparation Phase fiscal for public comment.
  - E. Approved the NAIC SERFF Modernization – Mobilization and Pilot Phase fiscal.
  - F. Approved the State Based Systems (SBS) State Implementations 2021 fiscal.
  - G. Approved the Property/Casualty (P/C) Rate Model Review Staffing Resources fiscal.
  - H. Received a joint chief executive officer (CEO)/chief operating officer (COO) report.

- I. Discussed the development of the *State Ahead 2.0* strategic plan.
2. Adopted the report of the Executive (EX) Committee, which met March 16 and Feb. 24 in regulator-to-regulator session, pursuant to paragraph 4 (internal or administrative matters of the NAIC or any NAIC member) of the NAIC Policy Statement on Open Meetings. During these meetings, the Committee took the following action:
  - A. Adopted the March 3 minutes of the Internal Administration (EX1) Subcommittee, including investment reports and recommendations on the NAIC's long-term investment portfolio.
  - B. Approved next steps for the Long-Term Care Insurance (LTCI) Legal Restructuring fiscal, which includes:
    1. Defer action by the Executive (EX) Committee until further deliberation can be completed.
    2. Appoint the Long-Term Care Insurance Restructuring (E) Subgroup of the Restructuring Mechanisms (E) Working Group and its proposed charge.
    3. Receive a recommendation from the Subgroup by September 2021.
  - C. Approved the exposure of the SERFF Modernization – Mobilization and Pilot Phase fiscal for public comment.
  - D. Approved the SBS State Implementations 2021 fiscal for public comment.
  - E. Approved the exposure of the P/C Rate Model Review Staffing Resources fiscal for public comment.
  - F. Appointed Commissioner Sharon P. Clark (KY) to serve on the National Insurance Producer Registry (NIPR) Board of Directors, effective April 9.
  - G. Received an update on 2020 year-end financial results.
  - H. Reviewed the NAIC Conflict of Interest Policy.
  - I. Approved moving the Financial Stability (EX) Task Force from the Executive (EX) Committee to the Financial Condition (E) Committee.
  - J. Approved the following non-regulator appointments to the SERFF Advisory Board: Birny Birnbaum (Center for Economic Justice—CEJ) as the consumer representative; Andrea Davey (Athene Annuity and Life Company) as a life insurance representative and vice chair; Phyllis Hollerbach (Zurich North America) as a health insurance representative; and Susan Gould (The Hanover Insurance Group) as a P/C representative.
  - K. Appointed the following NAIC members to serve on the 2021 NAIC/Consumer Participation Board of Trustees: Commissioner Michael Conway (CO) as chair; Director Chlora Lindley-Myers (MO) as vice chair; Commissioner John F. King (GA); Commissioner Marlene Caride (NJ); Superintendent Russell Toal (NM); and Commissioner Jessica K. Altman (PA).
  - L. Reappointed the following consumer representatives to serve on the 2021 NAIC/Consumer Participation Board of Trustees: Amy Bach (United Policyholders—UP); Brendan Bridgeland (Center for Insurance Research—CIR); Bonnie Burns (California Health Advocates); Brenda J. Cude (University of Georgia); Katie Keith (Out2Enroll); and Sarah Lueck (Center on Budget and Policy Priorities—CBPP).
  - M. Approved an amendment to the NAIC Grant and Zone Fund Policy.
  - N. Heard an update on NAIC cybersecurity.
  - O. Selected Las Vegas, NV, as the site of the 2025 Fall National Meeting.
3. Adopted the report of the Climate and Resiliency (EX) Task Force. See the Task Force listing for details.
4. Adopted the report of the Government Relations (EX) Leadership Council. See the Leadership Council listing for details.
5. Adopted the report of the Innovation and Technology (EX) Task Force. See the Task Force listing for details.
6. Adopted the report of the Long-Term Care Insurance (EX) Task Force. See the Task Force listing for details.
7. Adopted 2021 charges for the Long-Term Care Insurance Reduced Benefit Options (EX) Subgroup of the Long-Term Care Insurance (EX) Task Force.
8. Adopted the report of the Special (EX) Committee on Race and Insurance. See the Special Committee listing for details.
9. Adopted a Request for NAIC Model Law Development to amend the *Nonadmitted Insurance Model Act* (#870).
10. Received the 2020 annual report of the NAIC Designation Program Advisory Board.
11. Received a status report on implementation of the NAIC *State Ahead* strategic plan.
12. 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); the *Annuity Disclosure Model Regulation* (#245); the *Life Insurance Disclosure Model Regulation* (#580); the *Unfair Trade Practices Act* (#880); the *Insurance Holding Company System Regulatory Act* (#440); the *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450); and new models, including the Real Property Lender-Placed Insurance Model Act, the Pet Insurance Model Act, and the [State] Pharmacy Benefit Manager Licensure and Regulation Model Act.
13. Heard reports from NIPR and the Interstate Insurance Product Regulation Commission (Compact).

## **Climate and Resiliency (EX) Task Force**

April 9, 2021

1. Adopted its 2020 Fall National Meeting minutes.
2. Received reports from its workstreams, which included the following action:
  - A. Solvency Workstream: Reviewed the NAIC Capital Markets Bureau response to the International Association of Insurance Supervisors (IAIS) *Global Insurance Market Report* (GIMAR) data call, which will be published by the IAIS in June, and sent a referral to the Catastrophe Risk (E) Subgroup to consider adding more perils to the risk-based capital (RBC) charge.
  - B. Innovation Workstream: Heard presentations regarding parametric insurance to fill coverage gaps for natural disasters.
  - C. Technology Workstream: Heard a presentation from the NAIC Center for Insurance Policy and Research (CIPR) and Risk Management Services (RMS) regarding an application paper that shows how mitigation activities can reduce the risk of wildfire.
3. Received a recommendation from the Climate Risk Disclosure Workstream to continue using the existing framework whereby insurers may file either the NAIC Climate Risk Disclosure Survey or a report based on the Task Force on Climate-related Financial Disclosures (TCFD) for 2021. The workstream will continue its review of modifications to the climate risk disclosure to align with the TCFD and promote uniformity in reporting requirements.
4. Heard a presentation on the Building Code and Mitigation Workshop developed under the Pre-Disaster Mitigation Workstream in coordination with the CIPR and the Federal Alliance for Safe Homes (FLASH).
5. Heard a presentation on NAIC climate-related communications activities, including a consumer survey and an update of the home inventory mobile application.
6. Heard an update on federal activities related to climate risk.
7. Heard an update on international activities related to climate risk.

## **Government Relations (EX) Leadership Council**

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

## **Innovation and Technology (EX) Task Force**

April 9, 2021

1. Adopted its 2020 Fall National Meeting minutes.
2. Adopted the report of the Big Data and Artificial Intelligence (EX) Working Group, including its March 29 minutes. During this meeting, the Working Group took the following action:
  - A. Reviewed its 2021 charges and discussed why the former Big Data (EX) Working Group and the former Artificial Intelligence (EX) Working Group were merged into one group.
  - B. Discussed developing an industry survey to research how insurance companies are using big data, algorithms and artificial intelligence (AI).
  - C. Heard a presentation on the development and components of a model governance framework.
3. Adopted the report of the Speed to Market (EX) Working Group, including its Nov. 10, 2020, minutes. During this meeting, the Working Group took the following action:
  - A. Heard an update from the Interstate Insurance Product Regulation Commission (Compact).
  - B. Discussed the results of the Product Requirements Locator (PRL) survey and next steps.
  - C. Received updates on the NAIC System for Electronic Rate and Form Filing (SERFF), including recent and upcoming releases and projects, and discussed the annual review of the product coding matrix (PCM) and uniform transmittal document (UTD) suggestions.
4. Discussed follow-up comments related to the request for information (RFI) responses on continuing specific “regulatory relief” or “regulatory accommodations” offered by states or necessary related to the COVID-19 pandemic. The Task Force took the following action:
  - A. Adopted a motion to appoint a working group to: 1) examine e-commerce laws and regulations; 2) survey the states regarding federal Uniform Electronic Transactions Act (UETA) exceptions; 3) work toward meaningful, unified recommendations; 4) examine whether a model bulletin would be appropriate for addressing some of the identified issues; and 5) draft a proposed bulletin, if determined appropriate.

- B. Referred identified issues related to allowing online processes to be used for producer licensing continuing education (CE) to the Producer Licensing (D) Task Force and referred surplus lines issues—such as home state taxation, insurer eligibility, exempt commercial purchaser and diligent search—to the Surplus Lines (C) Task Force because it falls within its current workstream to amend the *Nonadmitted Insurance Model Act* (#870).
  - C. Heard a report on the activities of the NAIC Innovation and Technology State Contacts group. The group met April 1 and discussed an insurer’s perspective on the open Insurance Data Link (openIDL) solution for improving state insurance regulators’ access to data, parametric insurance products, and possible upcoming presentations from InsurTechs.
5. Heard presentations from State Farm and the United States Automobile Association (USAA) on their auto subrogation blockchain solution; Trellis Connect on its digital data-sharing application for personal lines of property/casualty (P/C) insurance; and Vero on its online risk and insurance advisor tool offering automated advice to help agents and individuals based on AI.
  6. Received updates from the Special (EX) Committee on Race and Insurance, the Accelerated Underwriting (A) Working Group, the Property and Casualty Insurance (C) Committee, and the Privacy Protections (D) Working Group regarding their work on workstreams related to innovation and technology to ensure coordination of these activities.

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

#### April 9, 2021

1. Adopted its March 1, 2021, and 2020 Fall National Meeting minutes, which included the following action:
  - A. Adopted 2021 proposed charges for the Long-Term Care Insurance Reduced Benefit Options (EX) Subgroup.
2. Received the report of the Long-Term Care Insurance Multistate Rate Review (EX) Subgroup, which met March 9 and Feb. 25 in regulator-to-regulator session, pursuant to paragraph 6 (consultations with NAIC staff members related to NAIC technical guidance) of the NAIC Policy Statement on Open Meetings, to discuss the process for drafting the multistate rate review framework and form a drafting group.
3. Exposed the operational sections of the draft long-term care insurance (LTCI) multistate rate review framework for a 45-day public comment period ending May 24.
4. Received the report of the Long-Term Care Insurance Reduced Benefit Options (EX) Subgroup, which met March 24 and March 11 in regulator-to-regulator session, pursuant to paragraph 6 (consultations with NAIC staff members related to NAIC technical guidance) of the NAIC Policy Statement on Open Meetings, to discuss plans for addressing its 2021 charges. The Subgroup plans to meet in early May to begin work on its charges by discussing current innovative long-term care (LTC) wellness pilot programs and seeking stakeholder views of related regulatory issues that need to be addressed.
5. Heard a report on industry trends that could have an impact on the solvency of LTCI companies and factors affecting reserves.
6. Heard an update on the LTCI restructuring initiative. The Executive (EX) Committee decided to refer the initiative to the Restructuring Mechanisms (E) Working Group.
7. Heard an update on the LTCI special data call. The Task Force continues to work with the consulting firm to develop a public report of the results.

### **Special (EX) Committee on Race and Insurance**

#### April 12, 2021

1. Heard a report on its activities, including:
  - A. Established five workstreams to develop initial recommendations.
  - B. Met April 6 and March 24 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, to receive the workstreams’ initial recommendations and to determine where to place the continued work in the NAIC committee structure.
2. Received status reports on the following workstreams:
  - A. Workstream One: Research/analyze the level of diversity and inclusion within the insurance industry.
  - B. Workstream Two: Research/analyze the level of diversity and inclusion within the NAIC and state insurance regulator community.
  - C. Workstream Three: Examine and determine which practices or barriers exist in the insurance sector that potentially disadvantage people of color and/or historically underrepresented groups in the property/casualty (P/C) line of business.

- D. Workstream Four: Examine and determine which practices or barriers exist in the insurance sector that potentially disadvantage people of color and/or historically underrepresented groups in the life insurance and annuities line of business.
  - E. Workstream Five: Examine and determine which practices or barriers exist in the insurance sector that potentially disadvantage people of color and/or historically underrepresented groups in the health insurance line of business.
3. Heard comments from interested parties on its 2021 proposed charges.
  4. Exposed its 2021 proposed charges for a 30-day public comment period ending May 14.

#### **INTERNAL ADMINISTRATION (EX1) SUBCOMMITTEE**

See the Executive (EX) Committee listing for details.

#### **Information Systems (EX1) Task Force**

March 24, 2021 (in lieu of the Spring National Meeting)

1. Adopted its Nov. 20, 2020, minutes.
2. Received an update on the 2021 NAIC System for Electronic Rate and Form Filing (SERFF) fiscal.
3. Received an operational report on the NAIC's information technology (IT) activities. 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 22 active technical projects and a summary of five projects recently completed.
5. Adjourned into 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.

#### **LIFE INSURANCE AND ANNUITIES (A) COMMITTEE**

April 12, 2021

1. Adopted its 2020 Fall National Meeting minutes.
2. Adopted the report of the Life Actuarial (A) Task Force. See the Task Force listing for details.
3. Adopted the report of the Accelerated Underwriting (A) Working Group, including its March 19 minutes. During this meeting, the Working Group took the following action:
  - A. Heard an update from the ad hoc drafting group regarding progress made in drafting an educational report on accelerated underwriting in life insurance, which included the following plans:
    1. Meet every three weeks to maintain progress in drafting language to share with the Working Group.
    2. Work from the Nov. 16, 2020, outline distributed during the Nov. 17, 2020, Working Group meeting.
    3. Focus the draft narrowly to remain consistent with and avoid conflicts with the work of other NAIC groups, such as the Innovation and Technology (EX) Task Force, the Big Data and Artificial Intelligence (EX) Working Group, the Casualty Actuarial and Statistical (C) Task Force, and the Privacy Protections (D) Working Group.
    4. Share draft language with the Working Group and interested parties for comment as sections are completed.
4. Adopted the report of the Annuity Suitability (A) Working Group, including its March 25 and March 9 minutes. During these meetings, the Working Group took the following action:
  - A. Adopted its Feb. 22 minutes, which included the following action:
    1. Discussed potential revisions to the draft frequently asked questions (FAQ) guidance document.
  - B. Adopted its Dec. 14, 2020, minutes, which included the following action:
    1. Discussed the comments received by the Oct. 2, 2020, public comment deadline on the draft FAQ guidance document the Working Group is developing to assist the states with adoption and implementation of the revised *Suitability in Annuity Transactions Model Regulation (#275)*, which added a best interest standard of conduct for insurers and producers.
  - C. Continued its discussion of potential revisions to the FAQ guidance document and directed NAIC staff to revise the document based on the discussions to date and distribute the revised document for the Working Group's discussion and possible adoption during a meeting in late April or early May.

5. Adopted the report of the Life Insurance Illustration Issues (A) Working Group, including its March 10 and Feb. 23 minutes. During these meetings, the Working Group took the following action:
  - A. Continued making progress in the development of a one- to two-page consumer-oriented policy overview document in order to achieve its charge of improving the understandability of the life insurance policy summaries already required in Section 7B of the *Life Insurance Illustrations Model Regulation* (#582) and Section 5A(2) of the *Life Insurance Disclosure Model Regulation* (#580).
  - B. Revised two alternative draft versions of the sample policy overview for term life policies based on comments received during a public comment period ending Aug. 28, 2020. One version shows the sample pre-underwriting; the other, after underwriting.
  - C. Planned to consider during its next meeting a motion to bring revised versions of the policy overview and corresponding revised versions of Model #580 to the Committee for guidance to the Working Group on next steps.
6. Adopted an extension of the Request for NAIC Model Law Development requested by the Life Insurance Illustration Issues (A) Working Group to allow the Working Group to make agreed-upon revisions, so the Committee can have sufficient information to provide guidance to the Working Group on next steps.
7. Heard an update on the Special (EX) Committee on Race and Insurance Workstream Four. The primary conclusion of Workstream Four, which was reflected in the proposed Special Committee charges, was that it had only just started to delve into the practices and barriers that potentially disadvantage minority and underserved populations in the life insurance and annuities line of business.
8. Discussed and adopted modifications to its 2021 charges, specifically:
  - A. Adopted a motion to disband the Annuity Disclosure (A) Working Group once the Executive (EX) Committee and Plenary consider adoption of the participating income annuity revisions to the *Annuity Disclosure Model Regulation* (#245), which were adopted and then held by the Life Insurance and Annuities (A) Committee at the 2018 Summer National Meeting.
  - B. Disbanded the Retirement Security (A) Working Group, which has fulfilled its charge.
9. Discussed life insurer practices related to the COVID-19 pandemic:
  - A. Heard from the Consumer Federation of America (CFA) regarding its letter requesting that the NAIC develop a model rule for life insurance underwriters who may delay or deny coverage for people who have or have had COVID-19.
  - B. Heard from the Interstate Insurance Product Regulation Commission (Compact) regarding life insurance application questions related to COVID-19 and COVID-19 vaccinations.
  - C. Discussed social media misinformation that COVID-19 vaccinations will affect policyholders' life insurance benefits, which it will not.

### **Life Actuarial (A) Task Force**

April 8, 2021

1. Adopted its March 18, 2021; March 11, 2021; March 4, 2021; Feb. 25, 2021; Feb. 11, 2021; Feb. 4, 2021; Jan. 28, 2021; Jan. 21, 2021; and Dec. 17, 2020, minutes, which included the following action:
  - A. Adopted its 2020 Fall National Meeting minutes.
  - B. Discussed amendment proposal 2021-02, which would extend the use of the 2020 nonforfeiture rates through June 2022, instead of through December 2021. After discussion, the amendment proposal was withdrawn.
  - C. Discussed questions received on the economic scenario generator (ESG).
  - D. Heard an update on the ESG project.
  - E. Heard a presentation from Conning on the equity model.
  - F. Heard an overview of ESG documents that were exposed for a public comment period ending March 22. The comment period for all previous ESG exposures was also extended to March 22.
  - G. Adopted amendment proposal 2020-11.
  - H. Discussed amendment proposal 2019-33.
  - I. Exposed amendment proposal 2020-12 for a 50-day public comment period ending March 26.
  - J. Exposed amendment proposal 2020-13 for a 21-day public comment period ending Feb. 26.
  - K. Discussed comments on the "Criteria to Assess VM-20 Solutions for Modeling Non-guaranteed YTR Reinsurance."
  - L. Heard an update on recent changes to Internal Revenue Code (IRC) Section 7702 that replaces the hard-coded 4% rate for the cash value accumulation test and the 6% rate used in the net single premium calculation for the guideline premium test with an indexed rate.
  - M. Exposed the ESG scenario statistics and reports, the Scenario Picker Tool, and the Stochastic Exclusion Ratio Test (SERT) documents for a 45-day public comment period ending March 7.

- N. Exposed a spreadsheet summarizing the decisions needed for the Treasury, equity and corporate models and a spreadsheet showing the parameters of the Treasury model for a public comment period ending Jan. 31.
2. Adopted the report of the Experience Reporting (A) Subgroup, including its March 2 minutes. During this meeting, the Subgroup took the following action:
  - A. Received an update on the mortality experience data collection project. There are plans to start developing mandatory reporting of variable annuity data and to continue work on evaluating actuarial aspects of accelerated underwriting in 2021.
3. Adopted the report of the Guaranteed Issue (GI) Life Valuation (A) Subgroup, which has not met since the 2020 Fall National Meeting. The Subgroup is in a dormant/monitoring mode given that there have been no new known studies of GI life mortality that could prove useful in formulating a new prescriptive requirement for the reserves for GI life products.
4. Adopted the report of the Indexed Universal Life (IUL) Illustration (A) Subgroup, which has not met since the 2020 Fall National Meeting. The Subgroup plans to meet again after any significant market developments following the adoption of *Actuarial Guideline XLIX-A—The Application of the Life Illustrations Model Regulation to Policies with Index-Based Interest Sold on or After November 25, 2020* (AG 49-A).
5. Adopted the report of the Longevity Risk (E/A) Subgroup, which has not met since the 2020 Fall National Meeting. A drafting group has been formed to contemplate reserve requirements related to pension risk transfer (PRT) and longevity reinsurance (LR) transactions that are more specific to the PRT reserves and are not solely related to the longevity component. The Subgroup will reconsider C-2 risk-based capital (RBC) for PRT products or LR transactions after reviewing the drafting group’s recommendations for the resolution of identified issues.
6. Adopted the report of the Variable Annuities Capital and Reserve (E/A) Subgroup, which has not met since the 2020 Fall National Meeting. The Subgroup will monitor the results of companies implementing the Variable Annuity Framework and stands ready to consider any requests of the Task Force or the Life Risk-Based Capital (E) Working Group.
7. Adopted the report of the Valuation Manual (VM)-22 (A) Subgroup, including its March 17, March 3, Feb. 24, Feb. 10, Feb. 3, Jan. 27 and Jan. 20 minutes. During these meetings, the Subgroup took the following action:
  - A. Voted to use two risk categories for VM-22, Statutory Maximum Valuation Interest Rates for Income Annuities, valuations.
  - B. Tabled a motion to retain the language in Section 5A of VM-20, Requirements for Principle-Based Reserves for Life Products, that allows for the aggregation of products with significantly different risk profiles if the products are managed as part of an integrated risk-management process.
  - C. Voted to retain the SERT language in Section 6A of VM-20.
  - D. Discussed the timing of the VM-22 field test, which is scheduled for February 2022 through June 2022.
  - E. Discussed the preliminary framework elements for fixed annuity principle-based reserving (PBR) proposed by the American Academy of Actuaries (Academy).
  - F. Formed a PRT drafting group to look at issues surrounding PRT business.
8. Exposed amendment proposal 2020-10 for a 45-day public comment period ending May 25.
9. Discussed and provided a response to comments on the ESG.
10. Heard an update from the Society of Actuaries (SOA) on research and education.
11. Heard an update from the Academy Life Practice Council.
12. Adopted amendment proposal 2020-13.
13. Exposed amendment proposal 2021-04 for a 21-day public comment period ending April 28.
14. Exposed amendment proposal 2021-03 for a 25-day public comment period ending May 3.
15. Re-exposed amendment proposal 2020-12 for a 21-day public comment period ending April 28.
16. Heard an update from NAIC staff on the mortality data collection project.

## **HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE**

### April 12, 2021

1. Adopted its 2020 Fall National Meeting minutes.
2. Heard a presentation from the Biden administration on its federal legislative and administrative initiatives and priorities. The presentation included a discussion of the future of the health insurance marketplaces, which highlighted the sharp decrease in the uninsured after 2010, followed by an increase since 2016, and how minority rates of the uninsured were persistently higher in 2019 than for non-minorities. Enrollment in the marketplaces has steadied, and insurer participation in the marketplaces has improved, but premium cost remains a challenge. The presentation discussed how the federal American Rescue Plan Act of 2021 (ARPA) could address some of the marketplace premium cost issues. The presentation also provided updates on the number of individuals that have enrolled to date in the marketplaces using

the current special enrollment period, which has been extended to Aug. 31. The presentation also touched on the consumer protections regarding surprise bills included in the recently enacted federal No Surprises Act (NSA). The Biden administration's actions to address the COVID-19 pandemic under the federal Families First Coronavirus Response Act (FFCRA) and the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act was also discussed.

3. Adopted the report of the Consumer Information (B) Subgroup, including its April 1 minutes. During this meeting, the Subgroup took the following action:
  - A. Discussed potential topics for the Subgroup to address in 2021, such as the ARPA, the claims process, and the NSA.
  - B. Discussed potential products for the Subgroup to develop in 2021, such as a series of briefs on claims, updating the "Frequently Asked Questions on Health Care Reform" (FAQ document), and developing new products related to the NSA and the ARPA.
4. Adopted the report of the Health Innovations (B) Working Group, including its March 26 minutes. During this meeting, the Working Group took the following action:
  - A. Heard presentations on telehealth coverage issues from the Center for Connected Health Policy (CCHP), the American Psychiatric Association (APA), and Regence.
  - B. Heard a presentation from Washington regarding changes to its provider network review policies resulting from a greater demand for telehealth services during the COVID-19 pandemic.
  - C. Discussed the effects of increased premium tax credit payments on federal funding for state reinsurance programs.
5. Adopted the report of the Health Actuarial (B) Task Force. See the Task Force listing for details.
6. Adopted revised 2021 charges for the Health Actuarial (B) Task Force.
7. Adopted the report of the Regulatory Framework (B) Task Force. See the Task Force listing for details.
8. Received the draft [State] Pharmacy Benefit Manager Licensure and Regulation Model Act (PBM Model Act). The Committee plans to meet following the Spring National Meeting to discuss the proposed PBM Model Act and determine its next steps.
9. Adopted the report of the Senior Issues (B) Task Force. See the Task Force listing for details.
10. Heard an update on the work of the Special (EX) Committee on Race and Insurance Workstream Five related to its charge to examine and determine which practices or barriers exist in the insurance sector that potentially disadvantage people of color and/or historically underrepresented groups in the health insurance line of business and make recommendations on actions steps. The Workstream adopted an initial report March 23 and forwarded its recommendations to the Special Committee for consideration.
11. Heard a discussion of the Committee's subgroup, working group and task force planned work for 2021.

### **Health Actuarial (B) Task Force**

The Health Actuarial (B) Task Force did not meet at the Spring National Meeting.

### **Regulatory Framework (B) Task Force**

#### March 25, 2021 (in lieu of the Spring National Meeting)

1. Adopted its March 18, 2021; March 1, 2021; and 2020 Fall National Meeting minutes, which included the following action:
  - A. Adopted the [State] Pharmacy Benefit Manager Licensure and Regulation Model Act (PBM Model Act).
  - B. Discussed comments received on the draft PBM Model Act.
2. Adopted the report of the Accident and Sickness Insurance Minimum Standards (B) Subgroup, which has not met since December 2019 due to the COVID-19 public health emergency and the resignation of one of its co-chairs. Due to the recent appointment of a new co-chair, it is anticipated that the Subgroup will resume its meetings in late April.
3. Adopted the report of the Employee Retirement Income Security Act (ERISA) (B) Working Group, which has not met since the 2020 Fall National Meeting. It is anticipated that the Working Group will likely next meet sometime following the Spring National Meeting to discuss any updates regarding association health plans (AHPs), including the status of the appeal in *State of New York et al. v. U.S. Department of Labor et al.* The Working Group also could discuss the U.S. Supreme Court's decision in *Rutledge v. Pharmaceutical Care Management Association* with respect to any ERISA preemption issues. It then plans to adjourn into 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 Mental Health Parity and Addiction Equity Act (MHPAEA) (B) Working Group, including its Jan. 28 minutes. During this meeting, the Working Group heard presentations from stakeholders—consumers, providers and plans—on their experiences with the implementation of and compliance with the MHPAEA’s mental health parity requirements. The Working Group also met March 10 in 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.
5. Adopted the report of the Pharmacy Benefit Manager Regulatory Issues (B) Subgroup, which has not met since October 2020 because it completed its work. The Subgroup could resume meeting to start work on a new 2021 charge to develop a white paper on issues related to the state regulation of certain pharmacy benefit manager (PBM) business practices.
6. Heard an update from the Center on Health Insurance Reforms (CHIR) on its work related to federal Affordable Care Act (ACA) implementation; recently enacted federal laws, such as the federal No Surprises Act (NSA) and the federal American Rescue Plan Act of 2021 (ARPA); and other issues of interest to state insurance regulators. The update included a discussion of the CHIR’s efforts to assess the impact of the extended special enrollment periods (SEPs) into the federal health insurance exchanges, as provided in the ARPA, on access and affordability of coverage and how it will be implemented. The CHIR is continuing its work to track state regulatory reforms affecting the individual market, such as the ACA Section 1332 waiver program, including whether the states are looking at other options, in addition to reinsurance programs, in light of the ARPA that could positively affect the affordability of comprehensive coverage. The CHIR is also continuing its work of tracking state regulatory approaches to the COVID-19 pandemic. The presentation also highlighted some of the CHIR’s future work on network adequacy, standardized health plans, and non-comprehensive coverage arrangements.
7. Heard a presentation on the NSA. The presentation highlighted the NSA’s scope, including what types of plans it covers and where its protections apply. The NSA does not apply to short-term plans and excepted benefits plans. It also does not apply to ground ambulance services, but it does apply to air ambulance services. The presentation described how the NSA protects patients from balance bills by requiring that patients be held responsible for in-network cost sharing only and barring providers from sending or collecting a bill for amounts other than in-network cost sharing. The presentation also discussed a key component of the NSA; i.e., determining the payment amount for out-of-network care when there is a payment dispute. The presentation highlighted the NSA’s enforcement mechanisms and the role that the states will have. Lastly, the presentation discussed what questions remain with the NSA with respect to states that currently have balance billing laws and those that do not. The presentation also discussed next steps regarding the NSA, including the anticipated federal regulations.
8. Heard a discussion of the U.S. Supreme Court’s decision in *Rutledge v. Pharmaceutical Care Management Association* and its potential effect on the ability of state insurance regulators to regulate certain PBM business practices. The Task Force anticipates more discussion of the case as part of the Pharmacy Benefit Manager Regulatory Issues (B) Subgroup’s future work to develop a white paper on state options with respect to regulating PBM business practices and the ERISA (B) Working Group’s discussion of the case’s potential impact with respect to ERISA preemption.

#### **Senior Issues (B) Task Force**

Feb. 23, 2021 (in lieu of the Spring National Meeting)

1. Discussed its 2021 agenda heard comments from interested parties regarding suggested topics to address.
2. Agreed that the Long-Term Care Insurance Model Update (B) Subgroup should begin its work.

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

April 13, 2021

1. Adopted its 2020 Summer National Meeting and 2020 Fall National Meeting minutes.
2. Adopted the report of the Casualty Actuarial and Statistical (C) Task Force. See the Task Force listing for details.
3. Adopted the report of the Surplus Lines (C) Task Force. See the Task Force listing for details.
4. Adopted the report of the Title Insurance (C) Task Force. See the Task Force listing for details.
5. Adopted the report of the Workers’ Compensation (C) Task Force. See the Task Force listing for details.

6. Adopted the report of the Cannabis Insurance (C) Working Group, including its March 11 minutes. During this meeting, the Working Group took the following action:
  - A. Discussed its 2021 work plan, which includes:
    1. Consider drafting a memorandum to the Government Relations (EX) Leadership Council to consider if the NAIC should take a position on the federal Secure and Fair Enforcement (SAFE) Banking Act of 2019.
    2. Consider drafting a memorandum to the Government Relations (EX) Leadership Council asking that it study the status of issues related to the U.S. Department of Justice (DOJ) “Cole” memorandum.
    3. Hold a fact-finding hearing to hear from insurance companies on barriers they experience in expanding coverage availability in this space. Develop a report on the findings.
    4. Consider drafting a memorandum to the Producer Licensing (D) Task Force asking that it examine how cannabis-related convictions may be preventing licensing approvals.
7. Adopted the report of the Catastrophe Insurance (C) Working Group, including its March 10 minutes. During this meeting, the Working Group took the following action:
  - A. Adopted its Nov. 17, 2020, minutes.
  - B. Heard federal updates regarding the National Flood Insurance Program (NFIP) and the U.S. Department of Housing and Urban Development (HUD) proposed rule to change Federal Housing Administration (FHA) regulations to allow lenders to accept private flood insurance policies on FHA-insured properties located in Special Flood Hazard Areas (SFHAs).
  - C. Heard a presentation regarding a product that runs storm surge and wind velocity models prior to a storm making landfall. The product provides data down to the individual address that is geocoded with a latitude and longitude.
  - D. Heard presentations from Alabama, California, Louisiana, Mississippi and Texas regarding recent catastrophic events
8. Adopted the report of the Pet Insurance (C) Working Group, including its April 8 minutes. During this meeting, the Working Group took the following action:
  - A. Adopted its March 26 minutes, which included the following action:
    1. Adopted its March 4 minutes, which included the following action:
      - a. Adopted its Feb. 18 minutes, which included the following action:
        1. Discussed Section 7 and Section 8 of the draft Pet Insurance Model Act
        2. Discussed Section 3D of the draft Pet Insurance Model Act.
      - b. Discussed Section 7A and Section 7B of the draft Pet Insurance Model Act.
    2. Discussed Section 7A and Section 7B of the draft Pet Insurance Model Act.
    3. Discussed policy renewals as they relate to the draft Pet Insurance Model Act.
    4. Discussed unresolved issues within the draft Pet Insurance Model Act.
9. Adopted the report of the Terrorism Insurance Implementation (C) Working Group, which has not met since the 2020 Fall National Meeting.
10. Adopted the report of the Transparency and Readability of Consumer Information (C) Working Group, including its March 15 minutes. During this meeting, the Working Group:
  - A. Adopted its Feb. 4, 2021, and Nov. 17, 2020, minutes, which included the following action:
    1. Discussed the need for consumer disclosures regarding significant premium increases on property/casualty (P/C) products.
    2. Discussed a work plan for drafting a best practices document regarding significant premium increases on P/C products.
  - B. Finalized drafting group assignments to begin drafting a best practices document regarding significant premium increases on P/C products and discussed the topics each drafting group was responsible for drafting.
11. Adopted an extension for revisions to the proposed Pet Insurance Model Act.
12. Heard an update on recent workshops related to disaster preparedness and response, including roundtables held with the Federal Emergency Management Agency (FEMA).
13. Appointed an NAIC/FEMA Advisory Group with the following charge: The NAIC/FEMA Advisory Group will assist state insurance regulators in engaging and collaborating with FEMA on an ongoing basis by establishing a process for the oversight, prioritization and reporting of disaster-related regional workshops and other exercises to improve disaster preparation and resilience.
14. Heard a presentation related to insurance rating for dog breeds, including a request for state insurance regulators to collect additional rating data and not allow the use of dangerous dog breed lists.
15. Discussed the status of proposed charges related to P/C insurance issues being developed by the Special (EX) Committee on Race and Insurance.
16. Heard a report from New York on the recently adopted New York Cyber Insurance Framework that details best practices for insurers in managing cyber insurance risk.

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

March 9, 2021 (in lieu of the Spring National Meeting)

1. Adopted its Feb. 17, 2021; Feb. 9, 2021; Feb. 2, 2021; Dec. 30, 2020; and 2020 Fall National Meeting minutes, which included the following action:
  - A. Adopted the *Report on Profitability by Line by State* (Profitability Report), the *Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance* report (Homeowners Report), the *Competition Database Report* (Competition Report), and the *Auto Insurance Database* report (Auto Report).
  - B. Adopted the report of the Actuarial Opinion (C) Working Group.
  - C. Adopted the report of the Statistical Data (C) Working Group.
  - D. Discussed Ref #2019-49: Retroactive Reinsurance Exception, as referred by the Statutory Accounting Principles (E) Working Group.
  - E. Discussed the Casualty Actuarial Society (CAS) decision to rescind the three Statement of Principles related to ratemaking, reserving and valuation.
2. Reported that it met Feb. 16 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, to discuss rate filing issues.
3. Reported that it held Predictive Analytics Book Club webinars on Feb. 23, 2021; Feb. 2, 2021; and Dec. 15, 2020.
4. Adopted the report of the Statistical Data (C) Working Group.
5. Adopted a letter to the CAS in opposition of the CAS's rescission of its Statement of Principles Regarding Property and Casualty Insurance Ratemaking.
6. Received a report on NAIC rate model reviews. In 2019, with existing actuarial, legal and information technology (IT) staff, the NAIC: a) drafted a contractual agreement, called the Rate Review Support Services Agreement (Agreement), to be used so a state can gain access to a shared model database and can request a rate model technical review from the NAIC; b) developed the initial NAIC rate model technical review process with a consulting actuary; and c) created a shared model database for confidential regulatory communication. Twenty-eight states have contracted with the NAIC using the Agreement and, to date, the NAIC has reviewed 31 rate filings and objection responses for nine states.
7. Heard reports from professional actuarial associations.

## **Surplus Lines (C) Task Force**

The Surplus Lines (C) Task Force did not meet at the Spring National Meeting.

## **Title Insurance (C) Task Force**

March 16, 2021 (in lieu of the Spring National Meeting)

1. Adopted its Feb. 23 minutes, which included the following action:
  - A. Adopted its Oct. 21, 2020, minutes.
  - B. Discussed its 2021 work plan.
  - C. Heard the first part of a presentation on the effects of the COVID-19 pandemic on the title insurance industry.
2. Discussed its revised 2021 work plan, which included:
  - A. Exploring the effects of the COVID-19 pandemic on the title insurance industry through presentations.
  - B. Revising the title insurance consumer shopping tool template, *How to Buy Title Insurance in [Insert State]*, through member drafting sessions beginning March 23. Nine states are participating in the drafting sessions.
  - C. Monitoring issues and developments occurring in the title insurance industry, including profitability and claims settlement.
  - D. Assisting the Antifraud (D) Task Force in combating fraud through joint calls and meetings.
  - E. Consulting with the Consumer Financial Protection Bureau (CFPB) through regulator-to-regulator calls.
  - F. Determining the role of the Task Force in exploring race and insurance implications in the title insurance space.
3. Heard the second part of a presentation on the effects of the COVID-19 pandemic on the title insurance industry.
4. Discussed comments received on proposed revisions to the title insurance consumer shopping tool template, *How to Buy Title Insurance in [Insert State]*.

## **Workers' Compensation (C) Task Force**

March 15, 2021 (in lieu of the Spring National Meeting)

1. Adopted its 2020 Fall National Meeting minutes.
2. Heard a presentation from the International Association of Industrial Accident Boards and Commissions (IAIABC) regarding data it has been collecting on COVID-19 workers' compensation claims. The basic measures that have been collected include the number of claims received each year, the number of fatalities, the denial rates, and the rates per 100,000 workers in those claims. This data reported on was taken from the first reports of injury filed in 19 states.
3. Heard a presentation from the National Council on Compensation Insurance (NCCI) regarding the COVID-19 pandemic. The presentation included information on workers' compensation presumptions regarding compensability for employees affected by COVID-19, combined ratios, COVID-19 loss summaries, and other legislative issues being introduced this year.

## **MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE**

April 13, 2021

1. Adopted its 2020 Fall National Meeting minutes.
2. Adopted revisions to the *Market Conduct Annual Statement (MCAS) Best Practices Guide*.
3. Adopted revisions to the four market analysis chapters of the *Market Regulation Handbook*.
4. Adopted a 14-day limitation on MCAS filing extension requests.
5. Adopted a requirement for companies to identify MCAS filing attestors by both line of business and by state. This will be implemented for the 2021 data to be reported in 2022.
6. Heard a presentation on lead generators and improper marketing of health insurance. These issues have been monitored by a broad consortium of state insurance regulators with expertise in antifraud, market conduct and health insurance. The Antifraud (D) Task Force will discuss potential next steps on this issue, which could include the appointment of a new working group with new charges under the Antifraud (D) Task Force.
7. Adopted the report of the Antifraud (D) Task Force. See the Task Force listing for details.
8. Adopted the report of the Market Information Systems (D) Task Force. See the Task Force listing for details.
9. Adopted the report of the Producer Licensing (D) Task Force. See the Task Force listing for details.
10. Adopted the report of the Market Conduct Annual Statement Blanks (D) Working Group, including its March 23 minutes. During this meeting, the Working Group took the following action:
  - A. Adopted its Feb. 24 minutes, which included the following action:
    1. Adopted its Nov. 16, 2020, minutes.
    2. Heard an update on the travel MCAS.
    3. Heard an update on the other health MCAS.
    4. Discussed a new MCAS proposal submission form.
    5. Discussed the reporting of complaint and lawsuit data elements within the home and auto MCAS reporting blanks.
    6. Discussed the MCAS lawsuit definitions.
    7. Discussed the addition of accelerated underwriting data elements to the life MCAS and digital claims data elements to the home and auto MCAS lines of business.
  - B. Heard an update on the travel MCAS. The subject-matter expert (SME) group has met to discuss the definitions; the group's next meeting is April 19.
  - C. Heard an update on the other health MCAS. The SME group is focusing on short-term limited-duration (STLD) insurance products, and it plans to vote on the STLD blank and definitions prior to June 1. Work on other health products will begin after the STLD work is complete.
  - D. Heard an update on the accelerated underwriting and digital claims MCAS discussions. The next SME group meetings for accelerated underwriting and digital claims MCAS will be held April 15.
  - E. Discussed the placement of complaint and lawsuit data elements within the home and auto MCAS reporting blanks. The Working Group will continue this discussion during its April 28 meeting.
  - F. Discussed the MCAS lawsuit definitions. The Working Group will continue this discussion during its April 28 meeting.
  - G. Reported that an updated version of the MCAS proposal submission form has been posted to the Working Group's web page.
  - H. Adopted a motion to add a note in the disability income MCAS blank clarifying that Schedule 3 is designed to only collect claims information about claims that have payment.

11. Adopted the report of the Market Conduct Examination Guidelines (D) Working Group, including its March 30 minutes. During this meeting, the Working Group took the following action:
  - A. Reviewed its 2021 charges.
  - B. Discussed its potential tasks for 2021.
  - C. Discussed new title insurance standardized data requests (SDRs) to address in force policies and claims for inclusion in the reference documents of the *Market Regulation Handbook*.
12. Adopted the report of the Market Analysis Procedures (D) Working Group, including its March 19 minutes. During this meeting, the Task Force took the following action:
  - A. Adopted its Feb. 25 minutes, which included the following action:
    1. Adopted its Jan. 27 minutes, which included the following action:
      - a. Adopted its Nov. 12, 2020, minutes.
      - b. Discussed revisions to the *MCAS Best Practices Guide*.
      - c. Discussed a 14-day limitation for MCAS extension requests.
      - d. Discussed the MCAS attestation process.
      - e. Heard an update on the small group reviewing and drafting updates to the *Market Regulation Handbook* chapters on market analysis.
      - f. Discussed training opportunities for market regulation analysts.
    2. Discussed revisions to the *MCAS Best Practices Guide*.
    3. Discussed a 14-day limitation for MCAS extension requests.
    4. Discussed the MCAS attestation process.
    5. Reported that the small group reviewing and drafting updates to the *Market Regulation Handbook* chapters on market analysis had completed its work. The proposed revisions were exposed for a public comment period ending March 17.
    6. Discussed training opportunities for market regulation analysts.
  - B. Adopted revisions to the *MCAS Best Practices Guide*, which included:
    1. Identify additional best practices and highlighting them in an appendix.
    2. Recommend a 14-day extension limitation.
    3. Reflect changes since the *MCAS Best Practices Guide* was created in 2014.
  - C. Adopted a 14-day limitation on MCAS filing extension requests. The MCAS filing submission tool will only allow extensions up to 14 calendar days, but it will allow multiple extension requests if additional time is required. This requires a re-coding of the submission tool. Implementation will be no earlier than 2021 data filed in 2022.
  - D. Adopted a proposal to change the MCAS filing blanks to require companies to identify MCAS filing attestors by both line of business and by state. This change should be implemented for the 2021 data year reported in 2022.
  - E. Adopted revisions to the four market analysis chapters of the *Market Regulation Handbook*. The revisions updated the market analysis chapters to reflect changes since the last revisions of the chapters.
  - F. Discussed market analysis training suggestions and opportunities.
  - G. Reported that NAIC staff will submit a Uniform System Enhancement Request (USER) form to the Market Information Systems Research and Development (D) Working Group in response to a notification from the industry about the file size limitation when uploading filings into the MCAS.
13. Adopted the report of the Privacy Protections (D) Working Group, including its March 29 minutes. During this meeting, the Working Group took the following action:
  - A. Adopted its 2020 Fall National Meeting minutes.
  - B. Received NAIC status reports on federal and state privacy legislation.
  - C. Reviewed the 2021 NAIC member-adopted strategy for consumer data privacy protections.
  - D. Discussed comments received on 2020 Fall National Meeting verbal gap analysis.
  - E. Announced the consumer privacy protections panel for the virtual NAIC Insurance Summit in June.

#### **Antifraud (D) Task Force**

##### March 24, 2021 (in lieu of the Spring National Meeting)

1. Adopted its Nov. 16, 2020, minutes.
2. Received the report of the Antifraud Education Enhancement (D) Working Group. The Working Group held a webinar on Feb. 11 from CARCO regarding the mobile capabilities it can provide state insurance departments to assist with fighting insurance fraud. The Working Group will be holding an investigator safety training on June 2.

3. Received the report of the Antifraud Technology (D) Working Group. The Working Group noted that the revision of *Antifraud Plan Guideline* (#1690) was the first step in its charge to “review and provide recommendations for the development of an Antifraud Plan Repository to be used by insurers to create and store an electronic fraud plan for distribution among the states/jurisdictions.” The Working Group’s next step is to build a template for the industry to use when creating their antifraud plans. Once the template is finalized, the Working Group will work with NAIC staff to finalize recommendations for the Antifraud Plan Repository.
4. Discussed its 2021 charges, including the monitoring of insurance fraud related to the COVID-19 pandemic. The Task Force will continue to monitor the insurance fraud trends generated by the COVID-19 pandemic and to bring general awareness to the states, the industry and the public about possible threats.
5. Received an update on the NAIC Online Fraud Reporting System (OFRS) redesign project. The NAIC is continuing its work on the redesign of the OFRS, with beta testing on schedule to begin in April.
6. Heard reports on antifraud activity from NAIC staff, as well as the National Insurance Crime Bureau (NICB) and the Coalition Against Insurance Fraud (CAIF).

### **Market Information Systems (D) Task Force**

#### March 22, 2021 (in lieu of the Spring National Meeting)

1. Adopted its 2020 Fall National Meeting minutes.
2. Reviewed its 2021 charges and assigned the charge to “develop recommendations for the incorporation of artificial intelligence (AI) abilities in NAIC Market Information Systems (MIS) for use in market analysis” to the Market Information Systems Research and Development (D) Working Group.
3. Adopted the report of the Market Information System Research and Development (D) Working Group, which met March 10 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) and paragraph 6 (consultations with NAIC staff members related to NAIC technical guidance) of the NAIC Policy Statement on Open Meetings. During this meeting, the Working Group took the following action:
  - A. Adopted proposed changes to the coding structure of the NAIC Regulatory Information Retrieval System (RIRS). The proposal will be exposed on the Task Force web page.
  - B. Reviewed the MIS data analysis metrics and recommendations.
  - C. Adopted changes to the Uniform System Enhancement Request (USER) process reflecting the agile approach used by the NAIC.
  - D. Discussed how to proceed with the charge to develop recommendations for the incorporation of AI abilities in the NAIC MIS for use in market analysis.
4. Adopted the MIS data analysis metrics and recommendations.
5. Reviewed outstanding USER forms. NAIC staff will check on the status of the implementation of USER form 10069B to add complaint codes for lender-placed insurance in the NAIC Complaints Database System (CDS).

### **Producer Licensing (D) Task Force**

#### March 26, 2021 (in lieu of the Spring National Meeting)

1. Adopted its Nov. 13, 2020, minutes.
2. Heard an update on the state implementation of online examinations. Thirty-two states have implemented online examinations, and three states are scheduled to implement online examinations by the end of April. The Task Force co-chairs polled the remaining states, and 13 additional states are moving toward implementation of remote examinations. Only three states have decided not to implement remote examinations at this time. The Producer Licensing Uniformity (D) Working Group will review the examination standards in the *State Licensing Handbook* to ensure that it is consistent with the state practices of implementing remote examinations.
3. Heard a briefing on the National Association of Registered Agents and Brokers Reform Act of 2015 (NARAB II), which is a federal law that sets nonresident producer license qualifications on a multi-state basis. The briefing addressed the impact on state producer licensing and included an overview of the National Association of Registered Agents and Brokers (NARAB) structure and governance, the timeline of activities since the adoption of NARAB II, and the responsibilities of the NARAB board.
4. Adopted the report of the Producer Licensing Uniformity (D) Working Group, including its March 18 minutes. During this meeting, the Working Group took the following action:
  - A. Discussed licensing standards for pet insurance. The Working Group discussed three options:
    1. Confirm that the current uniform licensing standards for pet insurance are the correct policy direction.
    2. Recommend that pet insurance become a core limited line that all states shall adopt.
    3. Recommend that the property/casualty (P/C) major lines of authority be required to sell pet insurance.

5. Adopted the report of the Uniform Education (D) Working Group, including its March 2 minutes. During this meeting, the Working Group took the following action:
  - A. Discussed the NAIC Continuing Education Reciprocity (CER) Agreement – 2019 Version, which 44 jurisdictions have signed.
  - B. Discussed exam pass rates and a new process of obtaining and posting annual state exam pass rates from testing vendors.
  - C. Discussed continuing education (CE) course instructor requirements and how to create greater uniformity among the states.
6. Received a report from the National Insurance Producer Registry (NIPR) Board of Directors. NIPR launched a major upgrade to its Attachments Warehouse application used to enable insurance producers and other licensees to upload licensing-related documents for review by state insurance regulators. NIPR processed 38 million credentialing and report transactions in 2020, a 5.2% increase from 2019. NIPR had \$47.9 million in revenue in 2020, a 5.7% increase from 2019. The NIPR Board of Directors approved the 2021–2023 *NIPR Strategic Plan – Our Bridge to the Future*. The plan has the following three areas of focus: a) engaged and empowered team; b) customer-focused excellence; and c) high-quality and reliable technology.
7. Heard comments from the American Council of Life Insurers (ACLI) on how the NAIC’s initiatives on race and insurance relate to insurance producers and the desire to increase the number of minority insurance producers.
8. Discussed the *Procedures for Amending Uniform Licensing Applications*. These procedures set forth the process for making changes to the applications while maintaining stable applications that comply with state statutes and regulations.
9. Reported that the Task Force will be receiving a referral from the Special (EX) Committee on Race and Insurance and the Cannabis Insurance (C) Working Group on whether prior criminal charges are impeding individuals from obtaining an insurance producer license.

## **FINANCIAL CONDITION (E) COMMITTEE**

April 13, 2021

1. Adopted its March 8, 2021, and 2020 Fall National Meeting minutes, which included the following action:
  - A. Adopted an updated request from the Mortgage Guaranty Insurance (E) Working Group for an extension to draft amendments to the *Mortgage Guaranty Insurance Model Act* (#630).
  - B. Adopted the following new 2021 charge for the Qualified Jurisdiction (E) Working Group, including renaming the Working Group to the Mutual Recognition of Jurisdictions (E) Working Group and repositioning it to report directly to the Committee:
    1. The Mutual Recognition of Jurisdictions (E) Working Group will “[d]evelop a process for evaluating jurisdictions that meets the NAIC requirements for recognizing and accepting the NAIC Group Capital Calculation (GCC).”
  - C. Adopted proposed recommendations to the Financial Regulation Standards and Accreditation (F) Committee with respect to the GCC and the liquidity stress test (LST).
2. Adopted the report of the Accounting Practices and Procedures (E) Task Force. See the Task Force listing for details.
3. Adopted the report of the Capital Adequacy (E) Task Force. See the Task Force listing for details.
4. Adopted the report of the Examination Oversight (E) Task Force. See the Task Force listing for details.
5. Adopted the report of the Financial Stability (E) Task Force. See the Task Force listing for details.
6. Adopted the report of the Receivership and Insolvency (E) Task Force. See the Task Force listing for details.
7. Adopted the report of the Reinsurance (E) Task Force. See the Task Force listing for details.
8. Adopted the report of the Risk Retention Group (E) Task Force. See the Task Force listing for details.
9. Adopted the report of the Valuation of Securities (E) Task Force. See the Task Force listing for details.
10. Adopted the report of the Group Capital Calculation (E) Working Group, including its March 10 minutes. During this meeting, the Working Group took the following action:
  - A. Adopted its Feb. 25, 2021; Jan. 28, 2021; Jan. 19, 2021; and 2020 Fall National Meeting minutes, which included the following action:
    1. Adopted recommended accreditation standards for referral to the Financial Condition (E) Committee related to the *Insurance Holding Company System Regulatory Act* (#440) and the *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450). The recommendations were exposed Jan. 19 for a public comment period ending Feb. 9.
    2. Adopted a recommendation to the Financial Condition (E) Committee to modify the charges of the Qualified Jurisdiction (E) Working Group and rename the Working Group to be more encompassing.
    3. Heard a presentation on the data analysis for the adopted GCC template using 2019 field test data.
    4. Discussed future GCC data collection.

- B. Discussed conducting a 2021 GCC trial implementation and directed NAIC staff to develop and finalize a template letter that can be distributed by lead states to insurance groups they oversee and who the lead state would like to participate in the 2021 GCC trial implementation.
11. Adopted the report of the Group Solvency Issues (E) Working Group, including its March 18 minutes. During this meeting, the Working Group took the following action:
    - A. Heard a report on group-related activities of the International Association of Insurance Supervisors (IAIS).
    - B. Received the report of the Own Risk and Solvency Assessment (ORSA) Implementation (E) Subgroup, which met March 10 in regulator-to-regulator session, pursuant to paragraph 6 (consultation with NAIC staff members related to NAIC technical guidance) of the NAIC Policy Statement on Open Meetings, to discuss matters regarding the timely receipt and review of ORSA filings and to receive an update on NAIC ORSA training initiatives.
    - C. Received an update on the progress of the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) drafting group, which indicated:
      1. The financial analysis drafting group has met five times since being formed in August 2020, and it has made significant progress in incorporating ComFrame elements into draft revisions to the *Financial Analysis Handbook*.
      2. The drafting group anticipates completing its work over the next month and then providing the proposed revisions to the full Working Group for public exposure and further consideration.
      3. After the financial analysis drafting work is completed, drafting work is expected to begin on financial examination and ORSA topics.
    - D. Discussed an item referred from the 2020 Financial Sector Assessment Program (FSAP), which recommended that state insurance regulators coordinate and leverage the expertise of teams of supervisors conducting financial surveillance of large insurance groups, including internationally active insurance groups (IAIGs). As a result of the discussions, the Working Group agreed to incorporate this recommendation into its ComFrame implementation efforts.
  12. Adopted the report of the Mortgage Guaranty Insurance (E) Working Group, including its April 6 minutes. During this meeting, the Working Group took the following action:
    - A. Discussed comments received on a draft 2021 annual property/casualty (P/C) financial statement exhibit proposal regarding the collection of mortgage guaranty insurance data. The draft proposal was exposed for a 30-day public comment period. One comment letter from the mortgage guaranty consortium was received. As a result of the discussion, several modifications to the draft will be implemented
  13. Adopted the report of the National Treatment and Coordination (E) Working Group, including its March 4 minutes. During this meeting, the Working Group took the following action:
    - A. Adopted its revised 2021 charges, which included disbanding the Biographical Third-Party Review (E) Subgroup.
    - B. Discussed a referral submitted by the Chief Regulator Forum regarding change of control. The Working Group will continue discussing this referral during future meetings to determine the best solution on where instructions or enhancements should be added to current processes.
    - C. Exposed proposal 2021-01 for a 45-day public comment period ending April 19.
    - D. Exposed proposal 2021-02 for a 45-day public comment period ending April 19.
    - E. Received a status update on the Electronic Application Ad Hoc Group. The ad hoc group began meeting in August 2020 to gather business rules for the primary (startup) application and then the redomestication application. The ad hoc group is currently discussing business rules for domestic corporate amendment applications.
    - F. Received a status update on the Domestic Surplus Lines Ad Hoc Group. The ad hoc group was formed in 2020 based on a referral from the Chief Regulator Forum regarding domestic surplus lines carriers. The ad hoc group will determine which states have enacted the new legislation and identify similarities that can be incorporated into regulatory guidance.
    - G. Discussed possible enhancements to Form 2 and Form 14 of the NAIC Uniform Certificate of Authority Application (UCAA).
    - H. Discussed the company licensing collaboration page.
  14. Adopted changes to *Statement of Statutory Accounting Principles (SSAP) No. 71—Policy Acquisition Costs and Commissions*.
  15. Adopted the Guideline for Definition of Reciprocal State in Receivership Laws.
  16. Appointed the new Receiver’s Handbook (E) Subgroup and adopted the following related charge:
    - A. Review the *Receiver’s Handbook for Insurance Company Insolvencies* (Receiver’s Handbook) to identify areas where information is outdated, updates are required, or additional guidance is needed. Based on this review, draft and propose recommended edits to the Receiver’s Handbook. Complete by the 2022 Fall National Meeting.

## Accounting Practices and Procedures (E) Task Force

March 23, 2021 (in lieu of the Spring National Meeting)

1. Adopted its 2020 Fall National Meeting minutes.
2. Reported that it met March 16 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) and paragraph 6 (consultations with NAIC staff related to NAIC technical guidance) of the NAIC Policy Statement on Open Meetings.
3. Adopted the report of the Statutory Accounting Principles (E) Working Group, including its March 15 minutes. During this meeting, the Working Group took the following action:
  - A. Adopted its Jan. 25, 2021; Jan. 6, 2021; Dec. 28, 2020; Dec. 18, 2020; Dec. 8, 2020; and Nov. 12, 2020, minutes. The interim minutes included the following adoptions to Appendix B—Interpretations of Statutory Accounting Principles (INTs):
    1. Extended INT 20-03: Troubled Debt Restructuring Due to COVID-19 and INT 20-07: Troubled Debt Restructuring for Certain Debt Instruments Due to COVID-19 through Jan. 1, 2022, or the date that is 60 days after the date on which the national emergency concerning the COVID-19 outbreak terminates.
    2. INT 20-10: Reporting Nonconforming Credit Tenant Loans: This INT allows nonconforming credit tenant loans (CTLs) to continue to be reported on Schedule D, Part 1 – Long-Term Bonds if filed with the NAIC Securities Valuation Office (SVO) by Feb. 15, 2021. The provisions within this INT and the ability to continue reporting nonconforming CTLs on Schedule D, Part 1 with an SVO-assigned NAIC designation are limited time exceptions that extend only to Oct. 1, 2021.
    3. INT 20-11: Extension of Ninety-Day Rule for the Impact of 2020 Hurricanes, California Wildfires and Iowa Windstorms: This INT provides a 60-day extension from the 90-day rule for uncollected premium balances, bills receivable, and amounts due from agents and for policies directly affected by the noted events. This INT expires Feb. 28, 2021.
  - B. Adopted the following nonsubstantive revisions to statutory accounting guidance:
    1. *Statement of Statutory Accounting Principles (SSAP) No. 5R—Liabilities, Contingencies and Impairments of Assets, SSAP No. 72—Surplus and Quasi-Reorganizations, and SSAP No. 86—Derivatives*: Revisions reject *Accounting Standards Update (ASU) 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40), Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity* for statutory accounting. (Ref #2020-41)
    2. *SSAP No. 25—Affiliates and Other Related Parties*: Revisions clarify that an ownership greater than 10% in a reporting entity results in a related party designation, regardless of any disclaimer of control or affiliation. Additionally, the agenda item requires disclosure of such instances and identification of an insurer’s ultimate controlling party, as requested by the Group Solvency Issues (E) Working Group. (Ref #2019-34)
    3. *SSAP No. 26R—Bonds*:
      - a. Revisions clarify that perpetual bonds are within the scope of SSAP No. 26R, and they are subject to the yield-to-worst concept. Additionally, perpetual bonds that possess a future call date will retain bond accounting (i.e., accounted for at amortized cost); however, if a perpetual bond does not possess a future call date, fair value accounting is required, regardless of NAIC designation. (Ref #2020-22)
      - b. Revisions expand the current called bond disclosures to also include bonds terminated early through a tender offer. (Ref #2020-32)
    4. *SSAP No. 32R—Preferred Stock* and SSAP No. 86: Revisions direct that publicly traded preferred stock warrants are in the scope of SSAP No. 32R, and they shall be reported at fair value. (Ref #2020-33)
    5. *SSAP No. 43R—Loan-Backed and Structured Securities*: Revisions incorporate minor scope modifications to reflect recent changes to the Federal Home Loan Mortgage Corporation (Freddie Mac) Structured Agency Credit Risk (STACR) and Federal National Mortgage Association (Fannie Mae) Connecticut Avenue Securities (CAS) programs, which allow credit risk transfer securities from these programs to remain in the scope of SSAP No. 43R when issued through a real estate mortgage investment conduit (REMIC) structure. (Ref #2020-34)
    6. *SSAP No. 71—Policy Acquisition Costs and Commissions*: Revisions clarify the guidance in SSAP No. 71 regarding levelized commissions, with a Dec. 31, 2021, effective date. The Working Group affirmed the nonsubstantive classification of these revisions as consistent with the original intent of SSAP No. 71. In addition, the Working Group exposed a new annual statement general interrogatory to identify the use of a third party for the payment of commission expenses, which will be concurrently exposed with the Blanks (E) Working Group. (Ref #2019-24)
    7. Appendix D—Nonapplicable GAAP Pronouncements: Revisions reject *ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* as not applicable for statutory accounting. (Ref #2020-42)

8. Appendix F—Policy Statements: Revisions to the NAIC Policy Statement on Maintenance of Statutory Accounting Principles clarify the existing process regarding the Working Group’s issuance and adoption of accounting interpretations. (Ref #2020-39)
  9. Preamble: Revisions clarify that while any state in which a company is licensed can issue prescribed practices, the prescribed practices directed by the domiciliary state: a) shall be reflected in the financial statements filed with the NAIC; and b) are the financial statements subject to independent audit requirements. (Ref #2020-40)
- C. Exposed the following nonsubstantive revisions to statutory accounting guidance:
1. *SSAP No. 2R—Cash, Cash Equivalents, Drafts and Short-Term Investments*: Exposed the interpretative guidance provided by *INT 21-01T: Statutory Accounting Treatment for Cryptocurrencies*, which clarifies that cryptocurrencies do not meet the definition of cash in SSAP No. 2R, and they are nonadmitted assets for statutory accounting. Requested comments on the level of interest and ownership of cryptocurrencies. (Ref #2021-05)
  2. *SSAP No. 26R*: Revisions reject *ASU 2020-08, Codification Improvements to Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs* for statutory accounting. (Ref #2021-02)
  3. *SSAP No. 47—Uninsured Plans*: Revisions reject *ASU 2021-02, Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient* in SSAP No. 47. (Ref #2021-08)
  4. *SSAP No. 86*: Interpretative revisions expose a temporary (optional) expedient and exception guidance for *ASU 2021-01, Reference Rate Reform (Topic 848): Scope*, with an expiration date of Dec. 31, 2022. The optional expedients would expand the current exceptions provided by *INT 20-01: ASU 2020-04 – Reference Rate Reform*. The exceptions allow for the continuation of the existing hedge relationship, and thus not requiring hedge dedesignation for derivative instruments affected by changes to interest/reference rates due to reference rate reform, regardless of whether they reference the London Interbank Offered Rate (LIBOR) or another rate that is expected to be discontinued. The exception in INT 20-01 would apply for affected derivatives used for discounting, margining or contract price alignment. (Ref #2021-01)
  5. *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*: Exposed this agenda item with the intent to dispose without statutory edits. NAIC staff note that the long-standing, required statutory adjustments to SSAP No. 97, paragraph 8.b.iv. – Foreign Insurance SCA Entities could result in negative equity valuation, as assets held in a foreign subsidiary should not be valued in a more favorable manner than had they been held directly by the insurer. Industry comments are requested regarding detailed instances of negative value subsidiary, controlled and affiliated entities (SCAs). (Ref #2021-04)
  6. *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*: Revisions propose data-captured templates for existing disclosures in SSAP No. 103R, which are currently only completed in narrative form. Data-capturing of such items will permit state insurance regulators to submit system inquiries to determine the extent to which reporting entities have transferred (sold), but still retain, a material participation with said assets. A blanks proposal will be concurrently exposed with the Working Group’s exposure. (Ref #2021-03)
  7. *SSAP No. 107—Risk-Sharing Provisions of the Affordable Care Act*: Revisions include state Affordable Care Act (ACA) reinsurance programs, which are using Section 1332 waivers in the scope of SSAP No. 107. The revisions continue to follow the hybrid accounting approach for the state ACA programs, as they operate in a similar manner. (Ref #2021-09)
  8. *SSAP No. 108—Derivatives Hedging Variable Annuity Guarantees*: Re-exposed this agenda item to provide additional time for interested parties to develop a proposal for establishing accounting and reporting guidance for derivatives hedging the growth in interest for fixed indexed products. (Ref #2020-36)
  9. Appendix D: Revisions reject *ASU 2020-11, Financial Services—Insurance (Topic 944): Effective Date and Early Application* for statutory accounting. This ASU was issued to address the effective dates of *ASU 2019-09, Financial Services – Insurance (Topic 944): Effective Date* and *ASU 2018-12, Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*, both of which were previously rejected by the Working Group. (Ref #2021-07)
  10. Blanks:
    - a. Re-exposed this agenda item for a concurrent exposure with the Blanks (E) Working Group of blanks agenda item 2021-03BWG to modify the current General Interrogatory instructions and require that a distinct disaggregated product identifier be used for each product represented. The disaggregation will require that each separate account product filing or policy form be separately identified. The instructions will also indicate that companies may eliminate proprietary information; however, the elimination will still require the use of a unique reporting identifier. (Ref #2020-37)

- b. Re-exposed this agenda item for a concurrent exposure with the Blanks (E) Working Group. The Working Group is sponsoring blanks agenda item 2021-03BWG to clarify reporting by each separate product filing or policy form and add product identifiers, specifically for Pension Risk Transfer (PRT) and Registered Index-Linked Annuity (RILA) transactions in the Separate Account General Interrogatories. (Ref #2020-38)
- D. Exposed the following editorial revisions (Ref #2021-06EP):
  - 1. *SSAP No. 53—Property Casualty Contracts – Premiums*: Revisions retitle to *SSAP No. 53—Property and Casualty Contracts – Premiums*.
  - 2. *SSAP No. 97*: Revisions correct grammatical errors in paragraph 54.
  - 3. *SSAP Glossary*: Revisions remove the footnote in the Glossary title and replace it as an opening paragraph with updated verbiage.
- E. Disposed the following without revisions to statutory accounting guidance:
  - 1. Agenda item 2020-35: *SSAP No. 97 – Audit Opinions* was disposed without statutory revisions, as the issue of nonadmittance due to the inability to quantify a departure from U.S. generally accepted accounting principles (GAAP) was not deemed prevalent. (Ref #2020-35)
- F. Received an update on the following projects and referrals:
  - 1. Received an update that NAIC staff, industry, and key state insurance regulators have made significant progress on agenda item 2019-21: *SSAP No. 43R – Investment Classification Project*. While discussions remain ongoing, it is anticipated that a public exposure will occur via an interim call prior to the Summer National Meeting. The exposure will include additional concepts on which investments are eligible for reporting on Schedule D as a bond.
  - 2. Received an update that INT 19-02: Freddie Mac Single Security Initiative remains in full effect. The Freddie Mac Single Security Initiative remains an ongoing program, and it does not appear to be subject to termination in the foreseeable future.
  - 3. Received an update on agenda item 2019-49: Retroactive Reinsurance Exception. This agenda item addresses a referral from the Committee on Property and Liability Financial Reporting (COPLFR) of the American Academy of Actuaries (Academy), which noted diversity in reporting regarding companies applying the retroactive reinsurance exception, which allows certain contracts to be reported prospectively. NAIC staff have held preliminary discussions with Casualty Actuarial and Statistical (C) Task Force members, with a preliminary recommendation that the premium and losses transferred under such transactions should be allocated to the prior Schedule P calendar year premiums and the losses allocated to the prior accident year incurred losses.
  - 4. Received an update on the reporting and extinguishment of loans received from the federal Paycheck Protection Program (PPP). For statutory accounting, the authoritative guidance in *SSAP No. 15—Debt and Holding Company Obligations* paragraph 11 provides that debt is recognized until extinguished, including formally being forgiven. In addition, per *SSAP No. 15* paragraph 25, gains on termination of debt are recognized as capital gains.
  - 5. Received an update on the Valuation of Securities (E) Task Force discussion regarding revisions to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) as coordination regarding the revisions to *SSAP No. 105R—Working Capital Finance Investments* adopted by the Working Group in May 2020 (agenda item 2019-25). At its Nov. 18, 2020, meeting, the Task Force directed a referral to the Working Group, which is still pending. NAIC staff anticipate addressing this referral when received.
  - 6. Received an update on current U.S. GAAP exposures/invitations to comment, noting that no comments by the Working Group are planned during the exposure periods.
- G. The public comment period for all exposed agenda items ends April 30.

### **Capital Adequacy (E) Task Force**

#### March 23, 2021 (in lieu of the Spring National Meeting)

- 1. Adopted its Feb. 1, 2021, and 2020 Fall National Meeting minutes, which included the following action:
  - A. Adopted updates to proposal 2020-12-CR (2020 Catastrophe Event Lists).
- 2. Adopted the report of the Health Risk-Based Capital (E) Working Group, including its March 17 minutes. During this meeting, the Working Group took the following action:
  - A. Reported that it met March 5 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, to discuss the company-specific impact analysis.
  - B. Adopted its Feb. 10 minutes, which included the following action:
    - 1. Discussed the impact analysis on investment income in underwriting risk.
    - 2. Exposed proposal 2021-02-CA (Managed Care Credit – Incentives) for a 30-day public comment period ending March 12.

3. Discussed the bond factor impact analysis.
- C. Adopted its Jan. 22 minutes, which included the following action:
  1. Discussed the American Academy of Actuaries (Academy) report on investment income in underwriting risk.
- D. Adopted its Dec. 18, 2020, minutes, which included the following action:
  1. Referred a blanks proposal regarding health care receivables to the Blanks (E) Working Group for consideration in 2021 reporting.
  2. Exposed the Academy report on investment income in underwriting risk for a 30-day public comment period ending Jan. 18.
  3. Received a summary of the Blanks (E) Working Group's proposals related to health business reporting.
  4. Discussed the next steps for the Health Test Ad Hoc Group.
  5. Heard an update on the Excessive Growth Ad Hoc Group.
- E. Adopted its 2021 working agenda.
- F. Referred proposal 2021-02-CA (Managed Care Credit – Incentives) to the Capital Adequacy (E) Task Force.
- G. Heard an update from the Academy on the recommended underwriting factors adjusted for investment income. The Working Group discussed the impact analysis for including the adjusted factors for a 0.5%, 1%, 1.5% and 2% return yield and the frequency for adjusting the factors.
- H. Exposed proposal 2021-04-CA (Investment Income Adjustment to Underwriting Risk Factors) for a 30-day public comment period ending April 16.
- I. Received an update on the bond factor impact analysis.
3. Adopted the report of the Life Risk-Based Capital (E) Working Group, including its March 12 minutes. During this meeting, the Working Group took the following action:
  - A. Adopted its Feb. 26, 2021; Feb. 11, 2021; Jan. 21, 2021; Dec. 17, 2020; and Nov. 10, 2020, minutes, which included the following action:
    1. Adopted an update to the mortgage reporting guidance. Proposed guidance was exposed Feb. 11 for a 10-day public comment period ending Feb. 22.
    2. Discussed and exposed the real estate proposal submitted by the American Council of Life Insurers (ACLI).
    3. Discussed the Moody's Analytics report on bonds.
    4. Adopted revisions to its working agenda.
    5. Agreed to forward a guaranty fund memorandum to the Capital Adequacy (E) Task Force.
    6. Received an update on work being done by the Life Actuarial (A) Task Force on economic scenario generators (ESGs).
  - B. Continued discussion of the ACLI's real estate proposal.
4. Adopted the report of the Property and Casualty Risk-Based Capital (E) Working Group, including its March 15 minutes. During this meeting, the Working Group took the following action:
  - A. Adopted the Catastrophe Risk (E) Subgroup's March 8 minutes, which included the following action:
    1. Adopted its Jan. 27 minutes, which included the following action:
      - a. Adopted an updated proposal 2020-12-CR (2020 Catastrophe Event Lists).
    2. Adopted proposal 2020-08-CR (Clarification to PR027 Interrogatories).
    3. Adopted proposal 2020-11-CR (Remove Operational Risk Factor from Rcat).
    4. Discussed the progress of developing wildfire modeling and a risk-based capital (RBC) charge.
    5. Discussed its 2021 working agenda.
    6. Discussed the internal catastrophe model evaluation process.
    7. Created an ad hoc group to conduct a more in-depth review on different wildfire models.
  - B. Adopted its Jan. 27 minutes, which included the following action:
    1. Adopted updates to proposal 2020-12-CR (2020 Catastrophe Event Lists).
  - C. Adopted proposal 2020-08-CR (Clarification to PR027 Interrogatories).
  - D. Adopted proposal 2020-11-CR (Remove Operational Risk Factor from Rcat).
  - E. Received an update from the Catastrophe Risk (E) Subgroup on the development process of wildfire modeling and an RBC charge.
  - F. Exposed proposal 2021-03-P (Credit Risk Instruction Modification) for a 30-day public comment period ending April 14.
  - G. Received an update from its Runoff Ad Hoc Group, which was created to determine the best course of treatment of companies in runoff. The ad hoc group is reviewing: 1) the possibility of adding an identifier in the annual financial statement; and 2) the current RBC calculation, including R5 and the operational risk component.
  - H. Adopted its 2021 working agenda.

1. Heard an update from the Academy on the development of the property/casualty (P/C) RBC underwriting risk factors.
5. Received a guaranty fund memorandum from the Life Risk-Based Capital (E) Working Group.
6. Adopted proposal 2020-10 (Bond Structure – Health and P/C).
7. Exposed proposal 2021-02-CA (Managed Care Credit – Incentives) for a 30-day public comment period ending April 22.
8. Adopted proposal 2020-08-CR (Clarification to PR027 Interrogatories).
9. Adopted proposal 2020-11-CR (Remove Operational Risk Factor from Rcat).
10. Adopted its 2021 working agenda.

### **Examination Oversight (E) Task Force**

#### March 25, 2021 (in lieu of the Spring National Meeting)

1. Adopted its Nov. 17, 2020, minutes.
2. Adopted the report of the Electronic Workpaper (E) Working Group, which met March 15 and Jan. 27 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 March 18 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings.
4. Adjourned into regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, to receive reports on exams open past 22 months.

### **Financial Stability (E) Task Force**

#### Feb. 22, 2021 (in lieu of the Spring National Meeting)

1. Adopted its Oct. 13, 2020, minutes.
2. Announced the membership of the Liquidity Assessment (E) Subgroup and its 2021 charges.
3. Received the report of the Receivership and Insolvency (E) Task Force regarding its disposition of referrals from the Financial Stability (E) Task Force.
4. Adopted recommendations to the Financial Condition (E) Committee regarding the liquidity stress test (LST) revisions to the *Insurance Holding Company System Regulatory Act* (#440). The Task Force believes the revisions should be required for accreditation purposes.

### **Receivership and Insolvency (E) Task Force**

#### March 12, 2021 (in lieu of the Spring National Meeting)

1. Adopted its Nov. 19, 2020, minutes.
2. Adopted the report of the Receivership Financial Analysis (E) Working Group, which met Feb. 1 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, to discuss experiences and the need for best practices for data transfer from insurance companies in liquidation to guaranty funds. The Working Group met March 22, in lieu of the Spring National Meeting, in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings.
3. Adopted the report of the Receivership Law (E) Working Group, including its March 4 minutes. During this meeting, the Working Group took the following action:
  - A. Adopted its Feb. 4 minutes, which included the following action:
    1. Adopted its Dec. 17, 2020, minutes, which included the following action:
      - a. Exposed proposed amendments to the *Insurance Holding Company System Regulatory Act* (#440) and the *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450) for a 35-day public comment period ending Jan. 29.
      2. Discussed comments received on proposed revisions to Model #440 and Model #450.
      3. Exposed proposed revisions to Model #440 and Model #450 for a 14-day public comment period ending Feb. 26.
    - B. Reported that it met Feb. 18 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings.
    - C. Discussed comments received on proposed revisions to Model #440 and Model #450.
    - D. Exposed proposed revisions to Model #440 for a 30-day public comment period ending April 9.

4. Adopted the Guideline for Definition of Reciprocal State in Receivership Laws. This guideline provides an optional definition of “reciprocal state” for receivership laws that is intended to effectuate the recognition of stays and injunctions in a receivership affecting multiple states.
5. Appointed the Receiver’s Handbook (E) Subgroup to review and draft updates to the *Receiver’s Handbook for Insurance Company Insolvencies* and adopted the Subgroup’s 2021 proposed charges.
6. Heard an update on the status of Macroprudential Initiative (MPI) recommendations:
  - A. The Task Force will not recommend any changes to the current Part A: Accreditation Standards for Receivership and Guaranty Fund Laws or related interlineations.
  - B. The Task Force will pursue training and outreach to better inform states of receivership matters. Possible activities include outreach to states’ legislative liaisons, providing legal training webinars, and encouraging that Task Force members highlight receivership matters at zone meetings.
  - C. The Task Force will continue to monitor and provide feedback to the Group Solvency Issues (E) Working Group once it completes drafting updates to financial analysis guidance for crisis management groups, recovery planning, and resolution planning.

### **Reinsurance (E) Task Force**

#### March 23, 2021 (in lieu of the Spring National Meeting)

1. Adopted its 2020 Fall National Meeting minutes.
2. Adopted the report of the Reinsurance Financial Analysis (E) Working Group, which met Jan. 28 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss the application of one new certified reinsurer.
3. Adopted the report of the Qualified Jurisdiction (E) Working Group, which met March 17 in regulator-to-regulator session, pursuant to paragraph 6 (consultations with NAIC staff members related to NAIC technical guidance) and paragraph 8 (considerations of strategic planning issues) of the NAIC Policy Statement on Open Meetings, to:
  - A. Discuss the initial review of a country being evaluated as a qualified jurisdiction.
  - B. Provide updates on a previous initial review.
  - C. Conduct ongoing business.
4. Reported that the Financial Condition (E) Committee met March 8 and adopted a recommendation from the Group Capital Calculation (E) Working Group to:
  - A. Reposition the Qualified Jurisdiction (E) Working Group to report directly to the Committee.
  - B. Modify the Working Group’s 2021 charges to include developing a process for evaluating jurisdictions that meet the NAIC requirements for recognizing and accepting the group capital calculation (GCC).
  - C. Rename the group to be the Mutual Recognition of Jurisdictions (E) Working Group.
5. Exposed proposed revisions to the *Process for Evaluating Qualified and Reciprocal Jurisdictions* for a 30-day public comment period ending April 23.
6. Received a status report on the states’ implementation of the 2019 revisions to the *Credit for Reinsurance Model Law* (#785) and the *Credit for Reinsurance Model Regulation* (#786). As of March 18, 23 jurisdictions have enacted the revisions to Model #785, while 21 jurisdictions have action under consideration; and eight jurisdictions have adopted the revisions to Model #786, while six jurisdictions have action under consideration.

### **Risk Retention Group (E) Task Force**

#### Feb. 24, 2021 (in lieu of the Spring National Meeting)

1. Adopted its Feb. 5, 2021, and 2020 Fall National Meeting minutes, which included the following action:
  - A. Approved the distribution of a survey to state insurance regulators, with the purpose to provide the Task Force with insight into future improvements and priorities in the areas of risk retention group (RRG) regulation, registration and training.
2. Discussed the applicability of the 2020 revisions to the *Insurance Holding Company System Regulatory Act* (#440) and the *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450) related to the GCC as an accreditation standard for RRGs.
3. Discussed the need for revisions relating to RRGs to the *Financial Analysis Handbook*, Section III.A.3 Risk Assessment (All Statement Types) – Quarterly Quantitative Assessment of Non-Troubled Insurers. NAIC staff will draft a referral to the Financial Analysis Solvency Tools (E) Working Group for the Task Force to consider during its next meeting.
4. Discussed the survey sent to state insurance regulators in February, noting that it had a due date of March 1.
5. Discussed training initiatives, noting that a training session would be conducted at the virtual NAIC Insurance Summit.

## Valuation of Securities (E) Task Force

March 22, 2021 (in lieu of the Spring National Meeting)

1. Adopted its Feb. 18, 2021; Dec. 18, 2020; and 2020 Fall National Meeting minutes, which included the following action:
  - A. Exposed a proposed amendment to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) to update the financial modeling instructions for residential mortgage-backed securities (RMBS)/commercial mortgage-backed securities (CMBS) for non-legacy securities for a 30-day public comment period ending March 20.
  - B. Discussed comments received on a proposed amendment to the P&P Manual to require the filing of private rating letter rationale reports. The Task Force directed NAIC staff to continue working with interested parties.
  - C. Received a referral from the Statutory Accounting Principles (E) Working Group on non-conforming credit tenant loans (CTLs); specifically, about the residual risk threshold. NAIC staff are going to draft a memorandum that will address whether, in their opinion, it is appropriate to revisit the 5% residual risk threshold.
  - D. Exposed a proposed amendment to the P&P Manual to update the NAIC List of Credit Rating Providers to reflect changes to nationally recognized statistical rating organizations (NRSROs) for a 30-day public comment period ending March 20.
  - E. Discussed the U.S. Securities and Exchange Commission (SEC) Rule 18f-4 under the federal Investment Company Act of 1940 related to the use of derivatives by registered investment companies. The Task Force directed NAIC staff to prepare a P&P Manual amendment on the use of derivatives by funds for the Task Force to consider.
  - F. Exposed an updated amendment to the P&P Manual to include instructions for financially modeled RMBS/CMBS to map NAIC designation categories for a three-day public comment period ending Dec. 22, 2020.
  - G. Discussed financially modeled RMBS/CMBS price breakpoints and other issues surrounding securities that have a zero loss in 2020.
2. Adopted an amendment to the P&P Manual to update the financial modeling instructions for RMBS/CMBS.
3. Discussed additional updates on a P&P Manual amendment to require the filing of a private rating letter rationale report. The Task Force directed NAIC staff to continue working with interested parties and expose the final version for a 30-day public comment period.
4. Adopted an amendment to the P&P Manual to update the NAIC List of NAIC Credit Rating Providers to reflect changes to NRSROs.
5. Received a request from the American Council of Life Insurers (ACLI) to study the national financial presentation standard for Spanish generally accepted accounting principles (GAAP). The Task Force directed NAIC staff to begin the study and report back to the Task Force with their findings; recommendations; and if appropriate, a possible amendment to the P&P Manual.
6. Exposed a proposed amendment to the P&P Manual to clarify guidance for fund leverage for a 45-day public comment period ending May 6.
7. Heard NAIC staff reports on:
  - A. Projects before the Statutory Accounting Principles (E) Working Group.
  - B. A referral from the Statutory Accounting Principles (E) Working Group regarding CTLs.
  - C. The status of the NAIC Securities Valuation Office (SVO) on year-end carry-over filings for 2020.

## FINANCIAL REGULATION STANDARDS AND ACCREDITATION (F) COMMITTEE

April 12, 2021

1. Adopted its 2020 Fall National Meeting minutes.
2. Adopted, immediately by reference, revisions made during 2020 to NAIC publications that are required for accreditation purposes (e.g., the *Accounting Practices and Procedures Manual* [AP&P Manual]) and were deemed insignificant.
3. Exposed the proposed revisions to the Part A: Laws and Regulations Preamble for a 30-day public comment period ending May 13. The proposed revisions update the XXX/AXXX Captive Reinsurance Framework references to the *Term and Universal Life Insurance Reserve Financing Model Regulation* (#787), which is effective for accreditation Sept. 1, 2022.
4. Exposed the 2020 revisions to the *Insurance Holding Company System Regulatory Act* (#440) and the *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450) for a 30-day public comment period ending May 13, with the recommendation that the revisions will be effective for all states Jan. 1, 2026. The revisions implement the group capital calculation (GCC) for the purpose of group solvency supervision and the liquidity stress test (LST) for macroprudential surveillance.

5. Reported that it met April 8 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:
  - A. Discuss state-specific accreditation issues.
  - B. Vote to award continued accreditation to the insurance departments of New Mexico and Tennessee.

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

April 7, 2021

1. Adopted its March 25, 2021; Feb. 3, 2021; Jan. 6, 2021; and 2020 Fall National Meeting minutes, which included the following action:
  - A. Approved submission of NAIC comments on the International Association of Insurance Supervisors (IAIS) draft *Application Paper on Supervision of Control Functions*.
  - B. Approved submission of NAIC comments on the IAIS draft *Application Paper on Resolution Powers and Planning* and the consultation on the development of liquidity metrics.
  - C. Approved submission of NAIC comments on the joint Sustainable Insurance Forum (SIF) and IAIS draft *Application Paper on the Supervision of Climate-Related Risks in the Insurance Sector*.
2. Heard an update on key 2021 projects and priorities of the IAIS, including:
  - A. Implementation assessment activities related to the holistic framework for systemic risk.
  - B. The ongoing insurance capital standard (ICS) monitoring period and expected timeline.
  - C. Activities and priorities related to climate risk and sustainability.
  - D. The ongoing global impact of COVID-19 on supervisors and the insurance sector.
3. Heard a presentation on scalar methodologies from the American Academy of Actuaries (Academy).
4. Heard an update on international activities, including recent virtual meetings and events with international colleagues; plans for a virtual spring 2021 NAIC International Fellows Program; recent meetings of the Organisation for the Economic Co-Operation Development (OECD) Insurance and Private Pensions Committee and Environment Directorate; recent meetings of the SIF and other regional supervisory dialogues; and the upcoming virtual 2021 NAIC International Insurance Forum.

## **NAIC/CONSUMER LIAISON COMMITTEE**

April 8, 2021

1. Heard a presentation on federal health care reform developments and recommendations for the states. This presentation is important to consumers and state insurance regulators because it recommended actions for the states to implement using additional funding provided by the federal American Rescue Plan Act of 2021 (ARPA) to enable uninsured persons to obtain health plans with no cost-sharing, especially those in underserved communities, such as immigrants and their family members.
2. Heard a presentation on the enforcement needed to ensure health plan compliance with HIV preventative drug requirements. This presentation is important to consumers because it highlighted the inadequacy of plans to make the regimen of pre-exposure prophylaxis (PrEP) affordable and/or available for zero cost, especially to Black and Hispanic/Latino communities that are disproportionately affected by HIV, as a preventative that reduces the risk of contracting HIV by approximately 99%.
3. Heard a presentation on how state insurance regulators can help improve maternal health outcomes for Black, Native American and Latina women experiencing disparities in maternal and infant health care, coverage and community due to bias and a lack of education and understanding of cultural differences. This presentation is important to consumers because it helps the states to identify areas of inadequacy in maternal care that need attention.
4. Heard a presentation on addressing coverage losses among kids, which is important to the states and consumers because it emphasized that the number of uninsured children has risen drastically, affecting millions of low-income, Black, Hispanic/Latino and immigrant children. New policies implemented in Colorado and Utah have promoted much-needed coverage and care for many of these children and provided templates that other states could utilize for uninsured children in their own communities.
5. Heard a presentation on a comprehensive approach to addressing systemic racism in insurance. This presentation is important to consumers, the industry and the states because it educates them about how racial bias can be inadvertently included in the algorithms used for rating insurance products. It explained the differences between disparate impact and proxy discrimination in insurance.

6. Heard a presentation on the short-term and long-term recovery of Texas in the aftermath of catastrophic disaster. This presentation is important to consumers, industry, and states because it explored collaboration opportunities for optimizing disaster recovery assistance by facilitating the flow of accurate information and insurance dollars to overwhelmed, traumatized people. It described actions taken, such as the wildfire rebuild agreement, in California, Colorado and Oregon that benefited consumers.

**NAIC/AMERICAN INDIAN AND ALASKA NATIVE LIAISON COMMITTEE**

March 16, 2021 (in lieu of the Spring National Meeting)

1. Adopted its 2020 Fall National Meeting minutes.
2. Heard a presentation on COVID-19 vaccine distribution and usage in Washington state. The presentation included best practices and lessons learned from building trusted relationships that can be used by other states in future outreach efforts.
3. Heard a presentation on suggestions for using the latest federal stimulus package. The presentation included identifying bronze and other metal level plans available for year-round enrollment with essential health benefits (EHBs) and no cost/premium to tribal members.

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**NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS**

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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