The NAIC/State Government Liaison Committee met in Austin, TX, Dec. 7, 2019. The following Committee members participated: Eric A. Cioppa, Chair (ME); Raymond G. Farmer, Vice Chair (SC); Lori K. Wing-Heier represented by Anna Latham (AK); Jim L. Riding represented by Mark Fowler (AL); Allen W. Kerr represented by Ryan James (AR); Michael Conway represented by Peg Brown (CO); Trinidad Navarro represented by Christina Haas (DE); Dean L. Cameron (ID); Al Redmer Jr. (MD); Mike Causey (NC); Jon Godfread (ND); John G. Franchini represented by Robert Doucette (NM); Jillian Froment represented by Meredith Alexander (OH); Glen Mulready represented by Buddy Combs (OK); Andrew Stolli represented by Richard Blackwell (OR); Larry Deiter (SD); Hodgen Mainda (TN); Kent Sullivan represented by Luke Bellsnider (TX); Mike Kreidler and Lonnie Johns-Brown (WA); and James A. Dodrill and Erin K. Hunter (WV). Also participating were: Chance McElhaney (IA); Anita G. Fox and Karin Gyrer (MI); Chlora Lindley-Myers (MO); Barbara D. Richardson (NV); and Scott A. White (VA). The following state legislators and government officials participated: Rep. Kerry Rich (AL); Rep. Deborah Ferguson (AR); Sen. Matthew Lesser (CT); Daniel Jacob (HI); Elizabeth Matney (IA); Del. Teresa Reilly and Del. Kathleen Dumais (MD); Rep. Donna Lasinski (MI); Sen. Gary Dahms (MN); Sen. Paul Wieland (MO); Sen. Jim Burgin (NC); Sen. Shawn Vedaa (ND); Rep. Micaela Lara Cadena (NM); Terry Reynolds (NV); Sen. Jay Hottinger and Sen. Bob Peterson (OH); Rep. Brian Patrick Kennedy (RI); Rep. Robin Smith (TN); Rep. Tom Oliverson, Emily Amps, Jarrett Hill, and Jesse Sifuentes (TX); Rep. Jean O’Sullivan (VT); Rep. Nicole Macri (WA); and Sen. Cale Case (WY).

1. **Heard a Welcome from the President**

Superintendent Cioppa thanked legislators and state government officials for attending the meeting. He mentioned how the NAIC has made progress on a number of important initiatives, including recently adopting amendments to the **Credit for Reinsurance Model Law (#785)**. He said these changes to the model implement the provisions of the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance” (EU Covered Agreement) and the “Bilateral Agreement Between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance” (U.K. Covered Agreement). He said the states have until 2022 to adopt these amendments or be subject to federal preemption.

2. **Adopted its 2018 Summer National Meeting Minutes**

Director Farmer made a motion, seconded by Director Cameron, to adopt the Liaison Committee’s Aug. 4 minutes (see NAIC Proceedings – Summer 2018, NAIC/State Government Liaison Committee). The motion passed unanimously.

3. **Reaffirmed its Mission Statement for 2020**

The mission of the NAIC/State Government Liaison Committee is to discuss issues of common interest to state insurance regulators and state officials.

Superintendent Cioppa asked Liaison Committee members if there were any objections to reaffirming the Liaison Committee’s mission statement for 2020. Hearing none, the Liaison Committee’s mission statement was reaffirmed for 2020.

4. **Discussed Health Insurance Issues**

Director Farmer discussed health insurance developments. He said open enrollment began on Nov. 1 and ends Dec. 15. He noted that markets appear to be more stable for 2020, with some states experiencing a decrease in rates and new players in the marketplace. He said things are not looking as positive in the small group market, where rates continue to increase rapidly. He noted that state insurance regulators remain concerned about legal uncertainty, and they are closely watching several court cases. He said state insurance regulators are also tracking congressional activity on surprise billing, and he noted the creation of the U.S. Department of Transportation’s Air Ambulance and Patient Billing Advisory Committee, which Commissioner Godfread has been appointed to.
5. **Discussed LTCI**

Commissioner White discussed long-term care insurance (LTCI) and the creation of the NAIC’s Long-Term Care Insurance (EX) Task Force. He said the Task Force has two goals: 1) to develop a consistent national approach for reviewing LTCI rates that result in actuarially appropriate increases being granted by the states in a timely manner; and 2) to focus on ensuring that consumers are provided with meaningful options to reduce their benefits in situations where the premiums are no longer affordable. To achieve these objectives, the Task Force has formed six workstreams: 1) Multistate Rate Review Practices; 2) Restructuring Techniques; 3) Reduced Benefit Options and Consumer Notices; 4) Valuation of LTCI Reserves; 5) Non-Actuarial Variations; and 6) Data Call Design and Oversight.

6. **Discussed Big Data and Data Privacy**

Commissioner Godfread discussed state insurance regulatory considerations regarding big data and data privacy. He said that while big data application is allowing insurers to more accurately underwrite and price risk, these evolving technologies have made it increasingly challenging for state insurance regulators to evaluate rating plans that incorporate complex predictive models. He discussed how state insurance regulators recognize the need to be sure that no rating factors used violate existing laws, unfairly harm consumers, or result in inappropriate bias. He said state insurance regulators are working to safeguard consumer protections while fostering innovation in the insurance marketplace. He also addressed data privacy and said the NAIC has formed the Privacy Protections (D) Working Group. The Working Group’s charge is to “[r]evie state insurance privacy protections regarding the collection, use and disclosure of information gathered in connection with insurance transactions, and make recommended changes, as needed, to certain NAIC models.”

Director Fox asked if the Innovation and Technology (EX) Task Force is looking into possible consumer discrimination that may occur as insurers move away from pooling and more towards targeted/individual data collection and risk factors. Commissioner Godfread said the Task Force is studying these microtargeted risk considerations.

Rep. Kennedy said state legislators are seeing a lot of privacy legislation introduced, and he expressed concern about possible federal preemption. Commissioner Godfread said state insurance regulators share this concern, and they are working quickly to try and stay in front of the U.S. Congress (Congress).

Rep. O’Sullivan asked about blockchain technology and whether the NAIC is looking at that technology. She said Vermont recently passed blockchain legislation. Commissioner Godfread said state insurance regulators continually receive updates on blockchain technology. However, to date, they have not seen substantive developments.

Director Farmer mentioned the *Insurance Data Security Model Law* (#668).

7. **Discussed the GCC and MPI**

Superintendent Cioppa discussed the group capital calculation (GCC) and Macroprudential Initiative (MPI). He said the GCC will be a tool that state insurance regulators can use in their solvency-monitoring activities. He discussed how in 2019, the NAIC has been focused on testing the calculation and that the results will be discussed during the Fall National Meeting. State insurance regulators plan to utilize the feedback from the testing to make improvements, and the plan is to expose a revised GCC in early spring 2020. He subsequently discussed macroprudential monitoring and how it provides state insurance regulators with a better understanding of how the insurance sector is affected by various risk exposures in the broader financial markets and economy. He said state insurance regulators are focused on identifying potential enhancements in four key areas, including capitals stress testing, recovery and resolution, counterparty exposure/concentration, and liquidity risk.

8. **Discussed Other Matters**

Rep. Kennedy asked if the NAIC has looked at the insurance implications of state gender identification laws and individuals who identify as non-binary or transgender. Superintendent Cioppa replied that there is no official NAIC workstream, but some state insurance regulators have addressed this in their respective states.

Having no further business, the NAIC/State Government Liaison Committee adjourned.