EXECUTIVE (EX) COMMITTEE

Executive (EX) Committee, April 14, 2021, Minutes
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Draft Pending Adoption

Date: 4/21/21

Executive (EX) Committee
Virtual 2021 Spring National Meeting
April 14, 2021

The Executive (EX) Committee met April 14, 2021. The following Committee members participated: David Altmaier, Chair (FL); Dean L. Cameron, Vice Chair (ID); Chlora Lindley-Myers, Vice President (MO); Andrew N. Mais, Secretary-Treasurer (CT); Raymond G. Farmer, Most Recent Past President (SC); Lori K. Wing-Heier (AK); Jim L. Ridling (AL); Michael Conway (CO); Doug Ommen (IA); James J. Donelon (LA); Kathleen A. Birrane (MD); Glen Mulready (OK); Andrew R. Stolfi (OR); Jessica K. Altman (PA); and Larry D. Deiter (SD). Also participating were: Vicki Schmidt (KS); Sharon P. Clark (KY); and Elizabeth Kelleher Dwyer (RI).

1. Adopted the April 7 Report of the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee

Commissioner Altmaier reported the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee met April 7 in joint session. The meeting was held in regulator-to-regulator session, pursuant to paragraph 4 (internal or administrative matters of the NAIC) and paragraph 6 (consultations with NAIC staff members) of the NAIC Policy Statement on Open Meetings.

During this meeting, the Committee and Subcommittee took the following action: 1) adopted its March 16, 2021; Feb. 24, 2021; and 2020 Fall National Meeting minutes, which included the following action: a) approved the March 3 Internal Administration (EX) Subcommittee minutes, including investment reports and recommendation on the NAIC’s long-term investment portfolio; and b) approved next steps for the Long-Term Care Insurance (LTCI) Legal Restructuring fiscal, which includes: i) deferral of action by the Executive (EX) Committee until further deliberation can be completed; ii) appointment of the Long-Term Care Insurance Restructuring (E) Subgroup of the Restructuring Mechanisms (E) Working Group and its proposed charge; and iii) recommendation by the Subgroup to be provided to the Committee and Subcommittee by September 2021; c) approved the exposure of the System for Electronic Rate and Form Filing (SERFF) Modernization – Mobilization and Pilot Phase fiscal for public comment; d) approved the exposure of the State Based System (SBS) State Implementations 2021 fiscal for public comment; e) approved the exposure of the property/casualty (P/C) rate Model Review Staffing Resources fiscal for public comment; f) appointed a member to the National Insurance Producer Registry (NIPR) Board of Directors; g) ratified moving the Financial Stability (EX) Task Force to report to the Financial Condition (E) Committee; h) appointed non-regulator members to the SERFF Advisory Board; i) appointed members to the Consumer Participation Board of Trustees; j) approved an amendment to the NAIC Grant and Zone Fund Policy; and k) selected Las Vegas, NV, for the 2025 Fall National Meeting.

The Committee and Subcommittee 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; and 3) received an update on the 2020/2021 Service Organization Control (SOC) 1 and SOC 2 reviews.

The Committee and Subcommittee also adopted the report of the Information Systems (EX1) Task Force, which met March 24 and took the following action: 1) adopted its 2020 Fall National Meeting minutes; 2) received an update on the 2021 SERFF fiscal; and 3) received an operational report on the NAIC’s information technology (IT) activities.

The Committee and Subcommittee: 1) approved the exposure of the Solvency Workpaper Software Modernization – Implementation Preparation Phase fiscal; 2) approved the SERFF Modernization – Mobilization and Pilot Phase fiscal; 3) approved the SBS State Implementations 2021 fiscal; 4) approved the P/C Rate Model Review Staffing Resources fiscal; 5) received a joint chief executive officer (CEO)/chief operating officer (COO) report; and 6) discussed the development of the State Ahead 2.0 strategic plan.

Commissioner Conway made a motion, seconded by Director Wing-Heier, to adopt the April 7 report of the joint meeting of the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee. The motion passed.

2. Adopted its Mach 16 and Feb. 24 Interim Meeting Report

Commissioner Mais made a motion, seconded by Director Cameron, to adopt the Committee’s March 16 and Feb. 24 interim meeting report (Attachment One). The motion passed.
3. **Adopted the Reports of its Task Forces**

The Committee received reports from: the Climate and Resiliency (EX) Task Force; the Government Relations (EX) Leadership Council; the Innovation and Technology (EX) Task Force; the Long-Term Care Insurance (EX) Task Force; and the Special (EX) Committee on Race and Insurance.

Commissioner Altmaier reported that the Long-Term Care Insurance (EX) Task Force conducted an e-vote to consider adoption of the 2021 proposed charges for the Long-Term Care Insurance Reduced Benefit Options (EX) Subgroup. The Subgroup will continue discussions that began in 2020 on specific issues related to reduced benefit options (RBOs) and to provide support and expertise to the Long-Term Care Insurance Multistate Rate Review (EX) Subgroup.

Director Farmer made a motion, seconded by Commissioner Altman, to adopt the reports of: the Climate and Resiliency (EX) Task Force; the Government Relations (EX) Leadership Council; the Innovation and Technology (EX) Task Force; the Long-Term Care Insurance (EX) Task Force, including the charges for the Long-Term Care Insurance Reduced Benefit Options (EX) Subgroup; and the Special (EX) Committee on Race and Insurance (Attachment Two). The motion passed.

4. **Adopted a Request for NAIC Model Law Development Regarding Model #870**

Commissioner Schmidt reported that during the Dec. 8 meeting of the Property and Casualty Insurance (C) Committee, the Request for NAIC Model Law Development regarding the *Nonadmitted Insurance Model Act* (#870) was discussed and approved by the Committee. Model #870 has been in place since 1994 and was last updated in 2002. Currently, 31 states have adopted the model. The federal Nonadmitted and Reinsurance Reform Act (NRRA) of 2010 addresses the following areas not currently included in Model #870: 1) the application of “Home State” provision for purposes of jurisdictional authority and paying premium tax; 2) licensure requirements for brokers; 3) diligent search requirements; and 4) eligibility requirements for nonadmitted insurers.

Commissioner Schmidt also reported that the proposed amendments to Model #870 would encompass not only updates to bring the model in alignment with the NRRA, but also would modernize the model. The work will be completed within one year.

Commissioner Donelon made a motion, seconded by Commissioner Birrane, to adopt the Request for NAIC Model Law Development to develop amendments to Model #870 (Attachment Three). The motion passed.

5. **Received the 2020 Annual Report of NAIC Designation Program Advisory Board Activities**

Commissioner Clark provided an update on the NAIC Designation Program Advisory Board’s activities and the 2020 achievements for the NAIC Insurance Regulator Professional Designation Program (Attachment Four). In 2020, there was an increase of more than 300 insurance regulator designation enrollments. At year-end, enrollment totaled 2,687 since its inception in 2006. State insurance regulators have earned 1,500 professional insurance regulation designations.

Commissioner Clark noted that the Advisory Board met virtually monthly in 2020 to discuss policy recommendations, renewal credits, and the future of the program and how to best promote awareness and support.

Commissioner Clark also reported that the Advisory Board completed some notable accomplishments in 2020, entering into a contract with Certemy to replace the existing enrollment site with Certemy’s program management system. The new enrollment site went live on March 23, 2021.

Commissioner Clark also reported that several changes to the program requested by members included: 1) waiving the first test retake fee; 2) removing tenure requirements for the Associate Professional in Insurance Regulation (APIR) and Professional in Insurance Regulation (PIR) designations; and 3) allowing courses to be taken “out of sequence.”

Commissioner Clark encouraged members to make additional recommendations that would enhance the program for use by the states. She said suggestions can be made to your state mentor, your zone representative to the Advisory Board, or the NAIC Education and Training Department. The State Mentor program provides a liaison between each state department and the NAIC’s Education and Training Department to help disseminate information and assist with candidates’ questions. The State Mentor list is on the Designation Program’s web page.

Commissioner Clark thanked the previous board chair, Superintendent Dwyer, for her hard work and dedication to the program.
6. Received a Status Report on the NAIC State Ahead Strategic Plan Implementation

Commissioner Altmaier provided an update on NAIC State Ahead implementation efforts. State Ahead is a three-year strategic plan for the organization intended to further advance the products, services and support the NAIC provides to state insurance regulators in order to better meet the changing regulatory landscape. NAIC staff continue to make good progress on the many State Ahead projects. Attachment Five contains the highlights of the State Ahead implementation at the operational level, as well as highlights in the NAIC 2020 Annual Report. In 2020, the NAIC paused on the development of State Ahead 2.0 to focus on COVID-19. The membership has now started the conversation on development of the next iteration of State Ahead.

7. Received a Report of Model Law Development Efforts

Commissioner Altmaier presented a written report on the progress of ongoing model law development efforts (Attachment Six).

8. Heard a Report from the NIPR Board of Directors

Director Deiter reported the NIPR Board of Directors had a busy and productive 2020. In 2020, NIPR processed 38 million credentialing and report transactions, a year-over-year increase of 5.2%. Despite the pandemic, NIPR earned $47.9 million in revenue, representing a 5.7% increase from 2019. NIPR also submitted $969 million in fees from NIPR to state departments of insurance (DOIs), which is a 14% increase over 2019. Visit www.NIPR.com to review the 2020 Annual Report.

The NIPR Board of Directors recently approved the 2021–2023 NIPR Strategic Plan – Our Bridge to the Future. NIPR’s new strategic plan sets the vision and guides its growth for the next three years and into the future. The strategic plan reflects NIPR’s success and lessons learned, which will enable NIPR to thrive and grow in a post-pandemic environment. The plan has three areas of focus or pillars, each with distinctive goals that are connected to NIPR’s values of teamwork, excellence, trust and innovation. The three pillars are: 1) Engaged and Empowered Team; 2) Customer-Focused Excellence; and 3) High-Quality and Reliable Technology. The strategic plan is posted at www.nipr.com.

Already this year, NIPR has been working to bring more products and services to state and industry customers. NIPR is excited to announce that contact change requests for business entities are available online through NIPR. The new capability enables business entities to utilize NIPR’s online product and eliminated the need for a separate state by state notification process for updating the entity’s contact information. Arizona, Nebraska, North Carolina, North Dakota and Rhode Island are live in production. NIPR plans a phased state rollout plan, and as other states are ready to go live, a separate state notification will be posted.

NIPR is also launching a chat feature for its customer call center to enhance the channels available to answer questions for the “walk-up” industry customers. Finally, NIPR has been busy working with California and Hawaii to implement adjuster licensing online through NIPR.

9. Heard a Report from the Compact

Superintendent Dwyer reported that the Interstate Insurance Product Regulation Commission (Compact) met March 23 and heard a report from then Director Bruce R. Ramge (NE), chair of the Compact’s Audit Committee, that the Compact received an unqualified opinion from its independent auditor RSM.

The Compact also appointed Commissioner Birrane to serve as chair of the Audit Committee for the remainder of the year.

The Compact released its 2020 Annual Report, and all Compacting states are encouraged to review the Compact’s activities and financial results for 2020. The Compact is required to send a copy of the Annual Report to all its members, as well as governors and legislatures in the Compacting states.

The Compact had a successful financial year, ending with positive revenue of $77,000 and the completion of two key strategic plan action items: 1) the independent governance review; and 2) the independent business assessment. With respect to these projects, the Compact has created a Governance Committee. The Governance Committee is reviewing the recommendations for good governance, as well as the implied congressional consent analysis, which may address a key issue from last year’s Colorado Supreme Court opinion.
The key item of business during its March 23 meeting was to receive a recommendation from the Compact’s Product Standards Committee on whether and how the amendment to change the minimum nonforfeiture rate in Section 4 of the Standard Nonforfeiture Law for Individual Deferred Annuities (#805) from 1% to 0.15%, which was adopted by the NAIC Executive (EX) Committee and Plenary in December 2020, should become effective in the Uniform Standards. The provision, which is the subject of the amendment, is incorporated by reference in the Uniform Standards for deferred annuities.

By operation of the Uniform Standards, the NAIC-adopted amendment would have been immediately effective and would be allowed for Compact-approved products, even though the model would likely require legislative change to be effective in state law.

In December 2020, the Compact issued its first-ever emergency rule to stay the effectiveness of the Model #805 amendment in the Uniform Standards and ask its Product Standards Committee to review and provide a recommendation back to the Compact.

During its March 23 meeting, the Product Standards Committee recommended amendments to the Uniform Standards to change the minimum nonforfeiture rate to follow state law. The proposed changes to the Uniform Standards must go through the rulemaking process, which requires notice, comment and a public hearing, and upon adoption, a 90-day period before such changes would be implemented.

The Compact also adopted its second emergency rule, which replaces the first emergency rule and adopts the proposed amendments being recommended by the Product Standards Committee for a period of 180 days. The emergency rule and the proposed amendments will require companies to follow the state law with respect to the minimum nonforfeiture rate, so it will allow companies to use the lower rate only if allowed by state law.

The Compact received other recommendations from its Product Standards Committee, including Guidelines for Uniform Standards Development, which would include a new system for annual identification and prioritization for Uniform Standards development. The Compact is also considering amendments to three draft Uniform Standards for waiver benefits.

Having no further business, the Executive (EX) Committee adjourned.
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

EXECUTIVE (EX) COMMITTEE
March 16, 2021 / February 24, 2021

Summary Report

The Executive (EX) Committee met March 16 and Feb. 24, 2021, 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:

1. Adopted the Internal Administration (EX1) Subcommittee’s March 3 minutes, including investment reports and recommendations on the NAIC’s long-term investment portfolio.

2. Approved the next steps for the Long-Term Care Insurance (LTCI) Legal Restructuring Fiscal.

3. Approved the exposure of the System for Electronic Rate and Form Filing (SERFF) Modernization – Mobilization and Pilot Phase Fiscal for public comment.

4. Approved the State Based Systems (SBS) State Implementations 2021 Fiscal for public comment.

5. Approved the exposure of the Property/Casualty (P/C) Rate Model Review Staffing Resources Fiscal for public comment.

6. Appointed Commissioner Sharon P. Clark (KY) to serve on the National Insurance Producer Registry (NIPR) Board of Directors, effective April 9, 2021.

7. Received an update on 2020 year-end financial results.

8. Reviewed the NAIC Conflict of Interest Policy.


10. Approved the following non-regulator appointments to the SERFF Advisory Board (SAB): Birny Birnbaum (Center for Economic Justice—CEJ) as the Consumer Representative; Andrea Davey (Athene Annuity and Life Company) for Life Insurance and Vice Chair; Phyllis Hollerbach (Zurich North America) for Health Insurance; and Susan Gould (The Hanover Insurance Group) for P/C.

11. Appointed the following members to the 2021 Consumer Board of Trustees: Commissioner Michael Conway (CO) as Chair; Director Chlora Lindley-Myers (MO); Superintendent Russell Toal (NM); Commissioner John F. King (GA); Commissioner Marlene Caride (NJ); and Commissioner Jessica K. Altman (PA).

12. Reappointed the following Consumer Representatives to serve on the Board for 2021: Amy Bach (United Policyholders); 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).

13. Approved an amendment to the NAIC Grant and Zone Fund Policy.


15. Selected Las Vegas, NV for the 2025 Fall National Meeting.
REPORT OF THE EXECUTIVE (EX) COMMITTEE TASK FORCES

Climate and Resiliency (EX) Task Force—The Climate and Resiliency (EX) Task Force met April 9 and took the following action: 1) heard reports from its workstreams; 2) received a recommendation from the Climate Risk Disclosure Workstream; 3) heard a presentation regarding the building code and mitigation workshop; 4) heard an update on NAIC Communications activities; 5) heard an update on federal activities; and 6) heard an update on international activities. The Task Force also met Feb. 16 in regulator-to-regulator session, pursuant to paragraph 8 (consideration of strategic planning issues) of the NAIC Policy Statement on Open Meetings, to discuss strategic priorities related to climate risk and resiliency.

Government Relations (EX) Leadership Council—The Government Relations (EX) Leadership Council did not meet at the Spring National Meeting. The Leadership Council meets weekly in regulator-to-regulator session, pursuant to paragraph 8 (consideration of strategic planning issues) of the NAIC Policy Statement on Open Meetings, to discuss federal legislative and regulatory developments affecting insurance regulation.

Innovation and Technology (EX) Task Force—The Innovation and Technology (EX) Task Force met April 9 and took the following action: 1) adopted minutes from the 2020 Fall National Meeting and reports of the Big Data and Artificial Intelligence (EX) Working Group and the Speed to Market (EX) Working Group. The Task Force also heard a report from the April 1 Innovation and Technology State Contacts Roundtable; 2) discussed and made assignments regarding prioritizing and taking action related to issues identified based on the requests for information (RFIs) related to continuing specific “regulatory relief” or “regulatory accommodations” offered by states as a result of the COVID-19 pandemic. The Task Force members voted to appoint a Working Group to examine e-commerce laws and regulations; survey states regarding federal Uniform Electronic Transactions Act (UETA) exceptions; and work toward meaningful, unified recommendations. The working group will also examine whether a model bulletin would be appropriate for addressing some of the identified issues and will draft a proposed bulletin if determined appropriate. The Task Force also referred identified issues related to allowing online processes to be used for producer licensing continuing education (CE) to the Producer Licensing (D) Task Force; referred surplus lines issues to the Surplus Lines (C) Task Force since it falls within its current workstream to amend the Nonadmitted Insurance Model Act (#870); and discussed possibly drafting a model bulletin related to the same issue; 3) heard InsurTech presentations from State Farm and USAA, Trellis, and Vero; 4) discussed issues related to consumer data ownership; 5) received an update from the various groups working on related workstreams, including 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; 6) heard an update on the predictive model review process; and 7) discussed the Coded Bias event held on March 31 and a possible follow-up meeting.

The Big Data and Artificial Intelligence (EX) Working Group met March 29 and took the following action: 1) reviewed the work of the Big Data (EX) Working Group and the Artificial Intelligence (EX) Working Group and why these Working Groups were merged; 2) reviewed the Working Group’s 2021 charges; 3) discussed developing an industry survey to research how insurance companies are using big data, algorithms and artificial intelligence (AI) while protecting the confidentiality of individual company responses to a survey; and 4) heard a presentation to introduce the development and components of a model governance framework based on other models (e.g., capital, catastrophe) used to manage risk associated with the use of data that factor into important business decisions for insurers.

The Speed to Market (EX) Working Group met March 10 and took the following action: 1) adopted its Nov. 10, 2020, minutes; 2) heard an update from the Interstate Insurance Product Regulation Commission (Compact); 3) discussed the results of the Product Requirement Locator (PRL) survey and next steps. The System for Electronic Rate and Form Filing (SERFF) team will be reaching out to states based on the survey responses provided to gather additional information as needed to assist states using the PRL. It is unlikely that the PRL tool will be available beyond the completion of the SERFF modernization project, which is anticipated in the next couple of years, and more likely that the SERFF modernization project will include ways for states to provide their filing requirements within SERFF, making it easier for states to keep their requirements up to date and to satisfy the need for those requirements to be easily accessible to SERFF users; 4) received updates on SERFF, including recent and upcoming releases and projects. The request for proposal (RFP) for the SERFF modernization project is in the final stage for the mobilization and pilot. A press release announcing vendor selection and kick-off of the project will be released soon; and 5) discussed the annual review of the product coding matrix (PCM) and uniform transmittal document (UTD) suggestions. Proposed revisions or changes can be submitted at any time throughout the year, but for suggestions to be considered to go in effect for next year, the deadline is May 31.
Long-Term Care Insurance (EX) Task Force—The Long-Term Care Insurance (EX) Task Force met April 9 and took the following action: 1) adopted its March 1 and 2020 Fall National Meeting minutes, which included adoption of the 2021 proposed charges of the Long-Term Care Insurance Reduced Benefit Options (EX) Subgroup (Attachment Two-A). The Subgroup charges include:

A. Further evaluate and/or recommend options to help consumers manage the impact of rate increases. This includes:
   1. The potential development of a process to evaluate innovative options that allow for insurers to offer benefits that lessen the likelihood of an insured needing long-term care (LTC) services, including the evaluation of the suitability of and regulatory barriers to proposed options.
   2. The potential development of mechanisms to help state insurance regulators and consumers objectively compare reduced benefit options (RBOs), including the comparison of accepting a rate increase and retaining current benefits to electing offered RBOs.
   3. The further exploration of pursuing more uniformity in consumer notices for RBOs.
B. Support and provide expertise to the Long-Term Care Insurance Multistate Rate Review (EX) Subgroup regarding the evaluation of RBOs.
C. Complete its charges by the 2021 Summer National Meeting.

During its April 9 meeting, the Task Force also received the reports of its subgroups: 1) the Long-Term Care Insurance Multistate Rate Review (EX) Subgroup, which has drafted the operational section of a multistate rate review framework; 2) the Long-Term Care Insurance Reduced Benefit Options (EX) Subgroup, which plans to meet in May to begin addressing its charges; and 3) the Long-Term Care Insurance Financial Solvency (EX) Subgroup, which reported on industry trends and factors affecting reserve levels. The Task Force released the draft multistate rate review operational framework for a 45-day public comment period ending May 24.

Special (EX) Committee on Race and Insurance—The Special (EX) Committee on Race and Insurance met in regulator-to-regulator session on April 6 and March 24, pursuant to paragraph 4 (internal or administrative matters of the NAIC or any NAIC member) of the NAIC Policy Statement on Open Meetings and in open session on April 12. During its regulator-to-regulator sessions, the Special Committee took the following action: 1) received initial recommendations from its workstreams; 2) discussed where in the NAIC committee structure to place the necessary work to come; and 3) reviewed a set of proposed charges. The charges were exposed for a short public comment period. During its April 12 open meeting, the Special Committee took the following action: 1) heard reports from its five workstreams; and 2) heard comments from interested parties on the proposed charges. An additional exposure period ending May 14 was approved.

- Workstream One of Special Committee submitted an initial report to the Special (EX) Committee on Race and Insurance outlining its findings, as well as its recommendations to the Executive (EX) Committee and membership on next steps.
- Workstream Two of the Special Committee is directed at analyzing the level of diversity within the NAIC and the state insurance regulatory community. The workstream met Jan. 22 in regulator-to-regulator session. During that meeting, the NAIC presented its responses to a set of questions directed towards its efforts on diversity, equity and inclusion (DE&I). The workstream also discussed an information-gathering tool to examine, at the zone level, initiatives that state insurance departments can consider to promote DE&I in their offices.
- Workstream Three of the Special Committee is focused on property/casualty (P/C) insurance issues. The workstream has met four times to develop a list of issues that it wishes to focus on. The workstream leveraged the issues list to create a final report in January that it submitted to the Special Committee for its consideration. The report included potential charges related to affordability; availability and access; producer issues; education and outreach; and unfair discrimination.
- Workstream Four of the Special Committee met Nov. 16, 2020, and Oct. 30, 2020, in regulator-to-regulator session and Dec. 10, 2020, and Jan. 5, 2021, in open session. During its regulator-only meetings, the workstream discussed and prioritized issues. During its open meetings, it heard presentations from various stakeholders. The workstream drafted and adopted an initial report and recommendations via e-vote ending Feb. 5 and forwarded it to the Special Committee for its consideration.
- Workstream Five of the Special Committee held a member organization meeting Oct. 20, 2020. During this meeting, the workstream discussed its charge and reviewed its: 1) next steps and deliverables; 2) timeline; and 3) potential
issues for workstream focus related to health care disparities in health insurance access and affordability. The workstream held a stakeholder meeting Dec. 2, 2020, to discuss the potential issues identified. The workstream held additional regulator-to-regulator meetings following its Dec. 2, 2020, meeting to develop and finalize its initial report. The workstream finalized its report March 23 and has forwarded it to the Special Committee for its consideration.
Ongoing Support of NAIC Programs, Products or Services

1. The Long-Term Care Insurance (EX) Task Force will:
   A. Recognizing the gravity of the threat posed by the current long-term care insurance (LTCI) environment both to consumers and our state-based system of insurance regulation, this Task Force is charged to:
      1. Develop a consistent national approach for reviewing LTCI rates that results in actuarially appropriate increases being granted by the states in a timely manner and eliminates cross-state rate subsidization.
      2. Further evaluate and recommend options to provide consumers with choices regarding modifications to LTCI contract benefits where policies are no longer affordable due to rate increases.
      3. Deliver such a proposal to the Executive (EX) Committee by the 2021 Summer National Meeting.

2. The Long-Term Care Insurance Multistate Rate Review (EX) Subgroup will:
   A. Develop a consistent national approach for reviewing LTCI rates that results in actuarially appropriate increases being granted by the states in a timely manner and eliminates cross-state rate subsidization. The Subgroup should complete its charges by the 2021 Summer National Meeting.

3. The Long-Term Care Insurance Financial Solvency (EX) Subgroup will:
   A. Explore restructuring options and techniques to address potential inequities between policyholders in different states and techniques to mitigate policyholders’ risk to state guaranty fund benefit limits, including states’ pre-rehabilitation planning options. Evaluate the work of the consultant and report on the work to the Task Force.
   B. Monitor work performed by other NAIC solvency working groups and assist in the timely multi-state coordination/communication of the review of the financial condition of long-term care (LTC) insurers.
   C. Complete its charges by the 2021 Summer National Meeting.

4. The Long-Term Care Insurance Reduced Benefit Options (EX) Subgroup will:
   A. Further evaluate and/or recommend options to help consumers manage the impact of rate increases. This includes:
      1. The potential development of a process to evaluate innovative options that allow for insurers to offer benefits that lessen the likelihood of an insured needing LTC services, including the evaluation of the suitability of and regulatory barriers to proposed options.
      2. The potential development of mechanisms to help state insurance regulators and consumers objectively compare reduced benefit options (RBOs), including the comparison of accepting a rate increase and retaining current benefits to electing offered RBOs.
      3. The further exploration of pursuing more uniformity in consumer notices for RBOs.
   B. Support and provide expertise to the Long-Term Care Insurance Multistate Rate Review (EX) Subgroup regarding the evaluation of RBOs.
   C. Complete its charges by the 2021 Summer National Meeting.

NAIC Support Staff: Jeffrey C. Johnston

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REQUEST FOR NAIC MODEL LAW DEVELOPMENT

This form is intended to gather information to support the development of a new model law or amendment to an existing model law. Prior to development of a new or amended model law, approval of the respective Parent Committee and the NAIC’s Executive Committee is required. The NAIC’s Executive Committee will consider whether the request fits the criteria for model law development. Please complete all questions and provide as much detail as necessary to help in this determination.

Please check whether this is: ☐ New Model Law or ☒ Amendment to Existing Model

1. Name of group to be responsible for drafting the model:

   Surplus Lines (C) Task Force

2. NAIC staff support contact information:

   Andy Daleo, Senior Financial Analysis Manager (adaleo@naic.org)
   Dan Schelp, Chief Counsel, Regulatory Affairs (dschelp@naic.org)

3. Please provide a brief description of the proposed new model or the amendment(s) to the existing model. If you are proposing a new model, please also provide a proposed title. If an existing model law, please provide the title, attach a current version to this form and reference the section(s) proposed to be amended.

   Nonadmitted Insurance Model Act (#870) – See Attached

   On August 5, 2020, the Surplus Lines (C) Task Force discussed revisions to Model #870, and directed NAIC staff to form an informal Drafting Group composed of regulators from Louisiana, Oklahoma and Washington to produce a summary document that outlines the significant updates to modernize Model #870 and present a recommendation to the Task Force at a future national meeting. The attached Model #870 contains the Drafting Group’s recommendations with respect to modification of Model #870 to both bring it into compliance with the Nonadmitted and Reinsurance Reform Act (NRRA) as well as other amendments to modernize the model.

4. Does the model law meet the Model Law Criteria? ☒ Yes or ☐ No (Check one)

   (If answering no to any of these questions, please reevaluate charge and proceed accordingly to address issues).

   a. Does the subject of the model law necessitate a national standard and require uniformity amongst all states? ☒ Yes or ☐ No (Check one)

      If yes, please explain why

      The Nonadmitted Insurance Model Act (#870) has been adopted in 31 states, with other states adopting older versions of the NAIC model. statutes or regulations addressing the same subject matter, or other administrative guidance such as bulletins and notices. Every state, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands have surplus lines guidance in place.

      The NRRA was adopted July 21, 2011, and is contained within the Dodd-Frank Wall Street Reform and Consumer Protection Act (Act). The NRRA requirements and the mandate of the federal Act create uniformity for the collection of surplus lines tax payments through the implementation of the “Home State” requirement. All states comply with the NRRA’s home state tax approach.

      Model 870 was not modified because of the implementation of the NRRA. However, on October 11, 2011, a Nonadmitted Insurance Reform Sample Bulletin (copy attached) was adopted by Executive/Plenary and
subsequently distributed to the state insurance departments. It is important to provide guidance for uniformity among the states in order to ensure compliance with the NRRA.

b. Does Committee believe NAIC members should devote significant regulator and Association resources to educate, communicate and support this model law?

☐ Yes  or  ☐ No  (Check one)

5. What is the likelihood that your Committee will be able to draft and adopt the model law within one year from the date of Executive Committee approval?

☐ 1  ☐ 2  ☐ 3  ☐ 4  ☐ 5  (Check one)

High Likelihood  Low Likelihood

Explanation, if necessary: Due to the previous adoption of the Nonadmitted Insurance Reform Sample Bulletin by the NAIC, there is already uniformity of intent with respect to key areas addressed by the NRRA. The Surplus Lines (C) Task Force should be able to leverage that agreement to quickly and efficiently finish revisions to Model #870.

6. What is the likelihood that a minimum two-thirds majority of NAIC members would ultimately vote to adopt the proposed model law?

☐ 1  ☐ 2  ☐ 3  ☐ 4  ☐ 5  (Check one)

High Likelihood  Low Likelihood

Explanation, if necessary: Surplus Lines is an important industry in every state and U.S. Territory, and it is important to provide uniform guidance to the NAIC members to ensure compliance with the federal NRRA.

7. What is the likelihood that state legislatures will adopt the model law in a uniform manner within three years of adoption by the NAIC?

☐ 1  ☐ 2  ☐ 3  ☐ 4  ☐ 5  (Check one)

High Likelihood  Low Likelihood

Explanation, if necessary: Model #870 is not an accreditation requirement, but as previously stated it is important to provide uniform guidance to the states to ensure compliance with the NRRA.

8. Is this model law referenced in the NAIC Accreditation Standards? If so, does the standard require the model law to be adopted in a substantially similar manner?

No

9. Is this model law in response to or impacted by federal laws or regulations? If yes, please explain.

Yes, the proposed revisions to Model #870 are in direct response to the federal NRRA, which would preempt inconsistent state law.
To: Members of the NAIC Executive Committee  
From: Commissioner Sharon Clark, Kentucky Department of Insurance  
Chair, NAIC Insurance Regulator Professional Designation Program Advisory Board  
Date: April 14, 2021  
Subject: 2020 Annual Report of NAIC Designation Program Advisory Board Activities

In October of 2006, the NAIC launched the Insurance Regulator Professional Designation Program ("Designation Program"), a formal credentialing program designed for regulators, by regulators to establish structured training and development paths for insurance department employees. In that same year, the Internal Administration (EX1) Subcommittee directed the program’s Advisory Board to present a brief annual report of program benchmarks and board activities. This memorandum, with its supplemental charts, sets forth an account of the program’s year in review.

**Program Enrollments**
We continued our outreach to states and have seen increased interest and enrollments across the board. In 2020, the NAIC Education & Training Department processed nearly 300 Designation Program enrollments, bringing the total number of enrollments since 2006 to 2,687.

We awarded 217 new designations in 2020. By year-end, earned designation totals were as follows: 1090 APIR designees, 386 PIR designees, 22 SPIR designees, and 2 IPIR designees.

**The Designation Program Mentoring Network**
States have been encouraged to appoint a “mentor” that can serve as a liaison between the Department and the NAIC’s Education & Training Department as a means of disseminating information about the program to interested regulators, and to assist candidates as they have questions. All but one territory has individuals active in this role. Most mentors have earned an NAIC Designation or are currently working toward one.

**Designation Program Advisory Board Meetings**
The Designation Program Advisory Board met monthly throughout 2020 via conference call to discuss policy matters and other issues. Discussion items included policy recommendations and promotion of the program to increase awareness and participation.

**2020 Accomplishments**
Several significant accomplishments occurred in 2020, including:
- Work to replace the program’s enrollment site with a new program management system (Certemy) to streamline and automate many of the processes done manually today, which will provide a better user experience for program participants. Work was completed with a soft rollout of the new system in February 2021, with a full rollout in late March 2021.
- Created and implemented a new course for the APIR level, “Introduction to Financial Regulation for Non-Financial Regulators.”
- Updated program policies in response to program participant needs and requests (waiving first retake fee, removing tenure requirements for APIR and PIR, and allowing courses to be taken “out of sequence”).
• Granted a 1-year extension on all Designation renewal dates.

**About the Insurance Regulator Professional Designation Program Advisory Board**

The 2020 Advisory Board was composed of Laura Arp (NE Department of Insurance), Rachel Chester (RI Insurance Division), Eric Fletcher (ID Department of Insurance) and Scott Sanders (GA Department of Insurance).

Rhode Island Superintendent Beth Dwyer chaired the 2020 Advisory Board.

In addition to overseeing Designation Program policy and advising NAIC Education Department staff on designation program policy administration, the board members work on outreach to regulators during NAIC Zone Meetings and other regulatory meetings. Additional information about the Designation Program can be found by visiting the NAIC website:  [http://naic.org/education_designation.htm](http://naic.org/education_designation.htm)
# TOTAL ENROLLMENTS - 2687

**Designation Participation by Zone**

**As of December 31, 2020**

<table>
<thead>
<tr>
<th>Western Zone</th>
<th>Enrollments</th>
<th>Southeastern Zone</th>
<th>Enrollments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>22</td>
<td>Alabama</td>
<td>20</td>
</tr>
<tr>
<td>American Samoa</td>
<td>1</td>
<td>Arkansas</td>
<td>35</td>
</tr>
<tr>
<td>Arizona</td>
<td>42</td>
<td>Florida</td>
<td>225</td>
</tr>
<tr>
<td>California</td>
<td>31</td>
<td>Georgia</td>
<td>21</td>
</tr>
<tr>
<td>Colorado</td>
<td>21</td>
<td>Kentucky</td>
<td>59</td>
</tr>
<tr>
<td>Guam</td>
<td>1</td>
<td>Louisiana</td>
<td>52</td>
</tr>
<tr>
<td>Hawaii</td>
<td>48</td>
<td>Mississippi</td>
<td>28</td>
</tr>
<tr>
<td>Idaho</td>
<td>39</td>
<td>North Carolina</td>
<td>88</td>
</tr>
<tr>
<td>Montana</td>
<td>40</td>
<td>Puerto Rico</td>
<td>46</td>
</tr>
<tr>
<td>Nevada</td>
<td>76</td>
<td>South Carolina</td>
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</tr>
<tr>
<td>New Mexico</td>
<td>42</td>
<td>Tennessee</td>
<td>82</td>
</tr>
<tr>
<td>N. Mariana Isle</td>
<td>0</td>
<td>Virgin Islands</td>
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</tr>
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<td>Texas</td>
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<tr>
<td>Utah</td>
<td>98</td>
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<td>Washington</td>
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</tr>
<tr>
<td>Wyoming</td>
<td>21</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>553</strong></td>
<td><strong>Total</strong></td>
<td><strong>854</strong></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Midwestern Zone</th>
<th>Enrollments</th>
<th>Northeastern Zone</th>
<th>Enrollments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>57</td>
<td>Connecticut</td>
<td>30</td>
</tr>
<tr>
<td>Indiana</td>
<td>39</td>
<td>Delaware</td>
<td>23</td>
</tr>
<tr>
<td>Iowa</td>
<td>62</td>
<td>District of Col</td>
<td>22</td>
</tr>
<tr>
<td>Kansas</td>
<td>43</td>
<td>Maine</td>
<td>21</td>
</tr>
<tr>
<td>Michigan</td>
<td>86</td>
<td>Maryland</td>
<td>50</td>
</tr>
<tr>
<td>Minnesota</td>
<td>46</td>
<td>Massachusetts</td>
<td>24</td>
</tr>
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<td>Missouri</td>
<td>22</td>
<td>New Hampshire</td>
<td>23</td>
</tr>
<tr>
<td>Nebraska</td>
<td>73</td>
<td>New Jersey</td>
<td>72</td>
</tr>
<tr>
<td>North Dakota</td>
<td>19</td>
<td>New York</td>
<td>204</td>
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<tr>
<td>Ohio</td>
<td>48</td>
<td>Pennsylvania</td>
<td>71</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>114</td>
<td>Rhode Island</td>
<td>50</td>
</tr>
<tr>
<td>South Dakota</td>
<td>19</td>
<td>Vermont</td>
<td>49</td>
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<tr>
<td>Wisconsin</td>
<td>13</td>
<td></td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>641</strong></td>
<td><strong>Total</strong></td>
<td><strong>639</strong></td>
</tr>
</tbody>
</table>
Enrollments by Zone

- Western: 24%
- Southeastern: 20%
- Midwestern: 24%
- Northeastern: 32%
<table>
<thead>
<tr>
<th>State</th>
<th>Enrollments/State Participation</th>
<th>EARNED DESIGNATIONS</th>
<th>% Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>20</td>
<td>7 APIR</td>
<td>400.00%</td>
</tr>
<tr>
<td>Alaska</td>
<td>22</td>
<td>3 PIR</td>
<td>27.27%</td>
</tr>
<tr>
<td>American Samoa</td>
<td>1</td>
<td>1 SPIR</td>
<td>0.00%</td>
</tr>
<tr>
<td>Arizona</td>
<td>42</td>
<td>13 IPIR</td>
<td>45.24%</td>
</tr>
<tr>
<td>Arkansas</td>
<td>35</td>
<td>14 IPIR</td>
<td>60.00%</td>
</tr>
<tr>
<td>California</td>
<td>31</td>
<td>1 IPIR</td>
<td>6.45%</td>
</tr>
<tr>
<td>Colorado</td>
<td>21</td>
<td>9 APIR</td>
<td>61.90%</td>
</tr>
<tr>
<td>Connecticut</td>
<td>30</td>
<td>10 PIR</td>
<td>56.67%</td>
</tr>
<tr>
<td>DC</td>
<td>22</td>
<td>7 IPIR</td>
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<tr>
<td>Delaware</td>
<td>23</td>
<td>10 APIR</td>
<td>53.85%</td>
</tr>
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<td>Florida</td>
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<td>21</td>
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<td>57.14%</td>
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<tr>
<td>Guam</td>
<td>1</td>
<td>1 IPIR</td>
<td>0.00%</td>
</tr>
<tr>
<td>Hawaii</td>
<td>48</td>
<td>15 PIR</td>
<td>37.50%</td>
</tr>
<tr>
<td>Idaho</td>
<td>39</td>
<td>16 APIR</td>
<td>43.59%</td>
</tr>
<tr>
<td>Illinois</td>
<td>57</td>
<td>22 IPIR</td>
<td>54.39%</td>
</tr>
<tr>
<td>Indiana</td>
<td>39</td>
<td>20 APIR</td>
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</tr>
<tr>
<td>Iowa</td>
<td>62</td>
<td>28 PIR</td>
<td>54.84%</td>
</tr>
<tr>
<td>Kansas</td>
<td>43</td>
<td>12 SPIR</td>
<td>46.51%</td>
</tr>
<tr>
<td>Kentucky</td>
<td>59</td>
<td>24 IPIR</td>
<td>55.93%</td>
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<tr>
<td>Louisiana</td>
<td>52</td>
<td>21 APIR</td>
<td>48.08%</td>
</tr>
<tr>
<td>Maine</td>
<td>21</td>
<td>6 PIR</td>
<td>42.86%</td>
</tr>
<tr>
<td>Maryland</td>
<td>50</td>
<td>26 SPIR</td>
<td>64.00%</td>
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<td>45.83%</td>
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<td>41 PIR</td>
<td>75.58%</td>
</tr>
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<td>46</td>
<td>28 SPIR</td>
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</tr>
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<td>Mississippi</td>
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</tr>
<tr>
<td>Missouri</td>
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<td>31.82%</td>
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<tr>
<td>Montana</td>
<td>40</td>
<td>17 SPIR</td>
<td>65.00%</td>
</tr>
<tr>
<td>Nebraska</td>
<td>73</td>
<td>40 IPIR</td>
<td>64.38%</td>
</tr>
<tr>
<td>Nevada</td>
<td>76</td>
<td>23 APIR</td>
<td>50.00%</td>
</tr>
<tr>
<td>New Hampshire</td>
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<td>6 SPIR</td>
<td>34.78%</td>
</tr>
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<td>72</td>
<td>27 APIR</td>
<td>51.39%</td>
</tr>
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<td>New Mexico</td>
<td>42</td>
<td>6 PIR</td>
<td>19.05%</td>
</tr>
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<td>New York</td>
<td>204</td>
<td>101 IPIR</td>
<td>67.16%</td>
</tr>
<tr>
<td>North Carolina</td>
<td>88</td>
<td>42 APIR</td>
<td>72.73%</td>
</tr>
<tr>
<td>North Dakota</td>
<td>19</td>
<td>8 SPIR</td>
<td>52.63%</td>
</tr>
<tr>
<td>Northern Mariana Islands</td>
<td>0</td>
<td>0 PIR</td>
<td>0.00%</td>
</tr>
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<td>Ohio</td>
<td>48</td>
<td>21 APIR</td>
<td>62.50%</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>114</td>
<td>46 PIR</td>
<td>63.16%</td>
</tr>
<tr>
<td>Oregon</td>
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<td>53.33%</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>71</td>
<td>32 APIR</td>
<td>73.24%</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>46</td>
<td>22 IPIR</td>
<td>52.17%</td>
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<td>Rhode Island</td>
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<td>23 APIR</td>
<td>60.00%</td>
</tr>
<tr>
<td>South Carolina</td>
<td>64</td>
<td>28 PIR</td>
<td>68.75%</td>
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<td>19</td>
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<td>47.37%</td>
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<tr>
<td>Tennessee</td>
<td>82</td>
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<td>Texas</td>
<td>20</td>
<td>10 PIR</td>
<td>70.00%</td>
</tr>
<tr>
<td>Utah</td>
<td>98</td>
<td>29 IPIR</td>
<td>51.02%</td>
</tr>
<tr>
<td>Vermont</td>
<td>49</td>
<td>22 APIR</td>
<td>69.39%</td>
</tr>
<tr>
<td>Virginia</td>
<td>52</td>
<td>26 APIR</td>
<td>55.77%</td>
</tr>
<tr>
<td>Virgin Islands</td>
<td>11</td>
<td>3 IPIR</td>
<td>45.45%</td>
</tr>
<tr>
<td>Washington</td>
<td>21</td>
<td>6 APIR</td>
<td>38.10%</td>
</tr>
<tr>
<td>West Virginia</td>
<td>71</td>
<td>29 APIR</td>
<td>54.93%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>13</td>
<td>3 IPIR</td>
<td>23.08%</td>
</tr>
<tr>
<td>Wyoming</td>
<td>21</td>
<td>10 APIR</td>
<td>61.90%</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>2687</strong></td>
<td><strong>1090</strong></td>
<td><strong>55.75%</strong></td>
</tr>
</tbody>
</table>
State Ahead Status Reporting - March 2021

Current Project Phase

- Future: 12
- Active: 22
- Complete: 61

Projects by Strategic Themes

- Theme I: 23
- Theme II: 27
- Theme III: 45

Projects by Strategic Goals

- Goal 1: 23
- Goal 2: 27
- Goal 3: 39

Projects by Strategic Objectives

- Objective A: 13
- Objective B: 10
- Objective C: 16
- Objective D: 5
- Objective E: 6
- Objective F: 6
- Objective G: 33
- Objective H: 6

Progress On Active Projects

- 67% - 99%: 6
- 24% - 66%: 5
- 1% - 33%: 11

Current Status of Active Projects

- On Schedule: 18
- At Risk: 1
- At Significant Risk: 3
Amendments to the Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act (#171)—Amendments to Model #171 are required for consistency with the federal Affordable Care Act (ACA). Therefore, they did not require approval of a Request for NAIC Model Law Development by the Executive (EX) Committee. At the 2015 Fall National Meeting, the Regulatory Framework (B) Task Force discussed the proposed revisions to this model. The Task Force met Feb. 11, 2016, and appointed the Accident and Sickness Insurance Minimum Standards (B) Subgroup to work on revisions to this model. The Subgroup has been meeting on a regular basis since the 2016 Spring National Meeting, and it plans to continue meeting until it completes its work. During its meetings, the Subgroup has discussed several issues, including its approach for revising the model’s disability income insurance coverage provisions, and it decided preliminarily to review the Interstate Insurance Product Regulation Commission’s (Compact’s) approach. After pausing its work due to the ACA’s potential repeal, replacement or modification—and the possible impact on the provisions of this model, as well as the Subgroup’s preliminary proposed revisions to the model—the Subgroup began meeting again in May 2018. Revisions to the Supplementary and Short-Term Health Insurance Minimum Standards Model Act (#170) were adopted by the full NAIC membership at the 2019 Spring National Meeting. The Subgroup has been meeting to consider revisions to Model #171 for consistency with the revised Model #170 since the 2019 Summer National Meeting discussion on comments received on Sections 1–5 of Model #171. In December 2019, the Subgroup set a public comment period ending Feb. 7 to receive comments on Section 6 and Section 7 of Model #171. Due to the COVID-19 health emergency, the Subgroup has not scheduled any meetings. Any future meetings will depend on when a new co-chair is appointed and the duration of the COVID-19 health emergency. As requested, the Subgroup received comments from stakeholders on Section 6 and Section 7 of Model #171. A new Subgroup co-chair has been appointed. It is anticipated that the Subgroup will resume meeting sometime in late April or early May to: 1) complete its discussion of the comments received on Sections 1–5 of Model #171; and 2) begin discussion of the comments received on Section 6 and Section 7 of Model #171.

Amendments to the Annuity Disclosure Model Regulation (#245)—The Executive (EX) Committee met June 19, 2017, and approved a Request for NAIC Model Law Development to amend Model #245. The amendments will revise Section 6—Standards for Illustrations. The purpose of the revision is to address issues identified by the Annuity Disclosure (A) Working Group of the Life Insurance and Annuities (A) Committee related to innovations in annuity products that are not addressed, or not addressed adequately, in the current standards. Revisions addressing participating income annuities were adopted by the Life Insurance and Annuities (A) Committee during its July 19, 2018, meeting and held pending the resolution of the Working Group’s discussions regarding illustrating indexes in existence for less than 10 years. The Working Group continues to discuss additional revisions on the index issue. The Working Group made progress during discussions in late 2019 and early 2020, and it received an extension from the Life Insurance and Annuities (A) Committee at the 2020 Summer National Meeting to finish its work. The Working Group is currently awaiting additional direction from the Committee before resuming its work.

Amendments to the Life Insurance Disclosure Model Regulation (#580)—The Executive (EX) Committee met June 19, 2017, and approved a Request for NAIC Model Law Development to incorporate a policy overview document requirement into Model #580 and the Life Insurance Illustrations Model Regulation (#582) in order to improve the understandability of the life insurance policy summary and narrative summary already required by Section 5A(2) of Model #580 and Section 7B of Model #582. While the Life Insurance Illustration Issues (A) Working Group of the Life Insurance and Annuities (A) Committee was originally planning to revise both Model #580 and Model #582, it will now revise only Model #580. The Working Group has been meeting to develop language to add a requirement for a one- to two-page consumer-oriented policy overview. The Working Group continued to make progress during meetings in late 2019 and early 2020, and it received an extension from the Life Insurance and Annuities (A) Committee at the 2020 Summer National Meeting to continue its work. The Working Group met Feb. 23 and March 10 and is close to completing alternative draft versions of a sample policy overview document for term life policies. One version shows the sample pre-underwriting, and the other shows the sample post-underwriting. The Working Group is developing these alternative versions to aid the Committee in providing guidance to the Working Group with respect to the timing of the delivery of the policy overview document.

Amendments to the Unfair Trade Practices Act (#880)—The Executive (EX) Committee approved a Request for NAIC Model Law Development to amend Model #880 at the 2019 Fall National Meeting. The Innovation and Technology (EX) Task Force drafted amendments to Model #880, focusing on Section 4H, to clarify what is considered a “rebate” or “inducement.” A drafting group was formed, led by Superintendent Elizabeth Kelleher Dwyer (RI), to develop language for exposure. The drafting group held its first meeting on Jan. 27, 2020, followed by three more meetings. Five drafts were discussed, and the drafting group disbanded on June 17, 2020. The draft coming out of that work was distributed and posted to the NAIC website.
for comment. The Innovation and Technology (EX) Task Force discussed the draft language during its meeting at the Summer National Meeting. Three more drafts, followed by comment periods, were published. During a meeting on Nov. 30, oral presentations were made by various commenters on the draft dated Oct. 30. Based on comments submitted Nov. 18 and during the Nov. 30 meeting, an updated draft was published on Dec. 2. The Task Force adopted the draft during its meeting on Dec. 4, and the Executive (EX) Committee adopted it on Dec. 9. The revised model will be considered by Executive (EX) Committee and Plenary on April 14, 2021.

Amendments to the Insurance Holding Company System Regulatory Act (#440) and the Insurance Holding Company System Model Regulation with Reporting Forms and Instructions (#450)—The Executive (EX) Committee approved a Request for NAIC Model Law Development for amendments to Model #440 and Model #450 at the 2020 Summer National Meeting. The Receivership Law (E) Working Group met six times in 2020 and 2021 to develop revisions to Section 5 of Model #440 and Section 19 of Model #450 that address the issue of continuation of essential services by affiliates in receivership. The Working Group will consider adoption of the amendments following the exposure period ending April 9, 2021.

New Model: Real Property Lender-Placed Insurance Model Act—The Executive (EX) Committee approved a Request for NAIC Model Law Development, submitted by the Property and Casualty Insurance (C) Committee, at the 2017 Summer National Meeting to draft the new Real Property Lender-Placed Insurance Model Act. The Lender-Placed Insurance Model Act (C) Working Group of the Property and Casualty Insurance (C) Committee exposed a draft of this proposed new model on Oct. 19, 2020, and adopted the model during its Nov. 13 meeting. The Property and Casualty Insurance (C) Committee adopted the model on Dec. 8, 2020, and the model will be considered by Executive (EX) Committee and Plenary on April 14, 2021.

New Model: Pet Insurance Model Law—The Executive (EX) Committee approved a Request for NAIC Model Law Development at the 2019 Summer National Meeting. The Pet Insurance (C) Working Group is meeting to draft the model law to define a regulatory structure for pet insurance and address issues such as: producer licensing; policy terms; coverages; claims handling; premium taxes; disclosures; arbitration; and preexisting conditions. The Working Group will request an extension of time to continue drafting the model during the Spring National Meeting. The Working Group has received comments on all sections of the new model and is now moving through revisions for final comment. The Working Group plans to consider adoption of the model later in 2021.

New Model: Pharmacy Benefit Manager (PBM) Model Law—The Executive (EX) Committee approved a Request for NAIC Model Law Development at the 2019 Summer National Meeting to draft a new model law addressing the licensure or registration of PBMs. The Pharmacy Benefit Manager Regulatory Issues (B) Subgroup of the Regulatory Framework (B) Task Force is drafting the model as a result of discussions that began during the Health Insurance and Managed Care (B) Committee’s work to revise the Health Carrier Prescription Drug Benefit Management Model Act (#22). Following the 2019 Summer National Meeting, the Working Group held several information-gathering sessions to assist it in working on its charge. The Working Group met in regulator-to-regulator session to discuss its next steps. The Working Group formed an ad hoc drafting group to develop an initial draft regulating PBMs. The Subgroup met July 16, 2020, to discuss a draft of establishing a PBM licensing requirement and other PBM provisions, including a gag clause provision. The Subgroup exposed the draft for a public comment period ending Sept. 1. The Subgroup discussed the comments received on the proposed new model during a series of meetings in September and October. The Subgroup adopted the proposed new model on Oct. 29 and forwarded it to the Regulatory Framework (B) Task Force for consideration of adoption. The Regulatory Framework (B) Task Force discussed the proposed new model during its Nov. 19 meeting. The Task Force deferred adopting the proposed new model and exposed it for an additional 30-day public comment period. The Task Force discussed the comments received on the proposed new model March 1 and adopted it March 18. The Health Insurance and Managed Care (B) Committee is expected to receive the new model during its April 12 meeting and defer adoption until it meets after the Spring National Meeting.