

“The Regulators”: Season 6, Episode 2: Reviewing the NAIC’s 2024 Strategic Priorities and More

(Preview) 2024 NAIC President and Connecticut Insurance Commissioner Andrew N. Mais: So, we need to educate consumers. Empower them to make informed decisions about coverage. ... The impact of the coverage gap is not just about numbers. It’s about people. ... As state insurance regulators, we have, and we will continue to take a multi-pronged approach to protecting consumers. ...

NAIC Chief Regulatory Affairs Officer Jeff Johnston: Welcome to “The Regulators,” a podcast where we break down important issues impacting consumers, the insurance industry, insurance markets, and, of course, insurance regulators. I’m your host, Jeff Johnston, chief regulatory affairs officer at the NAIC. I’m honored to be joined today by Connecticut Commissioner Andy Mais, the NAIC’s 2024 president. Recently, Commissioner Mais hosted a great episode with Director Lindley-Myers of the Missouri Department of Insurance. So, I’m feeling a bit of pressure following in your footsteps. So, we’ll see how this goes. Welcome back to “The Regulators” and congratulations on being elected to lead the NAIC in 2024.

2024 NAIC President and Connecticut Insurance Commissioner Andrew N. Mais: Thank you, Jeff. And in the interest of accuracy, I do have to say that last podcast with Director Lindley-Myers, she carried it. The host, he was horrible. So, you’re going to be great. The bar is really low, but thanks for having me here. It’s an exciting time for the NAIC.

Johnston: That relieves a little bit of the pressure. You recorded that episode with Director Lindley-Myers during the Fall National Meeting in Orlando. And time flies. Already, we’re back together here in Phoenix, Arizona, for the Spring National Meeting. We do have a twist with “The Regulators” podcast. We are amidst of a live studio audience, if you will. In a live hallway, I guess, more appropriately. We do have a special setup here that does include some “Regulators” swag. So, please feel free to stop by to pick up your lip balm or stress ball. I can’t quite see what we have on the table.

But, again, so, let’s get into the conversation. You’ve wasted no time getting rolling in your presidency. Last month, the NAIC released its 2024 strategic regulatory priorities, which includes five priorities. Of course, the NAIC, its work goes beyond these priorities, with significant work taking place across the various letter committees and task forces and so forth. Can you walk our listeners through the five priorities and why they’re so important?

Mais: Of course, Jeff. The five regulatory priorities will guide us as state insurance regulators in addressing the evolving issues and ensuring consumer protection at the national level. Sounds pretty basic, but that is what we do. We are here to protect consumers, and we are here as 56 different chief insurance regulators to make sure that no matter where you are in the United States—in the 50 states, the District of

Columbia, or the five territories—you know there is someplace you can turn. You know there is somebody in your corner. That's the basis for state insurance regulation.

The state-based system exists because we as state insurance regulators are the closest to the people in our states. We are best equipped. We have the best knowledge of what's happening in our markets. And when we come together, as we do here at the NAIC, what we can look at is a focused, we can create a focused approach that will align the regulatory efforts in each state. Will foster collaboration, analysis. And we coordinate action.

The five priorities are a start. The reason these five priorities are important is because the 56 members of the NAIC all agreed to it. We spend quite a bit of time going through the priorities, and we try to decide what is most important. As you mentioned, that's not all we will do, but these are the top-level items, and we will work to advance state-based solutions during the course of the year. And I'm going to go through a few of them. One is the marketing of insurance products. Now, if you're like me—well, actually, you're way too young to be like me.

Johnston: Too kind.

Mais: But people like me who may be getting way too close to Medicare age, or, I have a 94-year-old mother who lives with me. We've all seen those commercials that will promise you the world if you only sign up here, call this number, have this person help you get a Medicare Advantage plan. And then, later on, when it's done, and when you need coverage, it's not there, and we have a problem with that.

As state insurance regulators, we have, and we will continue to take a multi-pronged approach to protecting consumers against deceptive and misleading marketing strategies. We're going to coordinate efforts with Congress. With relevant federal agencies. I think if you've looked over the past year or so, you've seen we've made some changes in the, well, we've been able to foster some changes in the advertising. We're developing a tool at NAIC.org so consumers can check just basic information to see if producers are licensed and what additional information they can get on state insurance department websites.

And the one thing I will say, the one thing we will not stop asking for—I ask for every time I go to Washington—is for statutory or regulatory changes, so that states' regulatory authority over the Medicare Advantage market is restored and that we can help address protection gaps for older adults. And we as a society have to take care of the most vulnerable among us. And we as state insurance regulators, we are poised, and we have the desire to do so.

A bunch of other issues. There were, as I mentioned, there are five of them. Number two, I'm going to talk about insurer financial oversight and transparency. And that's pretty straightforward, because, you know, insurance is a business of trust. When you buy a policy as a consumer, doesn't matter when the event occurs that triggers that

policy. If it is five minutes or 50 years from now, you want to be sure that you are going to be paid. And that is what we regulate through solvency.

To be able to do that, we have to ensure that we have adequate financial oversight and that we as regulators adopt new metrics, adopt new standards, and adapt to evolving investment strategies. Certainly, we've seen that over the past decade or so, as things have changed with, as we've had the extended low-interest rate period now suddenly change into higher interest rates. But we have to make sure we understand everything that's going on.

In addition, we're implementing a modernized economic scenario generator and advancing, and this, you know, the asset adequacy framework, and that's under AG 53, Actuarial Guideline 53—the actuaries can tell you what it is; I can't—but the whole idea is to bring greater transparency and precision to the assessment of cash flows for insurers' structured, you know, securities holdings.

A big one that I think, and, talking to people all over the world as regulators, we all share: the use of AI by insurers and cyber risk. And that's really broad. That encompasses everything from AI being used for marketing, for underwriting, for claims. AI is a potentially great tool that can help reduce friction. It can help make products more affordable. It can help make products more easily available and more relevant. And we want to encourage that kind of innovation. What we do not want is for AI to perpetuate the biases of the past, and we want to be able to ensure that consumers in whose place we stand, that this AI system, wherever that AI system may be, it's treating them fairly.

And that's why we've supported the adoption of the model bulletin that was just released last year. And, certainly, in my own state, Connecticut, we issued, we just adopted it. But it is designed to tell insurers how we expect them to treat consumers, and that is ethically. We expect them to do that no matter which tool they use. And AI is another tool. It may be a difficult, we're at the start of the work with that tool, which is why we expect them to focus on it. And, of course, there's a question of cybersecurity.

We've all seen recently huge cyber intrusions. We want to make sure consumers are confident that their information is secure, that their information is private, that their information is safeguarded. So, that's part of what that strategy will focus on over the course of the year.

Another issue that we face, and if you look outside, certainly at my house, you'll be able to see it: climate risk. I live in a state that has a significant proportion of its property, of its insured property, near the coast. Not all of these—you know, rich people do own a bunch of these properties, we all know that. But there are lots of properties that have been in families for generations. And one of the saddest things I ever saw was in Florida, I think it was last year, when they had a hurricane, and it came through a relatively poor community. And there were a whole bunch of people in that community who were telling the members of the media who showed up after the disaster, when

their houses were destroyed, that they couldn't rebuild because they didn't have insurance, because they couldn't afford insurance. We have to be able to address that. We have to be able to close that gap. And we can do that by prioritizing mitigation, by promoting consumer education, and doing other collaboration to address these increased climate-related risks.

At the NAIC, we're launching a climate risk database to measure and to evaluate the protection gap. And we've got to have new resilience tools. We've got to have better pre-disaster mitigation funding. And for us as state regulators, who rely on information, we need to develop scenario analysis resources. And, for instance, in our Center for Insurance Policy and Research, we have the Center of Excellence for NatCat models. The past doesn't necessarily tell you what's going to happen anymore with climate change. For us to know what the effects of climate change will be, we have to look at these increasingly complex models. So, there is so much that we have to do. That's one way to do it. We need information. We need education. We need mitigation.

And the final one that I'm going to touch on today is a carryover again from last year: race and insurance, financial inclusion, and protection gaps. And you will hear an awful lot about that during the course of my year, because in my year I'm going to be focused on closing, my theme is Mind the Gap. It's minding the insurance gap. It's closing that coverage gap that exists on so many levels, whether it is for pension retirement funding or for coverage of your house in the event of a disaster. There is so much that we can do as regulators to encourage that the protection gap be closed. We've got to identify. We've got to focus on it. We have to promote financial inclusion so that various underrepresented communities or communities who have not been properly educated on the benefits of insurance are able to share, to understand and share in those benefits.

So, I know, long answer, but that's, it's going to be the center of our year. So, I thought it worthy of some detail.

Johnston: No. No, Commissioner, that was an excellent interview. And, yeah, as I'm sitting here, as you know, I've been involved in looking at these various priorities, and to myself, I'm saying, "Wow," in terms of the agenda, just the ambitious nature of it and the activity and collaborative work that's going to need to take place throughout your presidency. And I might add, just as an insight for our listeners. I mean, you have put together a top-notch team of commissioners to lead these various initiatives. So, I commend you and congratulate you on your selections with that team.

Mais: Thank you. That's my one talent. I can't actually do anything myself, but I know how to find people who can do it. That's what I do.

Johnston: Great group. Leadership in action. Pick back up on minding the insurance gap, quote unquote. As you alluded to, it's not only part of our strategic regulatory priorities but a personal theme of yours. As NAIC president this year, you have observed the impact of coverage gaps goes beyond statistics. We see a lot of that in the

press clippings. But addressing these gaps is going to require, you know, a collective effort. Significant collaboration. Can you speak to the broader effects coverage gaps have and how consumers, regulators, and the industry can work together more closely to address them?

Mais: Let me address that by pointing out where there wasn't a coverage gap, and that is a story I tell because it is a story that means so much to me and really struck me. One of the things for me is "how did you get into this industry?" Because, you know, we all know: not everybody grows up wanting to be in insurance. So, I always ask people, and I worked with one of the senior leaders at Deloitte in the insurance practice. And I asked her. We're chatting, and, you know, "How did you get into the industry?" And she told me that when she was a teenager, her father died, and he had a life insurance policy. And it was that policy that enabled her to go to college, to go to grad school, to become such a success in life. And that's what insurance is all about.

The impact of the coverage gap is not just about numbers. It's about people. It's about individuals. It's about families. It's about businesses. It's about economic growth. It's about innovation. It's about people. That's where it comes back to. And closing the gap is not going to be easy. We've got to bring everybody together. It has to be a holistic approach. We've got to have consumers. We've got to have regulators. We've got to have the industry. We all have to work together.

You know, that said, there are some particularly fundamental strategies that I think we need to work on. Consumer education is one of them. We need to enhance consumer education so consumers understand what insurance can do for them. It not only helps you go to work in the morning by covering your car and making sure that you have health insurance if something happens to you. It's also the life insurance, so you know that your family will be taken care of. There is so much more.

So, we need to educate consumers. Empower them to make informed decisions about coverage. And it is going to require, certainly from us, but also from industry, a commitment to innovation. We've done an awful lot the same way for an awful long time. We have tools to do things differently. We have tools to make sure that more products are available. More relevant products for more people. That's what I'm hoping for, and that's the kind of change I hope to drive over the course of my year.

Johnston: I can clearly sense your passion, you know, around this mindset relative to the gap. So, it will indeed take many, many different parts of the industry and the NAIC. We've covered many of the major challenges facing regulators in the industry up to this point, and I'm wondering whether there are other challenges you've got your eye on or other challenges you would urge your fellow commissioners to keep their eyes on?

Mais: There are always, always, always other challenges. And we're constantly discussing them. And some may be more important today than tomorrow. And that may change and change again. But part of what we have to do as insurance regulators is keep an eye on emerging risks so we can address them before they become really

damaging. Of course, you know, there are some threats that are so obvious in a world like ours where everything is interconnected.

I was actually in Phoenix on my way home from the—well, not home, to the hotel from the airport yesterday. I'm calling it home. That is so sad. On my way to the hotel from the airport, and the driver was showing me the car in front of me was a Waymo. And it's a fully automated vehicle that's driving. It's network dependent. Just like my, you know—and I don't know if I should use the word—but my Amazon Alexa or your Google Nest or whatever. There is so much that, in our world today, that's completely dependent on that interconnectedness that's available through the internet. Everything from your paycheck to the next McDonald's hamburger. So, cyber threats are huge, and we know there are both state actors and just basic criminals we need to watch out for.

We have to make sure that the rest of the data security and, too, operational integrity are addressed. Because this, insurance is a vital part of the financial sector and of our industrial sector in general. We need to make sure there is resilience, because people need to be able to depend on insurance. They can't have companies going down, you know, for months and not be able to get the payments that they need.

Now, part of what drives that, of course, geopolitical concerns. We all know, we've all seen what's happened. We've all seen the effects on our economy of what happened in Ukraine, for instance. We need to make sure that we keep monitoring that, and we keep making, you know, we have to see that the regulatory environment is there and able to address any such threats.

And probably the other big one is the one that hasn't changed. It's just where are we going to go next? Very recently, the latest jobs numbers and the latest inflation numbers came out. What does that mean in terms of the future of the economy, the macroeconomic environment? Constantly fluctuating. It's been a bit of a surprise. We have to keep monitoring that, and we will.

Johnston: Wow. No doubt we've got just a myriad of other major challenges hanging over our insurance markets and our efforts in protection of consumers. So, it sounds to me like vigilance is the key word as we move forward and watch our world continue to become more complex. In a previous episode, Rhode Island Director Beth Dwyer shared with listeners some of the leaders who have inspired her. Before wrapping up, I'd like to pose that question to you, as well. So, it could be someone in or out of public service, but are there any particular figures in your past or currently that you've looked to for inspiration?

Mais: I'll give you one person I found inspirational and that's the late Nelson Mandela. Mandela was such a great leader. And I look at what happened. This was a guy who was leading his people on the path to equality. He got thrown in jail. And yet when he came out, he wasn't bitter. He didn't focus on the past. He looked forward. He wanted to build a better world for everyone. And I think the ability to do that—to put the old hatreds aside, to move forward together to try to create a better world for everyone—it's

amazing. That kind of grace is incredible, and it inspires me. I keep thinking of that every time, you know, I need some inspiration.

Johnston: He's been an inspiration to many of us. So, yeah, that's very interesting. So, we are almost out of time. But it's a time-honored tradition for our guests to play a round of "Regulator Risk Roulette." We have six categories: Risky Business, Keep It Professional, Childish Things, Very Interesting, Getting Personal, and That's Entertainment. I think we have to go back to the first episode of season three for the last time you played the Roulette. So, are you ready to play?

Mais: Oh, no. They have that? Yes. Go right ahead.

Johnston: Okay. Well, let's spin the wheel.

(Wheel spins.)

Johnston: So, the category is Keep It Professional. So, the question is, what is the best professional advice anyone has ever given you?

Mais: That one's easy, and I've said this before. I remember talking to a reporter about this shortly after my daughter's, I think it was after my daughter's wedding. Yeah, it was after her wedding. It goes back to when I was a relatively new, well, not new, but I was a younger father. I had some hair. And my daughter was a teenager. And as a young teenage woman would, there are always ups and downs. And she came to me, and she was telling me about something that was going on. And as the father who wants to make the world better for his daughter, I gave her the advice, told her what she should do, and her response was, "Dad, shut up and listen." And I have taken that to heart. I don't think I could ever get better advice, and I thank my daughter for that to this day. She's still trying to bill me for it, but I thank her for that advice.

Johnston: Very good, Commissioner. Well, the Spring National Meeting here in Phoenix calls. Commissioner Mais, again, thank you for joining me on "The Regulators." I want to also thank our listeners, as well. Make sure to subscribe to "The Regulators" wherever you get your podcasts so you don't miss an episode. See you next time.