

Draft date: 6/09/23

Virtual Meeting

MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP

Thursday, June 22, 2023

11:00 a.m. – 12:00 p.m. ET / 10:00 – 11:00 a.m. CT / 9:00 – 10:00 a.m. MT / 8:00 – 9:00 a.m. PT

ROLL CALL

Erica Weyhenmeyer, Chair	Illinois	Martin Swanson	Nebraska
Rebecca Rebholz, Vice Chair	Wisconsin	Hermoliva Abejar	Nevada
Maria Ailor	Arizona	Leatrice Geckler	New Mexico
Crystal Phelps/Teri Ann Mecca	Arkansas	Guy Self	Ohio
Scott Woods	Florida	Gary Jones/August Hall/ Karen Veronikis	Pennsylvania
Paula Shamburger/ Elizabeth Nunes	Georgia	Rachel Moore/ Gwendolyn McGriff	South Carolina
Shannon Lloyd	Kansas	Larry D. Deiter/Candy Holbrook	South Dakota
Lori Cunningham	Kentucky	Shelli Isiminger	Tennessee
Mary Kwei	Maryland	Shelley Wiseman	Utah
Mary Lou Moran	Massachusetts	Melissa Gerachis/Will Felvey	Virginia
Jeff Hayden	Michigan	John Haworth	Washington
Paul Hanson	Minnesota	Letha Tate	West Virginia
Jennifer Hopper/Teresa Kroll	Missouri		

NAIC Support Staff: Teresa Cooper/Hal Marsh

AGENDA

1. Consider Adoption of its May 22 and May 30 minutes – *Erica Weyhenmeyer (IL)* Attachments 1 & 2
2. Discuss Market Conduct Annual Statement (MCAS) Directions for Determining When a Claim is Closed on the Private Passenger Auto and Homeowners Lines of Business – *Brett Bache (RI)* Attachment 3
3. Discuss MCAS Data Element Revision Process Timeline – *Erica Weyhenmeyer (IL)* Attachment 4
4. Discuss Any Other Matters Brought Before the Working Group – *Erica Weyhenmeyer (IL)*
5. Adjournment

Draft: 05/23/23

Market Conduct Annual Statement Blanks (D) Working Group
Virtual Meeting
May 22, 2023

The Market Conduct Annual Statement Blanks (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met May 22, 2023. The following Working Group members participated: Erica Weyhenmeyer, Chair (IL); Rebecca Rebholz, Vice Chair (WI); Crystal Phelps (AR); Maria Ailor and Tolanda Coker (AZ); Scott Woods (FL); Paula Shamburger (GA); Ron Kreiter (KY); Mary Lou Moran (MA); Jennifer Hopper, Teresa Kroll and Jo LeDuc (MO); Martin Swanson (NE); Ben Houck (OH); Karen Veronikis (PA); Shelli Isiminger (TN); Shelley Wiseman (UT); Melissa Gerachis (VA); John Haworth (WA); and Letha Tate (WV). Also participating was: Brett Bache (RI).

1. Adopted the Working Group's April 6 Minutes

The Working Group met on April 6 and 1) adopted revisions to the Market Conduct Annual Statement (MCAS) participation requirements; 2) adopted a clarification to the Other Health MCAS blank.

Haworth made a motion, seconded by Rebholz, to adopt the Working Group's April 6, 2023, minutes ([Attachment 1](#)). The motion passed unanimously.

2. Considered Adoption of the Pet Insurance MCAS Data Call and Definitions

Bache said the drafting group held about 15 meetings over 6 months to complete the drafting of the pet insurance MCAS blank. He said there were 40 to 45 participants including regulators, industry, consumer representative and media. He said the drafting group began with other MCAS blanks and tailored them to the pet insurance line of business. He said the group tried to balance the needs of regulators with the work required by companies to file the MCAS.

Birny Birnbaum (Center for Economic Justice—CEJ) said he supported the Working Group's adoption of the proposed MCAS Pet Insurance data elements and definitions. He acknowledged the constructive participation of a number of Pet Insurance industry representatives. Birnbaum identified two issues that surfaced during the work of the subject matter experts (SME) First, In pet insurance policies, there is an initial claimant requesting which eligibility is determined, and then there are subsequent benefit requests following the establishment of claimant eligibility. He said industry represented during SME discussions that they do not track claims in this manner, and that they are not able to report the overall claim eligibility separately from individuals' line items within a claim request. He said that industry represented that all items are reviewed when claims come in and some parts may be approved, some may be approved in part, and some may be disqualified or denied. He said this resulted in data elements asking the company to represent a percentage of the dollar amount they approved. Birnbaum believes it is important for regulators to understand the limitations to this way of reporting. Second, Birnbaum the MCAS blank requires companies to report claims experience by type of policy form rather than coverage. He said there are three major coverages found in a Pet Insurance policy—accident, illness, and wellness. He said the *Pet Insurance Model Act* (#633) identifies and treats differently accident claims from wellness claims. Birnbaum said industry represented they do not track claims experience by coverage and to do so would be a major effort. He said industry offered to report by type of policy, which effectively means one policy type accident and illness, because all pet insurance policies include accident and illness benefits. He said there is a separate category for stand-alone insurance just for wellness, but this is rare. He said that virtually all the experience is going to be reported in the accident and illness policy category, whether that benefit request is for accident, illness, or wellness. He said more

meaningful MCAS reporting would require claims experience reporting by all three separate coverages. He said this was suggested during the SME group meetings but industry argued this would be an unreasonable for them in the short term. He said that Pet Insurance MCAS reporting by coverage would be more useful for regulators.

Ailor said Arizona's comments were technical in nature. The only comment that required more discussion was the Wellness Program Definition. It appears to allow for differentiation based on if states have different defined definitions within their laws. She asked if that is to change, how it is going to be treated and how will insurance companies know what to report to which state and how that will be taken into consideration when developing the ratios. She said that if there are going to be differences in the definition by state that may impact the data reported by the insurers.

Bache stated this is something NAIC staff added to the definition afterwards so he is not sure how they would track that or change within the MCAS and whether that is going to be changed from year-to-year or how it would work. Teresa Cooper (NAIC) stated that the language was taken from the *Pet Insurance Model Act* (#633). She suggested removing the state specific references and only using the first and last sentences of the definition.

Birnbaum stated the entire definition for Wellness Program can be deleted. Wellness is defined in the *Pet Insurance Model Act* (#633) and is well understood. MCAS reporting is limited to wellness as insurance. He said it does not make a difference because the MCAS blank does not breakout claims by coverage. Everything is reported in the accident and illness policy category, whether it provides accident, illness, or wellness coverage. In order for a wellness claim to be reported the company will have to have filed and gotten approval for a separate insurance policy with wellness. He said that if they did that, they clearly understand what wellness is. He suggested deleting the definition.

Rebholz agreed with Cooper and suggested taking out the middle part, leaving the definition as is. She said it provides a little more description and clarity. She said there are Frequently Asked Questions (FAQ) that can be used in case questions start coming in on wellness programs. Bache agreed.

Birnbaum said the definition will lead people to believe a wellness program can be part of the policy. He said the first sentence of the definition is inconsistent with what is understood to be in a Pet Insurance policy.

Weyhenmeyer said the definition distinguishes a wellness program from wellness coverage in a policy. She said a wellness program is not part of the insurance policy, but it is referenced in the blank and should be defined.

Cooper said that if the definition does not specifically define a particular data element it can be addressed in an FAQ or adjusted later for clarity. Rebholz said interrogatory question 1.19 asks if a non-insurance wellness program is offered. She said this may be why the definition was included. Rodriguez said that data element 2.34 also references wellness included in the policy as opposed to wellness only.

Birnbaum suggested changing the title From Wellness Program to Non-Insurance Wellness Program. Rebholz and Bache agreed. Ailor agreed and suggested should the state-specific statements in the definition also be removed leaving only the first and last sentences.

Weyhenmeyer asked if the consensus is to remove the state-specific portions in the middle of the definition re-title it "Non-Insurance Wellness Program". Bache said that is correct.

LeDuc said she was uncomfortable making changes without time to consider the ramifications when there is a deadline to be met. She did not recall seeing the comments and has no time to think about the suggested revisions. LeDuc asked for copies of the comments to be distributed to the Working Group, interested regulators, and interested parties. Cooper said they would be and noted they are also posted on the Working Group's webpage. Rebholz asked if Cooper could redline this as an open suggested change that resulted from the Working Group's discussion. Cooper agreed to do so.

Cari Lee (North American Pet Health Insurance Association—NAPHIA) said they would like to be part of standardized ratio development. She said the data coming in may be a bit challenging in some areas but NAPHIA will be able to provide a lot of assistance. She also encourages the Working Group to re-evaluate the Pet Insurance MCAS on a regular basis after its been adopted to determine the usefulness of the data being reported. She said if there are interrogatories or data elements that regulators are not using it should be addressed and potentially removed on the MCAS, but she also suggested caution making revisions or additions in the initial years of data collection. She said it could take a couple of years to see what is happening with the data.

Weyhenmeyer said there will be another meeting scheduled prior to June 1 to consider adoption of the Pet Insurance MCAS blank.

3. Discuss Any Other Matters Brought Before the Working Group

Bache said that Rhode Island would like to discuss some definitions in the Private Passenger Auto and Homeowners MCAS blanks. He said it can wait until the Working Group is finishes its considerations of the Pet Insurance MCAS blank.

Having no further business, the Market Conduct Annual Statement Blanks (D) Working Group adjourned.

Draft: 6/15/23

Market Conduct Annual Statement Blanks (D) Working Group
Virtual Meeting
May 30, 2023

The Market Conduct Annual Statement Blanks (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met May 30, 2023. The following Working Group members participated: Erica Weyhenmeyer, Chair (IL); Rebecca Rebholz, Vice Chair (WI); Crystal Phelps (AR); Tolanda Coker (AZ); Scott Woods (FL); Paula Shamburger (GA); Shannon Lloyd (KS); Ron Kreiter (KY); Mary Lou Moran (MA); Salama Camara (MD); Jeff Hayden (MI); Jennifer Hopper and Teresa Kroll (MO); Jonathan Wycoff (NV); Guy Self (OH); Rachel Moore (SC); Shelli Isiminger (TN); Shelley Wiseman (UT); John Haworth (WA); and Theresa Miller (WV). Also participating was: Brett Bache (RI).

1. Adopted Revisions to the Pet MCAS Data Call and Definitions

Weyhenmeyer discussed the revisions made to the draft Pet Market Conduct Annual Statement (MCAS) data call and definitions as a result of comments received by the Working Group. In two instances, there was a copy-and-paste error where “travel” was used instead of “pet.” Those errors were corrected. Other revisions include: 1) the question referenced in interrogatory 15 was changed from 13 to 14; and 2) the Policy/Certificate was added to the definition of “Right to Examine and Return the Policy (Free Look).” Additionally, as a result of the discussion around the definition of “wellness program,” the term being defined was changed from “wellness program” to “noninsurance wellness program.” The middle section of the definition was also removed.

Birny Birnbaum (Center for Economic Justice—CEJ) stated his support for the draft edits.

Weyhenmeyer asked for a motion to adopt the draft Pet MCAS data call and definitions. The draft will be moved to the Market Regulation and Consumer Affairs (D) Committee for consideration for the 2024 data year reporting.

Rebholz made a motion, seconded by Haworth, to adopt the revisions to draft Pet MCAS data call and definitions. The motion passed unanimously.

2. Discussed MCAS Directions for Determining When a Claim is Closed on the Personal Property and Homeowners Line of Business

Bache said regarding claims displays, it has been noticed that different companies interpret when to report something as closed differently. Some companies are reporting claims as closed when they are closed in their internal systems. Other companies are reporting that claims are closed when the final payment is made. When looking at the MCAS definition, there were different definitions of when a claim is closed with payment. The definition of “median days” is when the final payment is made. This definition was put into place so all companies would have the same interpretation so the median days would be calculated correctly. The definition for “private passenger” and “homeowners” explains when the claim is closed in the system. That is where the difference of interpretation was coming from, and the actual data that was needed was not being received. Bache asked the Working Group to see if there was any clarification. Bache’s comments will be shared with the Working Group for review.

Having no further business, the Market Conduct Annual Statement Blanks (D) Working Group adjourned.

SharePoint/Market Regulation - Home/D Working Groups/MCAS Blanks WG/2023/WG Mtg 0530/MCAS Blanks WG Minutes May 30.docx

NAIC MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP
Changes/Additions to Approved Blanks and Data Call and Definitions
Proposal Submission Form

NAIC USE ONLY

Proposal Submission Date: 4/26/2023	
Proposed Effective Data Year for Reporting: 2025 Data Year	
Proposed <input type="checkbox"/> Substantive Change <input checked="" type="checkbox"/> Non-Substantive Change/Clarification	
Proposal Number	2023.1
Proposal Status	<u>All Submissions</u> <input checked="" type="checkbox"/> Received – Date 4/26/2023 <input checked="" type="checkbox"/> Accepted <input type="checkbox"/> Rejected by MCAS Blanks WG Chair <input type="checkbox"/> Posted to Web Page for Public Exposure/Comment – Date Click or tap to enter a date. <input type="checkbox"/> Referred to Another NAIC Group – Date Click or tap to enter a date. – Name of Group Click or tap here to enter text. <input type="checkbox"/> Adopted <input type="checkbox"/> Modified <input type="checkbox"/> Rejected <input type="checkbox"/> Deferred by WG – Date Click or tap to enter a date. <u>Substantive Revisions</u> <input type="checkbox"/> Adopted <input type="checkbox"/> Rejected by D Committee – Date Click or tap to enter a date. <input type="checkbox"/> Adopted <input type="checkbox"/> Rejected by EX/Plenary – Date Click or tap to enter a date. <input type="checkbox"/> Other – Date Click or tap to enter a date. Specify Click or tap here to enter text.
NAIC Staff Input	Teresa Cooper / Hal Marsh

Proposal Contact Information

Name of Contact Person	Brett Bache
Name of Organization	Rhode Island Insurance Division
Email Address	Brett.Bache@dbr.ri.gov
Phone Number	401-462-9612
Affiliation Type	<input checked="" type="checkbox"/> State Regulator <input type="checkbox"/> NAIC Staff <input type="checkbox"/> Other Regulator <input type="checkbox"/> Reporting Company <input type="checkbox"/> Industry Trade Association <input type="checkbox"/> Consumer Representative <input type="checkbox"/> Other

PROPOSAL IS FOR: Data Element Data Definitions Data Validation

APPLICABLE LINE(S) OF BUSINESS:

- | | | |
|--|--|--|
| <input type="checkbox"/> Annuity | <input type="checkbox"/> Lender Placed Auto and Home | <input type="checkbox"/> Private Flood |
| <input type="checkbox"/> Disability Income | <input type="checkbox"/> Life | <input checked="" type="checkbox"/> Private Passenger Auto |
| <input type="checkbox"/> Health | <input type="checkbox"/> Long-Term Care | <input type="checkbox"/> Travel |
| <input checked="" type="checkbox"/> Homeowners | <input type="checkbox"/> Other Health | <input type="checkbox"/> STLD |

PROVIDE A CONCISE STATEMENT OF THE PROPOSED CHANGE:

Clarify the language used for the definitions of “Date of Final Payment” and “Median Days to Final Payment” to avoid confusing companies on when to report a claim as closed.

PROVIDE THE REASON FOR THE CHANGE:

It has been observed the P&C companies differ in how and when they close claims within their systems, and depending upon their process, their MCAS data may appear to show claims processing issues which may or may not be accurate. The definitions for Date of Final Payment and Median Days to Final Payment differ on when to report a claim as closed, which may be confusing for companies. The Date of Final Payment definition says to report a claim as closed only when it has been closed in the company’s claims system. The

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Changes/Additions to Approved Blanks and Data Call and Definitions
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definition of Median Days to Final Payment says to report a claim as closed once final payment has been made.

The proposal is to request further discussion on how to resolve the issue and ensure consistent data. Possible solutions include clarifying the language used to define “Date of Final Payment” and “Median Days to Final Payment” or to add an interrogatory that asks the carrier how they determine the date the claim closed.

IF ADDITIONAL DOCUMENTS CONTAIN DEFINITIONS, BLANK MOCK-UPS, ETC, PROVIDE A LISTING OF THESE DOCUMENTS BELOW. SEND THE LISTED DOCUMENTS TO NAIC STAFF ALONG WITH THE COMPLETED FORM:

Click or tap here to enter text.

Market Conduct Annual Statement Data Element Revision Process

Adopted by the
Market Conduct Annual Statement Blanks (D) Working Group on
May 10, 2018

The following establishes the procedures of the Market Regulation and Consumer Affairs Committee's Market Conduct Annual Statement Blanks (D) Working Group (hereinafter "MCAS Blanks WG") with respect to: a) Development of new Market Conduct Annual Statement (MCAS) interrogatories, data elements, and definitions for the collection of data for new approved lines of business; and b) Proposed changes to the MCAS data elements for existing lines of business. The procedures are for substantive changes only—such as the addition of data elements or significant (non-technical) changes to their definitions.

1. MCAS Blanks WG may consider relevant changes to the annual statement blank and instructions at any scheduled working group conference call or meeting. The MCAS Blanks WG chair will determine which suggested changes are considered.
2. Suggested changes and amendments to the Market Conduct Annual Statement data elements or definitions may be submitted to the NAIC support staff for MCAS Blanks WG at any time during the year.
3. All recommended changes shall include all of the following:
 - a concise statement of the proposed change;
 - the statement type of the suggested change (Life and Annuity, Property and Casualty, Long Term Care, Health, etc.);
 - the reason for the change; and
 - any supporting information relating to the change.
4. Changes that have been adopted by the MCAS Blanks WG prior to June 1 and subsequently adopted by the Market Regulation and Consumer Affairs (D) Committee by August 1 and by the NAIC Plenary by December 31 of the same year will become effective for the following year's experience reporting.
5. If the MCAS Blanks WG or the D Committee do not adopt a recommended change by their respective date (June 1 or August 1), any adopted change will be effective the second calendar year after the adoption of the change. (For example, if MCAS Blanks WG adopts a change during July 2017 and the D Committee adopts it in September 2017, the change will be effective January 1, 2019 and would be reported in the data filed in 2020).
6. All suggested changes will be made available for comment at least 30 days prior to adoption by the Market Regulation and Consumer Affairs D Committee.