

Date: 8/15/22

*Virtual Meeting*

**MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP**

Wednesday, August 24, 2022

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	Jennifer Hopper/Teresa Kroll	Missouri
Rebecca Rebholz, Vice Chair	Wisconsin	Martin Swanson	Nebraska
Maria Ailor	Arizona	Hermoliva Abejar	Nevada
Crystal Phelps/Teri Ann Mecca	Arkansas	Leatrice Geckler	New Mexico
Scott Woods	Florida	Guy Self	Ohio
Paula Shamburger/ Elizabeth Nunes	Georgia	Gary Jones/August Hall/ Jeffrey Arnold	Pennsylvania
October Nickel	Idaho	Rachel Moore	South Carolina
Tate Flott	Kansas	Larry D. Deiter/Candy Holbrook	South Dakota
Lori Cunningham	Kentucky	Shelli Isiminger	Tennessee
Dawna Kokosinski	Maryland	Shelley Wiseman	Utah
Mary Lou Moran	Massachusetts	Melissa Gerachis/Will Felvey	Virginia
Jill Anne Huisken	Michigan	John Haworth/Jason Carr	Washington
Paul Hanson	Minnesota	Letha Tate	West Virginia

NAIC Support Staff: Teresa Cooper/Hal Marsh

**AGENDA**

1. Consider Adoption of its July 21 Minutes—*Erica Weyhenmeyer (IL)* Attachment 1
2. Consider a Health Market Conduct Annual Statement (MCAS) Filing Deadline Proposal Presented by Joseph E. Zolecki (Blue Cross Blue Shield Association—BCBSA) and Samantha Burns (America’s Health Insurance Plans—AHIP)—*Erica Weyhenmeyer (IL)*
3. Consider the Travel Data Element Addition Proposed by the Market Analysis Procedures (D) Working Group—*Erica Weyhenmeyer (IL)* Attachment 2
4. Consider the Short-Term, Limited-Duration (STLD) Insurance Data Element Addition Proposed by the Market Analysis Procedures (D) Working Group—*Erica Weyhenmeyer (IL)* Attachment 3
5. Discuss the MCAS Lawsuit Definition—*Erica Weyhenmeyer (IL)* Attachment 4

6. Discuss Any Other Matters Brought Before the Working Group  
—*Erica Weyhenmeyer (IL)*

7. Adjournment

Draft: 8/3/22

Market Conduct Annual Statement Blanks (D) Working Group  
Virtual Meeting  
July 21, 2022

The Market Conduct Annual Statement Blanks (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met July 21, 2022. The following Working Group members participated: Erica Weyhenmeyer, Chair (IL); Rebecca Rebholz, Vice Chair (WI); Maria Ailor (AZ); Scott Woods (FL); Heidi Walker (GA); October Nickel (ID); Tate Flott (KS); Lori Cunningham (KY); Dawna Kokosinski (MD); Jeff Hayden (MI); Jennifer Hopper, Jo LeDuc, and Teresa Kroll (MO); Martin Swanson (NE); Guy Self (OH); Jeffrey Arnold (PA); Rachel Moore (SC); Shelli Isiminger (TN); Shelley Wiseman (UT); Melissa Gerachis (VA); and John Haworth (WA). Also participating was: Mary Kay Rodriguez (WI).

1. Adopted its May 26 Minutes

The Working Group met May 26 and took the following action: 1) adopted its April 28 minutes; 2) adopted the life Market Conduct Annual Statement (MCAS) edits for accelerated underwriting (AU); 3) adopted the other health MCAS data call and definitions; 4) adopted edits to the lawsuit definition for the home and auto MCAS; and 5) reviewed its charges and process for submitting requests for edits to the MCAS data call and definitions.

Mr. Swanson made a motion, seconded by Mr. Haworth, to adopt the Working Group's May 26 minutes. The motion passed unanimously.

2. Heard a Presentation from AHIP and the BCBSA on a Filing Deadline Proposal for the Health MCAS

Samantha Burns (America's Health Insurance Plans—AHIP) stated she and Joseph Zolecki (Blue Cross Blue Shield Association—BCBSA) would be giving a presentation today, representing the health industry interested parties group. She stated the group is comprised of single and multistate licensed health insurers and administrators, representing comprehensive major medical and managed health care carriers of all sizes, across the U.S. Ms. Burns stated AHIP members share the NAIC's goal to deliver health MCAS and request having an annual filing date that is mutually satisfactory for state insurance regulators and health carriers. She stated having a uniform MCAS filing deadline should not outweigh the need for reporting useful and reliable data for the health MCAS.

Ms. Burns stated the health MCAS is fundamentally different from other MCAS lines of business; it is more complex and manual in nature and significantly more voluminous. She stated the request being made in this presentation is that the June 30 filing deadline be maintained as the permanent filing deadline for the health MCAS. She provided some history of the health MCAS and explained that in October 2019, the Working Group approved what was a compromise position to make June 30 the filing deadline for data submission years of 2020, 2021, and 2022, with an industry option to request a reevaluation of the deadline beyond 2022. She stated the filing deadline will revert to April 30 with the 2023 submissions for data year 2022 if the June 30 date is not extended. Ms. Burns stated the health line of business has more data and is less automated. She stated the health line of business has four times as many data elements as homeowners and life, three times as many as long-term care (LTC), and four or more times data stratifications as the other lines of business. She stated health carriers also processed significantly more claims than claims filed for other lines of business.

Mr. Zolecki stated health claims processing requires significant time. He stated one of the key drivers for the health MCAS is the Supplemental Health Care Exhibit (SHCE), which carriers must file by April 1. He stated this report is a baseline carriers use to determine which states and even which carriers require an MCAS report. He stated when a carrier pulls data, the data is broken out by sub-stratification, and that is a complex process because it goes across all the carriers' memberships and systems, which is why carriers typically use the account stratification from the SHCE as a starting point for the MCAS. Mr. Zolecki stated data is brought in from multiple data sources and that those processes vary by company. He explained that external data processing is a factor to consider because some of the more extensively regulated and restricted products, such as behavioral health, are disproportionately complex and time-consuming compared to other MCAS lines of business. He stated behavioral health data is often held externally, which requires initial data retrieval from external sources, data matching to existing members, and policies on carriers' internal databases, which is followed by multiple iterations of testing and validation to ensure overall data accuracy and completeness.

Mr. Zolecki stated the health line is further unique and complex due to the timing of other mandatory state and federal reporting requirements, which enhances the challenges with an April 30 deadline. He provided examples of the prescription drug data collection report, which is required by the federal Consolidated Appropriations Act, Section 204, which is due June 1, and the mandatory federal and state rate and filings that many health carriers are subject to for the federal Affordable Care Act (ACA), which further stress the carriers' resources and systems. He stated the electronic data transaction sets are significantly larger for health, which is a direct reflection of the complexity of health care as a business. Mr. Zolecki stated a lot of progress toward automating has been made, but he added that full automation is likely not possible anytime soon. He stated that each year, issuers review their business and the inputs to determine what should be considered in the annual filing, and that much of that work begins in the first quarter of the year in order to be fully inclusive. He stated extensive validation of the data is required and that extensive logic testing is performed. He stated the detailed validation is extremely time-consuming and necessary in order to produce the most accurate and complete health MCAS reporting. Mr. Zolecki stated the uploading process can be time-consuming because of file size limitations for larger carriers, and he added that the health MCAS is a statistical report, not a financial report. He stated health carriers have continued to receive requests from state insurance regulators to compare or correlate health MCAS information or scorecard ratios to financial annual statement information. He stated having additional education and training in this area would be beneficial for everyone.

Ms. Burns stated that given the vast amount of data that is required to produce the health MCAS, the June 30 deadline increases the accuracy and avoids false identification outliers that cause unnecessary and additional work for both carriers and state insurance regulators. She stated considering that market conduct exams are more targeted reviews initiated by outlier MCAS ratios, having a June 30 date to have more reliable data would be preferable and would likely decrease extension requests.

Mr. Haworth stated he thinks it would be best to proceed with the current plan to have the 2023 health MCAS deadline coincide with April 30 as that is the date that was previously discussed by the Market Regulation and Consumer Affairs (D) Committee, and it makes it a lot easier for national market analysis through other Working Groups to have it earlier in the year. He stated when data is received in June, verification goes through September. He stated they are finding companies that file their financial annual statements incorrectly and saying they offer products they do not even have, which causes issues when MCAS reviews start taking place.

Mr. Swanson stated that the health line of business is different and that the data accumulated for the health plans does take longer for it to be done right since there is so much more of it. He stated he is agreeable with keeping the June 30 deadline.

Ms. LeDuc stated the timespan between the reporting of all the other MCAS lines of business being April 30 and the health line of business being June 30 complicates things when they are trying to plan their activities for the upcoming year because they do not have the whole picture and are unable to determine how to best use their resources. She stated she would like to see an earlier date than June 30 but could see the concerns with April 30 being the deadline for the health MCAS.

Ms. Weyhenmeyer stated because there are differing opinions on this issue being presented, a comment period will be opened and that a vote will take place. She stated Working Group members should be prepared for a roll vote on this matter. Ms. Ailor asked when a decision needs to be made, and Ms. Cooper stated it needs to be made before data call letters are sent out, which is done in December, but preferably sooner.

Mr. Zolecki stated having a decision as soon as possible would be beneficial for companies. Ms. Weyhenmeyer stated the Working Group's next meeting is scheduled for Aug. 24 and that the comment period will be opened now through Aug. 19. She said a vote will take place at the next meeting regarding the health MCAS deadline. Mr. Flott asked if the slide deck shared by Mr. Zolecki and Ms. Burns could be shared, and Ms. Cooper stated the slides would be posted for review.

### 3. Reviewed the Travel Data Element Addition Proposed by the Market Analysis Procedures (D) Working Group

Ms. Weyhenmeyer stated the Market Analysis Procedures (D) Working Group is charged with creating standard ratios for each of the MCAS lines of business. She stated while discussing ratios for the travel line of business, the Working Group found that it would be desirable to have the "policies in force during the reporting period" added to the travel underwriting activity section of reporting within the travel MCAS blank.

Mr. Helder stated the proposal is that a data element be added for "policies in force during the reporting period." He stated the reason for this proposal is to be able to develop ratios for cancellations and complaints. He stated because of the way travel insurance is written, it is difficult to get a good number for policies unless the data element for "policies in force during the reporting period" is used as the denominator in a ratio.

Ms. Weyhenmeyer stated this data element would be added to the travel MCAS reporting in the 2024 data year reported in 2025 if adopted.

Ms. LeDuc stated that what is being collected for policy counts currently is the number in force at the beginning of the period and the number in force at the end of the period. She stated there are policies purchased during the period that are not captured in the start or the end time frame, which leaves a gap and hampers the ability to formulate some ratios. She stated travel insurance policies are unique in that someone could purchase a policy today, travel tomorrow, and then the coverage ends. She stated other than the premium written, that policy may not be reflected in the statement unless there happened to be a claim filed.

Duke de Haas (Allianz Global Assistance) asked for clarification and if the data element being sought was the total number of policies written or the total number of policies in force as of a certain date. Mr. Helder stated the travel MCAS already has data elements for policies in force at the beginning and end of the period, but that policies that may begin in February and end in February are not being captured because they began and ended during the reporting period. He stated it is the policy count in force during the reporting period that is being sought.

Ms. Weyhenmeyer stated a comment period will be opened now through Aug. 19, and a vote will take place during the Working Group's next meeting on Aug. 24 regarding whether to add this data element to the travel MCAS.

4. Reviewed the STLDI Data Element Addition Proposed by the Market Analysis Procedures (D) Working Group

Ms. Weyhenmeyer stated the Market Analysis Procedures (D) Working Group is proposing the addition of a data element for “dollar amount of claims paid during the reporting period” within the claims section of the short-term, limited-duration insurance (STLDI) MCAS blank.

Mr. Helder stated for STLDI, there is no way for analysts to get the dollar amount of claims off the financial annual statement and that if the data element for “dollar amount of claims paid during the reporting period” was added to the MCAS, the ability to calculate loss ratios for the companies would be available.

Ms. Weyhenmeyer stated this data element would be added to the STLDI MCAS reporting in the 2024 data year reported in 2025 if adopted. She stated a comment period will be opened now through Aug. 19, and a vote will take place during the Working Group’s next meeting on Aug. 24 regarding whether to add this data element to the STLDI MCAS.

Having no further business, the MCAS Blanks (D) Working Group adjourned.

SharePoint/Market Regulation - Home/D Working Groups/MCAS Blanks WG/2022/WG Mtg 0721/MCAS Blanks WG Minutes July 21

**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: 6/23/2022	
Proposed Effective Data Year for Reporting: 2024 Data Year	
Proposed <input checked="" type="checkbox"/> Substantive Change <input type="checkbox"/> Non-Substantive Change/Clarification	
Proposal Number	Click or tap here to enter text.
Proposal Status	<u>All Submissions</u> <input checked="" type="checkbox"/> Received – Date 6/23/2022 <input 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	Click or tap here to enter text.

## Proposal Contact Information

Name of Contact Person	Randy Helder
Name of Organization	NAIC – Market Analysis Procedures (D) Working Group
Email Address	rhelder@naic.org
Phone Number	Click or tap here to enter text.
Affiliation Type	<input type="checkbox"/> State Regulator <input checked="" 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 type="checkbox"/> Private Passenger Auto |
| <input type="checkbox"/> Health            | <input type="checkbox"/> Long-Term Care              | <input checked="" type="checkbox"/> Travel      |
| <input type="checkbox"/> Homeowners        | <input type="checkbox"/> Other Health                | <input type="checkbox"/> STLD                   |

## PROVIDE A CONCISE STATEMENT OF THE PROPOSED CHANGE:

Addition of the following data element to Schedule 4—Underwriting: Policies in Force During the Reporting Period.

## PROVIDE THE REASON FOR THE CHANGE:

The data element will aid in analysis and provides an alternative value for standard Travel MCAS ratios. The data element will aid in analysis and provide a more useful denominator for potential ratios measuring cancellations and complaints

**NAIC MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP**  
**Changes/Additions to Approved Blanks and Data Call and Definitions**  
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Proposal Status	<u>All Submissions</u> <input checked="" type="checkbox"/> Received – Date 6/23/2022 <input 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	Click or tap here to enter text.

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PROPOSAL IS FOR:  Data Element     Data Definitions     Data Validation

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- |  |  |   |
|--|--|---|
| <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 type="checkbox"/> Private Passenger Auto |
| <input type="checkbox"/> Health            | <input type="checkbox"/> Long-Term Care              | <input type="checkbox"/> Travel                 |
| <input type="checkbox"/> Homeowners        | <input type="checkbox"/> Other Health                | <input checked="" type="checkbox"/> STLD        |

## PROVIDE A CONCISE STATEMENT OF THE PROPOSED CHANGE:

Addition of the following data element to Schedule 4 – Claims Administration: Dollar Amount of Claims Paid During the Reporting Period.

## PROVIDE THE REASON FOR THE CHANGE:

This information is not available in the Financial Annual Statement and would enable analysts to calculate the loss ratio.



**MCAS Lawsuit Definition Information:**

The definition below was first adopted for the Long-Term Care Market Conduct Annual Statement (MCAS). The Long-Term Care MCAS Blank and Definitions were adopted in Fall 2012. The Long-Term Care MCAS data was first reported for the 2014 data year.

Questions have been raised regarding the usefulness of the highlighted bullet within the lawsuit definition.

**Lawsuit**—An action brought in a court of law in which one party, the plaintiff, claims to have incurred a loss as a result of the action of another party, the defendant.

For purposes of reporting lawsuit in the MCAS blank:

- Include only lawsuits brought by an applicant for insurance, a policyholder or a beneficiary as a plaintiff against the reporting insurer or its agent as a defendant;
- Include all lawsuits, whether or not a hearing or proceeding before the court occurred;
- Do not include arbitrations of any sort;
- If one lawsuit seeks damages under two or more policies, count the number of policies involved as the number of lawsuits. For example, if one lawsuit seeks damages under three policies, count the action as three lawsuits;
- If one lawsuit has two or more complainants, report the number of complainants as the number of lawsuits. For example, if one lawsuit has two complainants, report two lawsuits. If the lawsuit is a class action, see instructions for treatment of class action lawsuits;
- Report a lawsuit in the jurisdiction in which the policy was issued with the exception of class action lawsuits;
- Treatment of class action lawsuits: Report the opening and closing of a class action lawsuit once in each state in which potential class members reside. Include an explanatory note with your submission stating the number of class action lawsuits included in the data and the general cause of action.

The following table contains information related to the use of the lawsuit definition bullet that is in question.

Line of Business	First Data Year Collected	First Data Year with Lawsuit Data	First Data Year with Questioned Lawsuit Definition Bullet
Homeowner	2010	2010	NA
Private Passenger Auto	2010	2010	NA
Life	2010	2021	2021
Annuity	2010	2021	2021
Long-Term Care*	2014	2014	2014
Health	2017	NA	NA
Lender Placed Home & Auto	2018	2018	2018
Disability Income	2019	2019	2019
Private Flood	2020	2020	2020
Travel	2022	2022	2022
Short-Term Limited Duration	2022	2022	2022
Other Health	2023	2023	2023

**\*Bullet first introduced with the Long-Term Care Line of Business**