

Draft date: 9/28/23

Virtual Meeting

MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP

Tuesday, October 10, 2023

3:00 – 4:00 p.m. ET / 2:00 p.m. – 3:00 p.m. CT / 1:00 – 2:00 p.m. MT / 12:00 – 1:00 p.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
Raymond Guzman	Maryland	Shelley Wiseman	Utah
Mary Lou Moran	Massachusetts	Melissa Gerachis/Will Felvey	Virginia
Jeff Hayden	Michigan	John Haworth/John Kelcher	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 August 24 Minutes—*Erica Weyhenmeyer (IL)* Attachment 1
2. Report Results and Consider Adoption of September 18 Electronic Vote Minutes —*Erica Weyhenmeyer (IL)* Attachment 2
3. Consider reporting of closed claims for Property & Casualty MCAS Lines of Business—*Erica Weyhenmeyer (IL)* Attachment 3
4. Consider the MCAS Data Element Revision Process Timeline —*Erica Weyhenmeyer (IL)* Attachment 4
5. Discuss Any Other Matters Brought Before the Working Group —*Erica Weyhenmeyer (IL)*
6. Adjournment

Draft: 9/6/23

Market Conduct Annual Statement Blanks (D) Working Group
Virtual Meeting
August 24, 2023

The Market Conduct Annual Statement Blanks (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met Aug. 24, 2023. The following Working Group members participated: Erica Weyhenmeyer, Chair (IL); Rebecca Rebholz, Vice Chair (WI); Crystal Phelps (AR); Scott Woods (FL); Paula Shamburger and Elizabeth Nunes (GA); Shannon Lloyd (KS); Lori Cunningham (KY); Salama Karim-Camara (MD); Jeff Hayden (MI); Jennifer Hopper and Jo LeDuc (MO); Robert McCullough (NE); Guy Self (OH); Karen Veronikis (PA); Tony Dorschner (SD); Shelli Isiminger (TN); William Stimpson (UT); Melissa Gerachis (VA); John Kelcher (WA); and Letha Tate (WV). Also participating were: Nick Gill (CT); and Brett Bache (RI).

1. Adopted its July 19 Minutes

The Working Group met July 19 to: 1) discuss the reporting of closed claims for private passenger auto (PPA) and homeowners lines of business; and 2) discuss the Market Conduct Annual Statement (MCAS) Data Element Revision Process Timeline.

Shamburger made a motion, seconded by Phelps, to adopt the Working Group's July 19 minutes (Attachment **XX**). The motion passed unanimously.

2. Considered the Reporting of Closed Claims for PPA and Homeowners Lines of Business

Weyhenmeyer stated that the purpose is to clarify the reporting of claims closed with payment by updating the data elements to quote the number of claims closed in a system with the date of final payment within X number of days. Pennsylvania submitted comments in agreement with the proposed clarification of the data element wording. Also received were comments from Jo LeDuc (MO) urging the Working Group to consider expanding the request beyond PPA and homeowners. Weyhenmeyer agreed that there are other lines of business with this same issue, specifically lender-placed home and auto, private flood travel, disability income, and life.

Maria Ailor (AZ) stated that many reporting companies rely on external entities to process claims and gather data from these entities. She posed the following questions: 1) whether this revision is going to be inclusive of these external entities; and 2) whether the data element change is included in the system.

Rebholz said she believes it makes sense to wait to adopt the new language and data elements until there is a clear definition. She suggested that this discussion be put on hold until the definition is exactly how the Working Group wants it.

Bache said as far as closed within the system, that wording is used in the clarification within the system. The homeowners and PPA data column definitions have the date of final payment, as well as a calculation clarification. It specifies reporting a claim as closed with payment or closed without payment. If it is closed in the company's claims system during the reporting period, that is when the converting claims system is being used.

Ailor said there have been challenges from certain companies in the reporting requirements because they rely on third parties.

LeDuc said to not run into unnecessary changes and confusion, the Working Group should do this all at once since it has time.

Bache said he will revise the proposal form, and this topic will move forward at the next Working Group meeting.

3. Considered Possible Edits to the MCAS Data Element Revision Process Timeline

LeDuc said she advocates for a firm deadline for the subject matter experts (SMEs) to get their work to the Working Group so there is adequate time to review the proposal, submit comments, and debate. She said she is still in favor of a hard deadline for new business or new lines of business, and she does not see a need for hard and fast deadlines for revisions.

Weyhenmeyer and Rebholz will be working on the language for the definition of “time revision” to the MCAS Data Element Revision Process Timeline.

4. Considered a May 31 MCAS Filing Deadline for Other Health and STLD

Veronikis said having one consistent deadline for all Health and Short-Term, Limited-Duration (STLD) MCAS submissions would make it easier for the companies to be tracked for market analysis.

Ailor made a motion, seconded by Gerachis, to make the adjustment to the MCAS filing deadline. The motion passed unanimously.

5. Discussed Other Items

Randy Helder (NAIC) asked the Working Group to take a look at duplicate data elements in the Health Blank. Data elements number 54 and 61 are essential, and numbers 58 and 62 ask the same question. Helder asked for the Working Group’s approval to remove the duplicates.

Hopper said she would like to look at the blank in its entirety.

Weyhenmeyer said an email will be sent out to the Working Group, state insurance regulators, and all interested parties regarding the duplicates. A vote will then be conducted via email before the Working Group’s next meeting.

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

SharePoint/Market Regulation – Home/D Working Groups/MCAS Blanks WG (TES)/2023 MCAS Blanks WG/WG Mtg 0824

Market Conduct Annual Statement Blanks (D) Working Group
E-Vote
September 18, 2023

The Market Conduct Annual Statement (MCAS) Blanks (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee conducted an e-vote that concluded Sept. 18, 2023. The following Working Group members participated: Teri Ann Mecca (AR); Scott Woods (FL); Paula Shamburger (GA); Shannon Lloyd (KS); Mary Lou Moran (MA); Raymond Guzman (MD); Jeff Hayden (MI); Paul Hanson (MN); Jo LeDuc (MO); Martin Swanson (NE); Guy Self (OH); Karen Veronikis (PA); Rachel Moore (SC); Shelli Isiminger (TN); Shelley Wiseman (UT); Melissa Gerachis (VA); John Haworth (WA); and Letha Tate (WV).

1. Adopted a Motion to Remove Duplicate Data Elements from the MCAS Other Health Blank

The Working Group considered data elements #54 and #61. Both data elements ask for covered lives impacted by cancellations initiated by the policyholder/certificated holder during the period:

- **Data element #54:** the number of covered lives on policies/certificates cancelled at the initiation of the policyholder/certificate holder during the period.
- **Data element #61:** the number of covered lives impacted on terminations and cancellations initiated by the policyholder/certificate holder.

A quorum of the Working Group members voted in favor of adopting the motion, which will allow for the removal of data element #54 from the MCAS other health blank. The motion passed.

2. Adopted a Motion to Remove Duplicate Data Elements from the MCAS Other Health Blank

The Working Group considered data elements #58 and #62. Both data elements ask for covered lives impacted by cancellations resulting from nonpayment:

- **Data element #58:** the number of covered lives on policies/certificates by the company due to non-payment of premium during the period.
- **Data element #62:** the number of covered lives impacted on terminations and cancellations due to nonpayment.

A quorum of the Working Group members voted in favor of adopting the motion, which will allow for the removal of data element #58 from the MCAS other health blank. The motion passed.

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

SharePoint/Market Regulation – Home/D Working Groups/MCAS Blanks WG (TES)/2023 MCAS Blanks WG/WG Mtg 1010

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: 9/12/2023	
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 checked="" type="checkbox"/> Lender Placed Auto and Home | <input checked="" 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 checked="" 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:

Proposed data element wording changes for Homeowners (2-27 – 2/38), Private Passenger Auto (2-33 – 2-44), Lender Place Auto and Home (2-36 – 2-47), Private Flood (2-58 – 2-69), and Travel (2-23 – 2-28) (no new elements are proposed):

Number of claims closed in your system with the date of final payment within 0-30 days

Number of claims closed in your system with the date of final payment within 31-60 days

Number of claims closed in your system with the date of final payment within 61-90 days

Number of claims closed in your system with the date of final payment within 91-180 days

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Number of claims closed in your system with the date of final payment within 181-365 days

Number of claims closed in your system with the date of final payment beyond 365 days

Number of claims closed in your system without payment within 0-30 days

Number of claims closed in your system without payment within 31-60 days

Number of claims closed in your system without payment within 61-90 days

Number of claims closed in your system without payment within 91-180 days

Number of claims closed in your system without payment within 181-365 days

Number of claims closed in your system without payment beyond 365 days

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 definition of Median Days to Final Payment says to report a claim as closed once final payment has been made.

"Closed in the system" date should be used to determine which claims to report because companies often leave claims open for different lengths of time after they make a final payment. This date, "closed in the system," is a definite event that is easily counted in each reporting period. Once counted as a closed claim, companies sort those claims by how long it took (the company) to make the final payment. The count of claims closed is definite, and the time to make a decision to pay can be fairly compared between companies and can be trended over years.

The proposed data element wording changes would encourage companies to review the definition of "Date of Final Payment" and read the clarification and example. The definition, clarification and example below are taken from the Data Call and Definition documents for the Homeowners, Private Passenger Auto, Lender Placed Auto and Home, Private Flood, and Travel lines of business and provided here to provide a full view of the information made available to companies for the reporting of these claims.

Date of Final Payment – The date final payment was issued to the insured/claimant.

Calculation Clarification:

- If partial payments were made on the claim, the claim would be considered closed with payment if the final payment was made during the reporting period regardless of the date of loss or when the claims was received.
- Report a claim as "closed with payment" or "closed without payment" if it is closed in the company's claims system during the reporting period (even if the final payment was issued in a prior reporting period.)
- If a claim remains open at the end of the reporting period (even though a final payment has been issued) it should be reported as open. Only when the claim is closed in the company's claims system, would you report the days to final payment.

Example:

**NAIC MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP
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Proposal Submission Form**

- A claim is open on 11/1/00 and final payment is made on 12/1/00. The claim is left open until 2/1/01 to allow time for supplemental requests.
 - o The claim would be reported as open in the “00” MCAS submission and closed in the “01” MCAS submission.
 - o The number of days to final payment would be calculated as 30 days and reported in the “01” MCAS submission.

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 ([using the MCAS Proposal Submission Form located on the MCAS Blanks WG webpage](#)) 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~~2024 and the D Committee adopts it in September ~~2017~~2024, the change will be effective January 1, ~~2019~~2026 and would be reported in the data filed in ~~2020~~2027).
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.

Additional Considerations for drafts to be considered by the MCAS Blanks WG:

- To provide ~~ample~~sufficient time for the MCAS Blanks WG to review, discuss and consider MCAS reporting data call and definitions for **new lines of business, or substantial additions and/or changes to existing lines of business**, drafts should be provided to the WG by April 1st.
- All other draft MCAS edits/changes should be provided to the WG by May 1st.
- If these new drafts are provided to the WG later than the suggested April 1st or May 1st dates, the WG can determine – on a case-by-case basis - if ~~they are comfortable~~ with there is group consensus to adopt ~~adopting~~ prior to June 1st for use in the following data year, or if additional time is needed for revisions prior to adoption.

The following best practices are encouraged to ensure the timelines for adoption are successfully met:

1. A minimum of 5 Working Group jurisdictions should volunteer and participate in Subject Matter Expert (SME) group meetings when creating reporting for a new MCAS line of business or blank changes to an existing line of business.
2. Monthly exposure of SME group draft documents and summary of progress to Working Group members, Interested Regulators, and Interested Parties.
3. Encourage weekly subject matter expert (SME) meetings from the beginning of SME work.
4. Formal meeting, after the conclusion of the SME Group Meetings and prior to the voting deadline, to present the draft document to Working Group members, Interested Regulators, and Interested Parties to increase exposure, facilitate discussion, and proactively identify any concerns.