

Date: 10/13/22

*Virtual Meeting*

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

Wednesday, October 19, 2022

12:00 – 1:00 p.m. ET / 11:00 a.m. – 12:00 p.m. CT / 10:00 – 11:00 a.m. MT / 9:00 – 10:00 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/ Jeffrey Arnold	Pennsylvania
Paula Shamburger/ Elizabeth Nunes	Georgia	Rachel Moore	South Carolina
LeAnn Crow	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
Jennifer Hopper/Teresa Kroll	Missouri		

NAIC Support Staff: Teresa Cooper/Hal Marsh

**AGENDA**

1. Consider Adoption of its Sep. 15 Minutes—*Erica Weyhenmeyer (IL)* Attachment 1
2. Discuss Draft Digital Claims Frequently Asked Questions (FAQ) —*Randy Helder (NAIC)* Attachment 2
3. Discuss Premium Data Elements for Short Term Limited Duration (STLD) and Other Health Market Conduct Annual Statement (MCAS)—*Randy Helder (NAIC)* Attachment 3
4. Receive an Update on the Pet Insurance MCAS—*Erica Weyhenmeyer (IL)*
5. Discuss Any Other Matters Brought Before the Working Group—*Erica Weyhenmeyer (IL)*
6. Adjournment

Draft: 10/6/22

Market Conduct Annual Statement Blanks (D) Working Group  
Virtual Meeting  
September 15, 2022

The Market Conduct Annual Statement Blanks (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met Sept. 15, 2022. The following Working Group members participated: Erica Weyhenmeyer, Chair (IL); Rebecca Rebholz, Vice Chair (WI); Crystal Phelps (AR); Maria Ailor (AZ); Scott Woods (FL); Shannon Lloyd (KS); Lori Cunningham (KY); Salama Karim-Camara (MD); Danielle Torres (MI); Teresa Kroll and Jennifer Hopper (MO); Martin Swanson (NE); Guy Self (OH); Jeffrey Arnold (PA); Rachel Moore (SC); Tony Dorschner (SD); Shelli Isiminger (TN); William Stimpson (UT); Melissa Gerachis (VA); and Letha Tate (WV).

1. Adopted its Aug. 24 Minutes

The Working Group met Aug. 24 and took the following action: 1) adopted its July 21 minutes; 2) adopted a new filing deadline of May 31 for the health Market Conduct Annual Statement (MCAS); 3) reviewed the travel MCAS data element addition that the Market Analysis Procedures (D) Working Group proposed; 4) adopted a change to the short-term, limited-duration insurance (STLDI) MCAS data element to add the data element for “dollar amount of claims paid during the reporting period” within the claims section of the STLDI MCAS blank; and 5) adopted a change to the MCAS lawsuit definition to delete the bullet from all nine MCAS lines of business that reads: “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.”

Mr. Swanson made a motion, seconded by Ms. Isiminger, to adopt the Working Group’s Aug. 24 minutes (Attachment 1). The motion passed unanimously.

2. Adopted a Data Element Addition to the Travel MCAS

Ms. Weyhenmeyer stated the Market Analysis Procedures (D) Working Group previously proposed that a new data element be added to the underwriting activity section of reporting within the travel MCAS blank for “policies in force during the reporting period.” She stated that during the last Working Group call, questions were raised, which led to additional discussion in the travel MCAS subject matter expert (SME) group. The revised and newly proposed data element is to add “Policies/Certificates in Force During the Reporting Period” to the Underwriting reporting section of the travel MCAS. She stated if approved, the data element will be added to travel MCAS reporting for the 2024 data year reported in 2025.

Ms. Phelps made a motion, seconded by Ms. Rebholz, to adopt the data element “Policies/Certificates in Force During the Reporting Period” to the Underwriting reporting section of the travel MCAS. The motion passed unanimously.

3. Discussed Formation of an SME Group to Create the Pet Insurance MCAS Data Call and Definitions

Ms. Weyhenmeyer stated that the formation of an SME group is needed to discuss the formation of an SME group to create the pet insurance MCAS data call and definitions. She stated the Market Analysis Procedures (D) Working Group approved pet insurance as the next MCAS line of business, so now the Market Conduct Annual Statement Blanks (D) Working Group is tasked with creating the pet insurance reporting data call and definitions. Ms. Weyhenmeyer stated that Matt Gendron (RI) has agreed to lead the SME group. Ms. Kroll stated Missouri would

like to be included in the SME group. Birny Birnbaum (Center for Economic Justice—CEJ), Cari Lee (North American Pet Health Insurance Association—NAPHIA), Lisa Brown (American Property Casualty Insurance Association—APCIA), and Susanna Berna (State Farm) stated they also would like to be a part of the SME group. Brett Bache (RI) asked to confirm that he was already on the list, and Ms. Weyhenmeyer confirmed he was.

Ms. Weyhenmeyer stated anyone else interested in being included on the SME group distribution list should contact Teresa Cooper (NAIC). She stated that if the Market Conduct Annual Statement Blanks (D) Working Group approves a pet insurance data call and definitions prior to June 1, 2023, then it is possible that the pet insurance data could first be reported for the 2024 data year submitted in 2025.

#### 4. Reviewed the Process for Submitting Requests for Edits to the MCAS Data Call and Definitions

Ms. Weyhenmeyer stated that part of the Working Group's charges is to review the MCAS data elements and the data call and definitions for those lines of business that have been in effect for longer than three years and update them as necessary. She stated if there are suggestions for new data elements, revised data elements, or the removal of data elements, the MCAS blanks proposal form can be used for these purposes. Ms. Weyhenmeyer stated the form has been updated to include travel, short-term, limited-duration (STLD), and other health MCAS lines of business. She stated the MCAS blanks proposal form can be located on the Working Group's web page in the documents area. She stated questions about the form or assistance filling it out can be sent to Ms. Cooper or Hal Marsh (NAIC).

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

SharePoint/Market Regulation - Home/D Working Groups/MCAS Blanks WG/2022/WG Mtg 0915/MCAS Blanks WG Minutes Sept 15.docx

## DIGITAL CLAIMS FAQs – Draft Document

**Does the method of reporting a claim have any bearing on whether the claim should be reported as digital, hybrid or non-digital?**

*Not necessarily. The definition of a **Digital Claim** states that it applies to “a claim settlement determination which was accepted by the insured/claimant without adjustment whereby the entire claim was handled **without human intervention** on the part of the insurance company **in the loss appraisal process, settlement determination, and/or in the production of the initial loss settlement offer.**” Additionally, the definition of a **Hybrid Claim** states that in addition to the digital elements of a claim, a hybrid claim “require(s) the use of human resources in the loss appraisal process, settlement determination, and/or in the production of the initial or subsequent loss settlement offer.”*

*If a claim is reported by the submission of digital photos that prompts an in-person appraisal and no application of any loss algorithms are applied to the digital photos, the claim is non-digital.*

*If a claim is reported by the submission of digital photos that are first run through an application that appraises the damages and then subsequently a human appraiser is used to visually inspect and evaluate the damage, the claim is hybrid.*

**If the claim evaluation is determined digitally but the settlement offer is transmitted to the claimant via a human would this be considered a hybrid claim? If not, does the answer change if the offer is declined and the company adjuster negotiates a different settlement amount with the claimant?**

*It is only the process used to determine the value of the settlement offer, not the method in which the settlement offer is delivered, that determines whether a claim is digital or hybrid. A settlement offer transmitted to the insured/claimant via a human would be considered a digital claim if human resources were not used to determine the settlement offer and that initial offer is accepted by the insured/claimant. However, per the definition of a Hybrid Claim, any subsequent loss settlement where the amount of the offer was produced and/or adjusted by a human resource would result in the claim being considered a hybrid claim.*

**The company appraiser inspects photos of the damage submitted by a claimant and determines what should and should not be included in an evaluation tool. Would this be considered a hybrid claim or a non-digital claim?**

*The inspection of the photos by an appraiser and the decision to include or exclude certain aspects of the submitted photos into the evaluation tool would make the claim a hybrid claim. If the appraiser simply receives photos from the claimant and uploads the photos into the evaluation tool without any intervention, the claim would be digital.*

**At every stage of our claim handling process, there is a human who can override any evaluation of the algorithm used to establish the value of a claim. Would this mean all our claims are either hybrid or non-digital?**

*Not necessarily. It depends on whether the human applies their discretion and overrides any evaluation generated by the loss algorithms. For a claim to be considered a Hybrid Claim, human resources are “required in the loss appraisal process, settlement determination, and/or in the production of the initial or subsequent loss settlement offer.” If, at any point in the claim*

*process, a human uses their discretion to override the appraisal, settlement determination or the production of the initial or subsequent settlement offers, then the claim would be reported as a hybrid claim. If, however, no human resources intercede to alter the appraisal or the settlement offer, and the insured/claimant accepts the initial offer the claim would be a Digital Claim.*

**All of our claims are run through a fraud model to detect potential fraud. We use no other automation in our claims handling. Does the use of a fraud model make the claim hybrid?**

*Not necessarily. If the fraud model is not involved in the “loss appraisal process, settlement determination, and/or in the production of the initial or subsequent loss settlement offer”, using the fraud model has no impact on whether the claim is digital, hybrid, or non-digital. For example, if a claim is appraised in person by an appraiser, evaluated by an adjuster, and then run through the fraud model which determines it may be fraudulent and then adjusted accordingly by the company’s Special Investigation Unit, the claim would be a considered a non-digital claim.*

*However, if the fraud model can deny claims without the intervention of a human, the claims would be a digital or hybrid claim. For example, if the claim denied as a result of being run through the model, no human resources interceded at any point to affirm or override the model decision to deny the claim, and the denial was accepted by the insured/claimant, the claim would be a digital claim. However, if at some point in the claim life cycle, human resources were used to affirm or override the model decision to deny the claim, it would be a hybrid claim.*

**If a claim is determined by the algorithm to be below the deductible would this be a digital claim?**

*Yes this would be a digital claim if the claim is closed accordingly without any human resources involved in the determination of the value of the damages and the insured accepts the determination.*

Premium Data Elements for Short Term Limited Duration (STLD) and Other Health Market Conduct Annual Statement (MCAS)

Currently the STLD MCAS asks for Net Written Premium

Policy/Certificate Administration

	STLDI <=90	STLDI 91 - 180	STLDI 181 - 364	STLDI Not Sitused <=90	STLDI Not Sitused 91 - 180	STLDI Not Sitused 181 - 364	STLDI Sitused <=90	STLDI Sitused 91 - 180	STLDI Sitused 181 - 364
46 Net Written Premium.									

Other Health will ask for the same data in 2023

Policy/Certificate Administration

	Individual					Association					Employer Group				
	Accident Only	Accidental Death and Dismemberment	Specified Disease-Limited Benefits/ Critical Illness	Hospital/ Other Indemnity	Hospital/ Surgical/ Medical Expense	Accident Only	Accidental Death and Dismemberment	Specified Disease Limited Benefits/ Critical Illness	Hospital/ Other Indemnity	Hospital/ Surgical/ Medical Expense	Accident Only	Accidental Death and Dismemberment	Specified Disease-Limited Benefits/ Critical Illness	Hospital/ Other Indemnity	Hospital/ Surgical/ Medical Expense
45 Net Written premium															