

Date: 7/19/22

Virtual Meeting

MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP

Thursday, July 21, 2022

3:00 – 4:00 p.m. ET / 2:00 – 3:00 p.m. CT / 1:00 – 2:00 p.m. MT / Noon – 1:00 p.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

AGENDA

1. Consider Adoption of its May 26 Minutes—*Erica Weyhenmeyer (IL)* Attachment 1
2. Hear a Presentation on a Health Market Conduct Annual Statement (MCAS) Filing Deadline Proposal—*Joseph Zolecki Blue Cross Blue Shield Association—BCBSA) and Samantha Burns (America’s Health Insurance Plans—AHIP)*
3. Review a Travel Data Element Addition Proposed by the Market Analysis Procedures (D) Working Group—*Erica Weyhenmeyer (IL)* Attachment 2
4. Review the Short-Term, Limited-Duration Insurance (STLDI) Data Element Addition Proposed by the Market Analysis Procedures (D) Working Group —*Erica Weyhenmeyer (IL)* Attachment 3
5. Discuss Any Other Matters Brought Before the Working Group —*Erica Weyhenmeyer (IL)*
6. Adjournment

Draft: 6/10/22

Market Conduct Annual Statement Blanks (D) Working Group
Virtual Meeting
May 26, 2022

The Market Conduct Annual Statement Blanks (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met May 26, 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); Paula Shamburger (GA); Tate Flott (KS); Ron Kreiter (KY); Dawna Kokosinski (MD); Jeff Hayden (MI); Jennifer Hopper, Jo LeDuc, and Teresa Kroll (MO); Robert McCullough (NE); Hermoliva Abejar (NV); Guy Self (OH); Rachel Moore (SC); Tony Dorschner (SD); Joy Little and Rhonda Bowling-Black (TN); Shelley Wiseman (UT); Melissa Gerachis (VA); Jason Carr (WA); and Letha Tate (WV). Also participating was: Mary Kay Rodriguez (WI).

1. Adopted its April 28 Minutes

The Working Group met April 28 and took the following action: 1) adopted its March 17 minutes; 2) received an update on the life Market Conduct Annual Statement (MCAS) draft edits for accelerated underwriting (AU); 3) received an update on the Other Health Drafting Group; 4) discussed possible edits to the lawsuit definition for all MCAS lines of business that contain lawsuit reporting; and 5) adopted the proposed lawsuit definitions and placement of the lawsuit data elements for the homeowners and private passenger auto (PPA) MCAS.

Mr. Flott made a motion, seconded by Ms. Rebholz, to adopt the Working Group's April 28 minutes (Attachment **XX**). The motion passed unanimously.

2. Adopted the Life MCAS Edits for AU

Ms. Weyhenmeyer stated that the draft data call and definitions for the life MCAS edits on AU was in the meeting materials with edits shown in red. She stated that following adoption of the definition of AU by the Accelerated Underwriting (A) Working Group, the subject matter expert (SME) group reconvened to discuss the definition to be proposed for MCAS reporting. She stated that for MCAS reporting purposes, the SME group decided that only a subset of the policies fits the full AU definition. She stated that Attachment Two, page 12 of the meeting materials shows the new proposed definition of AU followed by a reference to the Accelerated Underwriting (A) Working Group definition of AU to show continuity between the working groups.

Ms. Weyhenmeyer stated that the MCAS AU definition is as follows: "For this MCAS, data should be reported as Accelerated Underwriting when artificial intelligence and/or machine learning which utilizes, in whole or in part, Other Non-medical Third-party Data and/or FCRA Compliant Non-medical Third-party Data in the underwriting of life insurance; including when used in combination with Application Data or Medical Data." She stated that following the AU definition, there are definitions of "Application data," "Medical data," "FCRA Compliant non-medical third-party data," and "Other non-medical third-party data"; and those definitions are needed for understanding within the interrogatories. She stated that the proposed MCAS AU interrogatories are shown on pages 6 and 7 of the meeting materials, and a few edits were made to them to clarify and allow for cleaner responses that will be better for analysis purposes.

Birny Birnbaum (Center for Economic Justice—CEJ) stated that the CEJ supports this proposal and asked the Working Group to adopt it.

Mr. Kreiter made a motion, seconded by Ms. Rebholz, to adopt the AU MCAS for Life Insurance (Attachment XX). The motion passed unanimously.

3. Adopted the Other Health MCAS Data Call and Definitions

Ms. Rodriguez stated that the Other Health Drafting Group stated that comments were received from Missouri, and those comments and responses were posted on the Working Group's web page on May 11. She stated that those comments resulted in some revisions to the draft.

Rikki Pelta (American Council of Life Insurers—ACLI) stated that she has questions regarding Schedule 2 about terminations and cancellations. She asked if question 2-9 (Number of policy/certificate terminations and cancellations initiated by the policyholder/certificate holder) is the total sum of everyone who went out of force initiated by the policyholder and then broken out in questions 2-13 through 2-15. Ms. Rodriguez stated that question 2-14 (Number of covered lives on policies/certificates cancelled by the company due to non-payment of premium during the period) would not be included in question 2-9 since it is cancelled by the company, and question 2-15 (Number of policies/certificates cancelled by the company for any reason other than non-payment of premium during the period) would also not be included in question 2-9 since it is cancelled by the company. She stated that question 2-13 (Number of policy/certificate terminations and cancellations due to non-payment of premium) would also not be included since it relates to non-payment and would not be considered as initiated by the policyholder. Ms. Pelta asked where it would be reported when an insured dies. Ms. Rodriguez stated that she believes that would be considered as initiated by the policyholder or beneficiary. Ms. Pelta stated that question 2-5 (Number of new policy/certificate applications/enrollments received during the period) appears to be the same as question 5-2 (Number of applications/enrollments received during the period) in Schedule 5. Ms. Rodriguez confirmed that they are the same, and she recommended omitting the question in Schedule 5 and renumbering those questions in Schedule 5.

Samantha Burns (America's Health Insurance Plans—AHIP) stated that AHIP's membership is very broad, and it has several supplemental carriers that have been participating in the Other Health Drafting Group. She stated that AHIP also has major medical carriers that offer some of the products covered under the Other Health draft, and it has not had as much time to review the draft as its supplemental carriers have. She asked if AHIP could have another week or so to discuss the draft and submit questions. Teresa Cooper (NAIC) stated that for 2023 data to be reported in 2024, this would need to be adopted by the Working Group by June 1. Then, it would go to the Market Regulation and Consumer Affairs (D) Committee for its consideration, and it would need to be adopted by Aug. 1. Ms. Weyhenmeyer stated that the draft would likely be posted for at least one month before the Committee would vote on anything. Ms. Burns stated that she does not anticipate any substantive concerns, and she believes AHIP just needs a little more time to see if it has clarifying questions that need to be answered. Ms. Cooper stated that if this draft is adopted today, input could be provided for clarification in a frequently asked questions (FAQ) document, and Ms. Burns agreed with this suggestion. Ms. Burns asked what month in 2024 the deadline would be for the Other Health MCAS. Ms. Rodriguez stated that for new lines of business in the past, additional time has been provided, but the deadline had not been decided on yet. Ms. Pelta asked that additional time be provided than the normal deadline, especially for the first year of reporting. She recommended May or June. Ms. Burns recommended a June deadline. Ms. Ailor confirmed that additional time has been given in the past. Ms. Rodriguez stated that the short-term limited-duration (STLD) MCAS has a June 30 deadline for next year.

Ms. Hopper stated that the Products page has a variety of questions that say individual, association, and employer group, but there is nothing on the Products page that would be non-employer group products that are not issued in the association market. She believes this leaves out a big component of the Other Health market, and she asked why that is. Ms. Rodriguez asked what is missing. Ms. Hopper stated non-employer groups that are not issued

through an association, such as credit unions and banks that offer these types of coverages appear to be missing. She stated that there are a lot of other groups that do not fall into any of the buckets that are defined in the Other Health MCAS blank. Ms. Rodriguez stated that she reviewed the minutes in 2017 and 2018 when discussions for this blank began, and the reason this blank was requested is because companies were packaging different products to make it look like federal Affordable Care Act (ACA) plans and data need to be gathered to check on these plans. She stated that the products included in this draft were the ones most packaged. Ms. Hopper asked why if the goal is about understanding the association group market, and not about employer group coverage or even individual coverage, then this not just an association group data call. Ms. Rodriguez stated that some companies refer to products as individual, and some companies refer to products as group. She stated that if it appears that employer group should not be included in this blank, removing it can be considered. Ms. Hopper stated that she wants to make sure certain products have not been unintentionally omitted. Ms. Rodriguez confirmed that only the products identified in this blank need to be reported on.

Ms. Hopper stated that she provided comments to add “during the reporting period” to the end of questions 2-9, 2-13, and 2-16, and she wants to know if that comment has been considered. Ms. Rodriguez stated that the premise is that all questions are for the reporting period, but if adding that clarification to those questions would be helpful, it could be done. Ms. Hopper stated that for consistency, she believes it would be helpful since other questions have that language. Ms. Cooper stated that she would make those edits to questions 2-9, 2-13, and 2-16. Ms. Hopper stated that question 3-4 (Number of denied, rejected, or returned as non-covered or beyond benefit limitation) may be clearer if it reads “Number of denied, rejected, or returned as non-covered or maximum benefit exceeded” or something similar. Ms. Rodriguez stated that either sounds good, and the Working Group could provide feedback on that suggestion. Ms. Cooper stated that clarification on that could also be added to the FAQ document.

Ms. Hopper stated that on page 6 under “report by residency,” she noticed that the report by residency language is very different than in the Health MCAS. She stated that the language in the Health MCAS ties back to the NAIC’s *Annual Statement Instructions* for the supplemental health care exhibit, but this does not appear to. She stated that this could be complicated since the Other Health MCAS omits groups that would fall under the same premium and enrollment information as part of the annual statement. She stated that state insurance regulators frequently find it helpful to validate the MCAS by tying it back to components of the annual statement. Ms. Rodriguez asked if this could be tabled and addressed in future discussions for the FAQ document. Mr. Birnbaum stated that while it is useful to have MCAS data sort of reconcile to financial statement data, in some cases it is not possible (e.g., travel insurance since there is no travel insurance line). He stated that this issue should not be seen as an impediment to adopting the Other Health MCAS blank. Ms. Rebholz stated that the report by residency language in this blank matches the STLD blank’s language. She stated that she believes when the definition was being prepared, having the information made available through the blank was part of what was considered since the information is not available through any other source.

Ms. Hopper stated that in Schedule 1, as part of the definition, it says association/trust, and that same phrase is used in question 1-6, but everything else just says associations for those questions. She asked if trust information is also supposed to be provided or if it is just limited to associations for those questions. Ms. Rodriguez stated that she believes these questions are also similar to what is on the STLD blank. She asked if for consistency purposes, “/trust” should be added to the questions asking for information about associations, and Ms. Hopper stated that that would make sense. Ms. Hopper stated that in questions 1-17 through 1-20, adding wording for a trust would not apply, and Ms. Rodriguez stated that that would be explained.

Ms. Cooper clarified that the edits to be made before proceeding with a motion include omitting question 5-2 since it is a duplicate of question 2-5, proposing a first-year deadline of June 30 and second year deadline of April 30, adding “during the period” to the end of questions 2-9, 2-13, and 2-16, and adding “/trust” where applicable

after associations. Ms. Pelta stated that she believes changing the wording in question 3-4 to “maximum benefit exceeded” in the blank instead of adding it to the FAQ document is more appropriate.

Ms. Gerachis made a motion, seconded by Mr. Flott, to adopt the Other Health MCAS draft reflecting the edits summarized (Attachment XX). Ms. Cooper asked if the motion includes changing the wording in question 3-4 to “maximum benefit exceeded” as suggested, and Ms. Gerachis confirmed that it does. The motion passed unanimously.

4. Adopted Edits to the Lawsuit Definition for the Home and Auto MCAS

Ms. Weyhenmeyer stated that during its last meeting, the Working Group adopted updates to the lawsuit reporting for home and auto, along with an updated definition, but there are some outstanding questions to address. She stated that there is a bullet 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.” Questions regarding this bullet were introduced with a letter from Lisa Brown (American Property Casualty Insurance Association—APCIA).

Ms. Weyhenmeyer stated that Ms. Brown and Mr. Birnbaum indicated that the bullet should not be included in the MCAS lawsuit definition for home and auto because one lawsuit would be counted as multiple lawsuits if more than one policy from a single insurer is involved when the intent is to get a count of actual lawsuits. She stated that Ms. LeDuc also had a question about when the bullet was added to the home and auto lawsuit definition. Ms. Cooper did some research and found that the bullet in question is included in the lawsuit definition for Life, Annuity, Long-Term Care (LTC), Lender-Placed Insurance (LPI), Disability Income, and Private Flood; and while updating the home and auto lawsuit definition, it was included in the draft for consistency purposes. Ms. Weyhenmeyer stated that the bullet in question has not been included in the home and auto lawsuit definition in the past. She stated that previously, when Ms. Cooper said it was included for all lines other than Health, she was reviewing all lines other than home and auto because the Working Group was editing the definition for home and auto.

The proposal from the SME group is to remove the bullet in question from the home and auto MCAS lawsuit definitions and review the bullet in the context of the other MCAS lines of business to determine whether it is appropriate.

Mr. Birnbaum stated that including the bullet distorts the count of lawsuits and conflicts with the instructions for class action lawsuits. He stated that the CEJ supports removing the bullet and revisiting it in the other MCAS blanks.

Ms. LeDuc made a motion, seconded by Ms. Phelps, to remove the bullet from the home and auto MCAS lawsuit definition and review the language in the other MCAS lines of business. The motion passed unanimously.

5. Reviewed its Charges and Process for Submitting Requests for Edits to the MCAS Data Call and Definitions

Ms. Weyhenmeyer stated that Attachment Five in the meeting materials lists the Working Group charges. She stated that the Working Group is charged with reviewing the data call and definitions for lines of business that have been in effect for longer than three years, which would include: Life, Annuity, Home, PPA, LTC, Health, LPI, and Home and Auto. The Working Group is also charged with developing MCAS blanks for newly approved MCAS lines of business. Ms. Weyhenmeyer stated that the Market Analysis Procedures (D) Working Group has not approved any new MCAS lines of business at this time, so the current focus will be on reviewing existing MCAS lines of business.

Ms. Weyhenmeyer stated that all state insurance regulators and interested parties can submit requests or suggestions via the Proposal Submission Form. She stated that a copy of this form is in Attachment Five of the meeting materials, and the form is also located in a fillable format on the Working Group web page under the Documents tab. She stated that if anyone has issues submitting a proposal, they should contact Ms. Cooper for assistance with filling out the form.

6. Discussed Other Matters

Ms. Weyhenmeyer stated that a letter was received by Joe Zolecki (Blue Cross Blue Shield Association—BCBSA) and the health industry interested parties regarding the filing deadline for the Health MCAS.

Mr. Zolecki stated that he has been working with Ms. Burns for the last few years, and this matter came up previously when the Health MCAS was new. He stated that there was a robust discussion about the filing date being changed from April 30 to June 30, and then moving back to April 30 in 2023. He stated that the Working Group agreed to reevaluate this, and he asked that this be discussed in more detail soon. Ms. Weyhenmeyer stated that it could be discussed during the Working Group's next meeting scheduled for June 23 or the July meeting if more time is needed.

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 0526/MCAS Blanks May 26 Minutes

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 2—Travel Claims Activity, Counts Reported by Claimant, by Coverage: Dollar Amount of Claims Paid 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. This information is not available in the Financial Annual Statement.

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 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 – Underwriting: Policies in Force During the Reporting Period.

PROVIDE THE REASON FOR THE CHANGE:

The data element will aid in analysis and provide a more useful denominator for the ratios measuring cancellation and complaints.

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: