

Market Conduct Annual Statement - 2021

Reporting Changes

The following is a summary of changes related to the changes found in the data call and definitions and blanks.

All MCAS Lines of Business

Attestation:

- The Attestation will no longer be included as a separate option within the MCAS submission application that applies to all MCAS lines of business and states. Instead, the Attestor information and additional company comments will be provided within a separate schedule reported for each MCAS line of business and state. See the MCAS Blanks and Data Call and Definitions for further guidance on this reporting.

Private Passenger Auto and Homeowners

Interrogatories:

- New questions: Does the company use Managing General Agents (MGAs)? If yes, list the names of the MGAs.
- New questions: Does the company use Third Party Administrators (TPAs)? If yes, list the names of the TPAs.

Claims:

- Updated suit related questions wording to use “lawsuits” vs. “suits”
- New question: Number of lawsuits closed with consideration for the consumer.

Definitions:

- The “Lawsuit” definition was updated as follows:
Lawsuit—A court proceeding to recover a right to a claim, including lawsuits for arbitration cases.

Exclude:

- Subrogation claims where lawsuit is filed by the company against the tortfeasor.
- Non-lawsuit legal activity or litigation filed by an insurer, including, but not limited to: request to compel an independent medical examination, an examination under oath, and declaratory judgment actions filed by an insurer.

Calculation Clarification:

- Lawsuits should be reported on the same basis as claims. One lawsuit should be reported for each / claimant / coverage combination, regardless of the number of actual suits filed.
- One lawsuit with two claimants would be reported as two lawsuits as any awards/payments made would be made to the claimants individually.
- One lawsuit filed seeking damages for multiple coverages should be reported as one lawsuit for each applicable coverage.
- Lawsuits should be reported in the state in which the claim was reported on this statement.
- Treatment of class action lawsuits: Report the opening and closing of a class action lawsuit once in each state in which a potential class member resides. Include an explanatory note with your

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submission state the number of class action lawsuits included in the data and the general cause of the action.

- New Definition: **Lawsuits Closed During the Period with Consideration for the Consumer**—A lawsuit closed during the reporting period in which a court order, jury verdict, or settlement resulted in payment, benefits, or other thing of value, i.e., consideration, to claimant in an amount greater than offered by the reporting insurer before the lawsuit was brought.
- New Definition: **Tenant/Renters/Condo Policies** – Policies that provide coverage for the personal property of tenants, renters, condominium and cooperative unit owners. Include policies typically written on the HO-4 and HO-6 policy forms.

Private Passenger Auto Only

Interrogatories:

- Wording change to question 16: Has this block of business or part of this block of business been sold, closed or moved to another company during the ~~year~~**reporting period**?
- New question: Does the company use telematics or usage-based data?

Claims:

- New question: Number of claims closed during the period, without payment, because the amount claimed is below the insured's deductible.

Definitions:

- New Definition: **Telematics and Usage-Based Data** – Data which is collected through devices installed in a vehicle, through mobile applications, or other method. These devices then transmit the data in real time back to insurers. Examples of usage-based data collected via telematics includes - but is not limited to - miles driven, time of day, where the vehicle is driven (Global Positioning System or GPS), rapid acceleration, hard braking, hard cornering and air bag deployment.

Homeowners only

Interrogatories

- Wording change to question 12: Has this block of business or part of this block of business been sold, closed or moved to another company during the ~~year~~**reporting period**?

Underwriting

- Removed question: Number of policies in-force at the end of the period.
- New question: Number of dwelling fire policies in force at the end of the period.
- New question: Number of homeowner policies in force at the end of the period.
- New question: Number of tenant/renter/condo policies in force at the end of the period.
- New question: Number of all other residential property policies in force at the end of the period.

Definitions:

- Clarification regarding new questions:

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The following clarification related to new data elements in the underwriting section is pending adoption by the Market Regulation and Consumer Affairs (D) Committee

Please note: In the Underwriting Section there are questions asking for policies in-force by type of policy. These are asking for a count of the policies in-force that meet the specifications to be included on the MCAS. Please use the following as a guide to determine which policy types should be reported for each question:

- (3-45) Number of dwelling fire policies in force at the end of the period.
Include dwelling policies that meet the definition of a dwelling policy as defined within this document. This would typically include policies written on forms DP-1, DP-2 and DP-3.
- (3-46) Number of homeowner policies in force at the end of the period.
Include homeowner policies that meet the definition of a homeowner policy as defined within this document. This would typically include policies written on forms HO-1, HO-2, HO-3, HO-5, HO-7 and HO-8.
- (3-47) Number of tenant/renter/condo policies in force at the end of the period.
Include tenant/renter/condo policies that meet the definition of a tenant/renter/condo policy as defined within this document. This would typically include policies written on forms HO-4 and HO-6.
- (3-48) Number of all other residential property policies in force at the end of the period.
Include other policies that meet the specifics of MCAS reporting, but that do not fall into one of the categories requested in questions 3-45, 3-46 and 3-47. If your company only write policies that fall into the forms specified for questions 3-45, 3-46 and 3-47, this number will be 0.
- The “Dwelling Fire and Dwelling Liability Policies” definition title was changed to refer to only “Dwelling Fire Policies”. No wording within the definition was updated.
- The “Homeowners Policies” definition inclusions clarification was updated to include policies written on the HO-1, HO-2, HO-3, HO-5, HO-7 and HO-8 policy forms.

Individual Life and Individual Annuity

Interrogatories:

- New questions: Does the company use Third Party Administrators (TPAs) for purposes of supporting the individual life business being reported? If yes, provide the names and functions of each TPA.

Data Reporting:

- Removed question: Number of External Replacement(s) (Contracts) Issued During the Period
- New question: Number of External Replacements of Unaffiliated Company Policies/Contracts Issued During the Period.
- New question: Number of External Replacements of Affiliated Company Policies/Contracts Issued During the Period.

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- New question: Number of Policies Surrendered More than 10 Years from Policy Issue (for life, only applies to ICVP)
- New question: Number of Policies Surrendered with a Surrender Fee (for life, only applies to ICVP)
- New Question: Number of Lawsuits Open at the Beginning of the Period
- New Question: Number of Lawsuits Opened During the Period
- New Question: Number of Lawsuits Closed During the Period
- New Question: Number of Lawsuits Closed During the Period with Consideration for the Customer
- New Question: Number of Lawsuits Open at the End of the Period

Definitions:

- New Definition: **External Replacement of Affiliated Company Policies** – An external replacement of an affiliated company policy is when the policy and/or annuity to be replaced was issued by a company affiliated to the MCAS reporting company.
- New Definition: **External Replacement of Unaffiliated Company Policies** – An external replacement of an unaffiliated company policy is when the policy and/or annuity to be replaced was issued by a company not affiliated to the MCAS reporting company.
- New Definition: **Individual Indexed Fixed Annuity** – A fixed annuity whose accumulation or policy value is, in whole or in part, linked to an index or indices and offers principal protection. Indexed fixed annuities include equity indexed annuities or fixed indexed annuities that offer principal protection through a 0% floor feature.
- New Definition: **Individual Indexed Variable Annuity** – A variable annuity whose accumulation or policy value is, in whole or in part, linked to an index or indices and may offer some principal protection. Variable indexed annuities include buffer annuities or registered index-linked annuity that offer some principal protection but do not provide a guaranty against loss of principal.
- New 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 lawsuits for Life & Annuities products:

- 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 or contracts, count the number of policies or contracts involved as the number of lawsuits. For example, if one lawsuit seeks damages under three policies or contracts, 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 or contract 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 a potential class member resides.

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- Include an explanatory note with your submission stating the number of class action lawsuits included in the data and the general cause of action.
- New Definition: **Lawsuits Closed During the Period with Consideration for the Consumer**—A lawsuit closed during the reporting period in which a court order, jury verdict, or settlement resulted in payment, benefits, or other thing of value, i.e., consideration, to the applicant, policyholder, or beneficiary in an amount greater than offered by the reporting insurer before the lawsuit was brought.

Individual Annuity Only

New line of business/coverage reporting:

- Individual Fixed Annuities are now broken out into 1) Individual Indexed Fixed Annuities and 2) Individual Other Fixed Annuities
- Individual Variable Annuities are now broken out into 1) Individual Indexed Variable Annuities and 2) Individual Other Variable Annuities

Interrogatories:

- New Question:
Individual Indexed Fixed Annuities - Does the company have data to report for this product type?
- New Question:
Individual Other Fixed Annuities - Does the company have data to report for this product type?
- New Question:
Individual Indexed Variable Annuities - Does the company have data to report for this product type?
- New Question:
Individual Other Variable Annuities - Does the company have data to report for this product type?

Individual Stand-Alone and Individual Hybrid Long-Term Care

No changes for the 2021 data year

Health

No changes for the 2021 data year

Lender Place Auto & Home

Additional Coverage Reporting

- Blanket Vendor Single-Interested Auto (Vehicle)
- Blanket Vendor Single-Interest Home (Residential Property)

Blanket Vendor Single-Interest Data Elements:

- Number of master policies in-force at beginning of the period
- Number of master policies added during the period
- Number of master policies canceled for any reason during the period
- Number of master policies in-force at the end of the period

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- Dollar amount of gross written premium during the period
- Dollar amount of net written premium during the period
- Net written premium during the period for policies/certificates for which no separate charge is made to the borrower
- Dollar amount of premium earned during the period
- Dollar of claims paid during the period
- Dollars of claims incurred during the period
- Number of complaints received directly from the DOI
- Number of complaints received directly from any person or entity other than the DOI

Participation Requirements:

- Updated as follows: All companies licensed and reporting at least \$50,000 of lender-placed auto, \$50,000 of lender-placed homeowners (hazard, wind-only, and flood collectively), **or \$50,000 of blanket vendor single-interest auto and home** gross premium within any of the participating MCAS jurisdictions. (This threshold is subject to individual jurisdiction requirements.)

Definitions:

- New definition: Blanket Vendor Single-Interest (VSI), for purposes of reporting experience in this Lender-Placed MCAS, means coverage issued to a lender or servicer to protect a lender's interest and which:
 - Is provided through a blanket policy covering eligible collateral securing loans in the lender/servicer's portfolio
 - Premium charges to the lender/servicer are based on aggregate exposures insured as opposed to any characteristics specific to any individual vehicle or property;
 - No individual certificates or policies are issued to borrowers
 - Has no ongoing tracking of insurance on borrower's loans; and
 - If there is a charge to the borrower at loan origination, the same charge is made for all borrowers with eligible collateral regardless of insurance status.

Blanket VSI Auto experience and Blanket VSI Home experience is reported separately from Single-Interest Auto, Dual-Interest Auto, Single-Interest Home, and Dual-Interest Home.

Disability Income

No changes for the 2021 data year

Private Flood

Prior year Private Flood questions were on the 2020 blank but were not applicable for the first year of reporting. They will begin to be reported in the 2021 data year.

Interrogatories

- Q13-14: Private Flood Stand-Alone (first dollar coverage)
- Q20-21: Private Flood Stand-Alone (excess coverage)
- Q27-28: Private Flood Endorsements to a Homeowners Policy (first dollar coverage)
- Q34-35: Private Flood Endorsements to a Homeowners Policy (excess coverage)

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- Q41-42: Private Flood Endorsements to a Policy other than Homeowners (first dollar coverage)
- Q48-49: Private Flood Endorsements to a Policy other than Homeowners (excess coverage)

Underwriting

- Q70: Number of private flood policies or endorsements in force at end of reporting period in the first prior year report.
- Q74: The number of private flood policies or endorsements in force at the beginning of the reporting period in this report minus the number of policies or endorsements in force at the end of the reporting period for the first prior year report.