

NAIC Fall 2022 National Meeting Update





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NAIC Fall 2022 National Meeting Update



The National Association of Insurance Commissioners (NAIC) recently held its Fall 2022 National Meeting (Fall Meeting). The following summarizes certain activities of the NAIC that took place during the Fall Meeting and on various WebEx Meetings since the Summer 2022 National Meeting (Summer Meeting) leading up to the Fall Meeting.

Statutory Accounting Principles (E) Working Group



The following highlights items discussed as part of the Statutory Accounting Principles (E) Working Group's (SAPWG) Hearing and Maintenance agenda items.

Related Party Reporting - SAPWG adopted revisions to SSAP No. 25 "Affiliates and Other Related Parties" (SSAP No. 25) and SSAP No. 43R "Loaned Backed and Structured Securities" (SSAP No. 43R). These revisions along with Interested Parties' feedback propose clarifying the identification and reporting requirements for affiliate transactions. These revisions include the addition of a new paragraph to SSAP No. 25 and SSAP No. 43R specifying the criteria for evaluating an affiliated investment and when direct or indirect control exists over an investment. New reporting codes in the investment schedules of the Annual Statement blank identifying investments acquired through or in related parties was also incorporated. These revisions are effective with December 31, 2022 reporting. At the Fall Meeting, SAPWG adopted an exemption to these requirements for foreign open-end investment funds governed and authorized in accordance with regulations established by the applicable foreign jurisdiction.

SAPWG also exposed revisions to SSAP No. 25 to clarify that any investment asset issued by an affiliated entity or includes the obligations of an affiliated entity is considered an affiliated investment.



Intercompany Pooling Arrangements - SAPWG re-exposed its intent to nullify Interpretation (INT) 03-02 “Modification to an Existing Intercompany Pooling Arrangement” (INT 03-02) as such guidance conflicts with SSAP No. 25 regarding transfers of assets and liabilities for purposes of settling economic transactions with related parties. INT 03-02 allows the use of statutory book value which is contradictory to SSAP No. 25’s requirement to utilize fair value. Interested Parties disagreed with INT 3-02’s nullification citing several factors including that the intent of INT 03-02 is to focus on the accounting, reporting, operations and evaluation of a group versus the separate legal entity emphasized in SSAP No. 25. Interested Parties also expressed concerns that nullification may result in surplus gain recognition on certain intercompany transactions in an intercompany pooling arrangement which would be less conservative than requirements under U.S. GAAP. NAIC staff disagreed with some of these comments and continues to recommend nullifying INT 03-02. Discussions remain ongoing.



Leasehold Improvements - SAPWG adopted revisions to SSAP No. 19 “Furniture, Fixtures, Equipment and Leasehold Improvements” and SSAP No. 73 “Health Care Delivery Assets and Leasehold Improvements in Health Care Facilities” to clarify that any remaining leasehold improvements will be immediately expensed when a lease terminates. Revisions include leasehold improvements on purchased property that a lessee previously leased. Revisions allow for a specific exclusion as recommended by Interested Parties for reporting entities that provide direct healthcare for certain leasehold improvements necessary for the functionality of specific health care delivery assets to be excluded from the purchase cost of the real estate. These revisions are effective immediately.



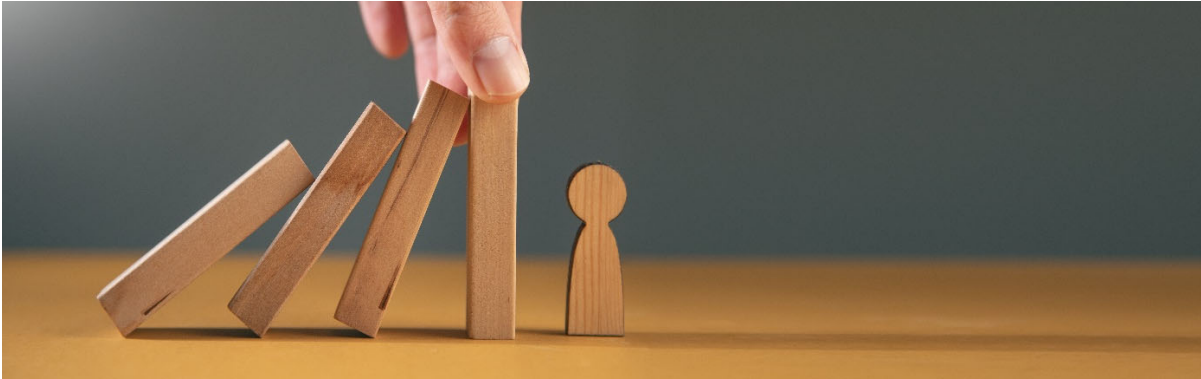
FASB ASU 2017-12 - SAPWG adopted revisions to SSAP No. 86 “Derivatives” incorporating certain guidance on portfolio layer method and partial-term hedges from FASB ASU 2017-12 *Derivatives and Hedging* (Topic 815): “Targeted Improvements to Accounting for Hedging Activities” and FASB ASU 2022-01 *Derivatives and Hedging* (Topic 815): “Fair Value Hedging - Portfolio Layer Method.” Adopted revisions are limited to hedged assets with planned discussions on hedged liabilities to take place in the future. Interested Parties supported these proposed changes. These revisions are effective January 1, 2023, with early adoption permitted. An issue paper will also be prepared for all recent and upcoming derivative revisions.




Proposed Bond Definition - SAPWG continued deliberation of its proposed definition of a bond captured within the scope of either SSAP No. 26R “Bonds” (SSAP No. 26R) or SSAP No. 43R and reported on Schedule D-1 of the Annual Statement. Updated versions of SSAP No. 26R and SSAP No. 43R were exposed to reflect the principles-based bond definition. Exposed revisions also included changes to SSAP No. 2R “Cash, Cash Equivalents, Drafts and Short-Term Investments” to exclude asset backed securities from being reported as a cash equivalent or short-term investment and revisions to SSAP No. 21R “Other Admitted Assets” (SSAP No. 21) to detail the accounting and reporting guidance for debt securities that do not qualify as bonds.





SAPWG exposed comments and recommendations regarding revisions to the Annual Statement and related instructions. NAIC staff updated the general instructions and new schedule D-1-1 and D-1-2 for Interested Party comments. These new schedules capture information specific to issuer credit obligations and asset-backed securities with revised reporting lines and instructions for investment classification. SAPWG sponsored a Blanks (E) Working Group (Blanks) proposal to incorporate these revisions with an effective date of January 1, 2025. SAPWG also incorporated changes to a proposed issue paper to include revised guidance on feeder funds as well as to detail any revisions reflected from the last exposure period. Discussions remain ongoing.



\$ *Collateral for Loans* - SAPWG exposed revisions to SSAP No. 21R to clarify that invested assets pledged as collateral for admitted collateral loans must qualify as admitted invested assets. Interested Parties asked for further clarification when the collateral is an equity investment in a joint venture, partnership, or limited liability company. Discussions included thoughts on the most relevant valuation information that would be required which was debated between the use of audited financial statements of the underlying collateral in line with SSAP No. 48 “Joint Ventures, Partnerships and Limited Liability Companies” or a fair value assessment in compliance with SSAP No. 100R “Fair Value” (SSAP No. 100R). Discussion of this matter remains ongoing.

 *U.S. GAAP Accounting Standards Update* - SAPWG rejected FASB ASU 2022-02 Financial Instruments - Credit Losses (Topic 326): “Troubled Debt Restructurings and Vintage Disclosures” as not applicable to the NAIC statutory accounting framework. SAPWG also exposed for rejection FASB ASU 2022-04 Liabilities - Supplier Finance Programs (Subtopic 405-50) “Disclosure of Supplier Finance Program Obligations.”

 SAPWG discussed the impact of FASB ASU 2022-03 Fair Value Measurement (Topic 820): “Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions” (FASB ASU 2022-03) to statutory accounting. SAPWG exposed revisions to SSAP No. 100R to adopt with modification FASB ASU 2022-03. Exposed revisions focus on the capture of items restricted to sale as restricted assets in accordance with SSAP No. 1 “Accounting Policies, Risks & Uncertainties and Other Disclosures” and subject to admittance considerations in accordance with SSAP No. 4 “Assets and Nonadmitted Assets” (SSAP No. 4). New proposed U.S. GAAP disclosures on sales restrictions are not considered in the exposure.

 *Conceptual Framework* - During 2021, the FASB issued two new chapters of its conceptual framework, FASB Concepts Statement No. 8, Conceptual Framework for Financial Reporting: Chapter 4, Elements of Financial Statements and Chapter 7, Presentation (Statement No.8). During the Summer Meeting, SAPWG incorporated the updated definition of an asset in Statement No. 8 into SSAP No. 4 and Issue Paper No. 166 “Updates to the Definition of an Asset.” During the Fall Meeting, further discussions took place regarding the updated definition of a liability in Statement No. 8 and its incorporation into SSAP No. 5R “Liabilities, Contingencies and Impairment of Assets”. Interested Parties suggested language that would clarify that the updated definition is applicable unless another authoritative SSAP provides more topic specific contradictory guidance regarding liabilities. These revisions were re-exposed for comment.

\$ *Interest Income* - SAPWG exposed revisions to SSAP No. 34 “Investment Income Due and Accrued” to enhance reporting of interest income on Schedule D-1-1. Revisions require the data capture of the gross, non-admitted and admitted amounts for interest income due and accrued and to add disclosure of the cumulative amount of paid-in-kind interest included in the current principal balance. SAPWG also sponsored a Blanks proposal to data-capture the disclosure in Note 7 of the statutory financial statements. Target date for adoption is for year-end 2023 financial statements. Discussions remain ongoing.



New Market Tax Credits - SAPWG exposed a discussion document for proposed revisions expanding SSAP No. 93 “Low Income Housing Tax Credit Property Investments” (SSAP No. 93). Proposed revisions expand SSAP No. 93 to include all investments that earn returns through tax credits. Proposed revisions include requiring reporting entities to recognize income tax credits in the period they are allocated to the reporting entity for tax purposes. Immediate recognition of the entire benefit of the tax credits to be received during the term of the investment project that generates tax credits and other tax benefits would not be permitted and instead carried under the proportional amortized cost method. Tax credits would not be recognized in the financial statements before the year in which the credit arises. Discussions remain ongoing.



Inflation Reduction Act - SAPWG adopted INT 22-02 “Third Quarter 2022 through First Quarter 2023 Reporting of the Inflation Reduction Act - Corporate Alternative Minimum Tax” (INT 22-02). INT 22-02 addresses the corporate alternative minimum tax (CAMT) imposed by the Inflation Reduction Act (the Act) and provides guidance to reporting entities when the CAMT cannot be estimated for third quarter 2022, year-end 2022 and first quarter 2023 financial statements. INT 22-02 clarifies that because a reasonable estimate of the impact of the CAMT is not determinable for third quarter 2022 through first quarter 2023 year-end reporting, the reporting entity must disclose the following: that the Act was enacted during the reporting period on August 16, 2022; whether the reporting entity (or the controlled group of corporations of which the reporting entity is a member) is considered an “applicable corporation” for purposes of being required to perform the CAMT calculations; and a statement regarding whether the reporting entity (or the controlled group of corporations of which the reporting entity is a member) has determined if it expects to be liable for the CAMT in 2023. If a reporting entity (or the controlled group of corporations of which the reporting entity is a member) expects to be liable for CAMT in 2023 or has not determined as of the reporting date if it will be liable for CAMT in 2023, the reporting entity must disclose that the financial statements do not include an estimated impact of the CAMT because a reasonable estimate of the CAMT cannot be made. A subsequent event exception was also effectuated as part of INT 22-02 eliminating Type I subsequent events for purposes of recording the CAMT to give reporting entities relief from having to amend its December 31, 2022 filing if a Type 1 subsequent event related to the CAMT calculation becomes known subsequent to a reporting entity filing its Annual Statement but before issuance of its audited financial statements. INT 22-02 will be nullified on June 15, 2023.



Interest Maintenance Reserve - SAPWG reviewed a discussion document highlighting implications of the recording of a reporting entity’s interest maintenance reserve (IMR) in the current rising interest rate environment. This has created an increase in the likelihood of a reporting entity moving to a negative IMR position which is required to be nonadmitted in accordance with current statutory accounting guidance. Interested Parties expressed concerns that current statutory accounting guidance requiring negative IMR balances to be nonadmitted could have negative ramifications to insurers. This includes misperception that a rising interest rate environment is unfavorable to the financial health of an insurer, impacts to rating agency views of the industry and promotes incentive for reporting entities to avoid prudent investment transactions that are necessary to match assets and liabilities. Interested Parties also stated that conceptually disallowing a negative IMR is contrary to the IMR’s original intent as proceeds from investments sold at a loss would be reinvested at offsetting higher interest rates. SAPWG stated that for current year-end 2022 reporting insurance entities will need to get a permitted practice from their state insurance department in order to carry any negative IMR as an asset in its year-end 2022 financial statements. SAPWG also stated that as negative IMR represents a deferred loss on investments sold it will need to have future discussions on any possibility of allowing this type of asset to be admitted in statutory accounting. This may involve certain “guardrails” to be outlined in statutory accounting to allow for this type of treatment. Discussions on this topic remain ongoing.



Life Risk-Based Capital (E) Working Group

The Life Risk-Based Capital (E) Working Group (Life RBC) discussed with the American Academy of Actuaries (the Academy) questions related to the instruction supplement for applying the C-2 Mortality Factors in the risk-based capital (RBC) calculation and any related revisions to the instruction supplement. Updates for 2023 were discussed which includes the potential to develop a new financial statement footnote that would include information that would make it easier to complete the C-2 schedule in RBC and the potential to assign different factors for group permanent life. The Academy added that it will continue to monitor the COVID-19 mortality in 2023 and beyond to see if any suggested modifications to the RBC factors are necessary. Discussions remain ongoing regarding these matters.

Life RBC also discussed the need for any consideration for the RBC treatment of companies currently in runoff and if any changes to the RBC calculation needed to be made for life runoff companies. Life RBC decided that no significant analysis would need to be made on this matter and determined that no changes to the RBC calculation would need to be made for runoff companies.

Health Risk-Based Capital (E) Working Group



The Health Risk-Based Capital (E) Working Group (Health RBC) discussed the Academy's work to analyze and review the underwriting risk (i.e.H2) component and managed care credit calculation in the Health Risk Based Capital Formula. Recommendations to improve the underwriting risk factors are as follows:

1. Refresh the factors based on updated insurer data
2. Develop factors at a more granular product level
3. Develop factors specific to more relevant block sizes and consider an indexing factor for cut points to change over time
4. Model risk factors over an NAIC-defined prospective time horizon with a defined safety level that can be refreshed regularly
5. Refresh the managed care credit formula and factors to be more relevant and representative of common contracting approaches and other risk factors associated with these contracting approaches
6. Analyze LTC insurance underwriting performance to create a more nuanced set of risk factors that consider pricing changes over time

The Academy provided plans to proceed with its analysis and comprehensive review.

Health RBC reviewed a response to the Capital Adequacy (E) Task Force regarding changes to the RBC formula for health insurance companies in runoff. Health RBC did not consider any changes to the formula necessary and that the best course of action would be to monitor these companies through state analysis and exam functions.

Health RBC also discussed reevaluating the stop loss factors in the RBC formula. Data collection efforts to assist with the process have taken place over the last four years through filing stop loss interrogatories on an electronic only basis. Discussions surrounding moving forward with an approach to aggregating data collected to date. Discussions of this topic remain ongoing.



Property and Casualty Risk-Based Capital (E) Working Group



The Property and Casualty Risk-Based Capital (E) Working Group (P&C RBC) adopted a proposal to modify the lines of business categories in PR035 in order to provide consistency in the lines of business categories used in the Underwriting and Investment Exhibit, Part 1B.

P&C RBC heard an update regarding the Academy's current project to recalibrate the reserve and premium risk components of the RBC formula (i.e.R4 and R5) and mostly includes updated risk factors, investment income adjustments and line of business diversification credits. Currently, under the investment income adjustments, a 5% interest rate is assumed. The Academy will introduce a new methodology to adjust losses based upon interest rates in effect at the time. In addition, the Academy is pursuing an initiative to align the time horizon for the investment income adjustment with the risk horizon.

P&C RBC discussed the need for any consideration for the RBC treatment of companies currently in runoff and if any changes to the RBC calculation needed to be made for property and casualty runoff companies. P&C RBC decided that no significant analysis would need to be made on this matter and determined that no changes to the RBC calculation would need to be made for runoff companies.



Risk-Based Capital (RBC) Investment Risk and Evaluation (E) Working Group



The Risk-Based Capital (RBC) Investment Risk and Evaluation (E) Working Group (Investment RBC) reviewed with the Academy its presentation on collateralized loan obligations (CLOs). At the request of the NAIC, the Academy has been investigating CLOs to understand the risk posed to life insurers' statutory capital and considerations for establishing capital requirements. The Academy concluded that the current bond factors applied to CLOs are not appropriate. The Academy also concluded that the exposure across the life industry as a result of utilizing the current bond factors is minimal. The Investment RBC exposed this presentation for comment and further discussion to determine next steps.

Reinsurance (E) Task Force



The Reinsurance (E) Task Force continued its discussion of the Uniform Checklist for Reciprocal Jurisdiction Reinsurers, completed its reviews of certified reinsurers and reciprocal jurisdiction reinsurers and received an update on the states' implementation of the 2019 revisions to the Credit for Reinsurance Model Law (#785), the Credit for Reinsurance Model Regulation (#786), and the implementation of the Term and Universal Life Insurance Reserve Financing Model Regulation (#787).



Valuation of Securities (E) Task Force



VOS exposed for a forty-five day comment period amendments to the P&P Manual to include CLOs as a financially modeled security in Part 4. Expected effective date is January 1, 2024.

VOS adopted amendments to the P&P Manual to update the instructions for related party and subsidiary, controlled and affiliated investments. This was a referral from SAPWG which raised comments about eligibility for filing exemptions for various affiliated structures. SAPWG referred this matter to VOS stating that VOS may need to develop additional procedures to add a methodology for investments that involve a related party, a sponsor originator manager or other similar transaction parties. VOS revised the subsidiary controlled and affiliated (SCA) section of the P&P manual to clarify that the section captures not only SCA investments which are determined by control but also related party investments which include various other relationships between an insurer and transaction party. Additionally, investments with direct or indirect credit exposure to an SCA or related party of the insurer would be ineligible for filing exemption. Investments with an SCA or related party entity within the transaction structure but with no direct or indirect credit exposure would be filing exempt unless otherwise ineligible. Regulators may still require an insurer to file an otherwise exempt investment with the SVO for further analysis and assignment of a designation making that investment ineligible for future filing exemption.

VOS proposed changes to the P&P Manual to add instructions for investments with and notes issued by trusts, limited liability partnerships, limited liability companies and special purpose vehicles that operate as feeder funds and defined as structured equity and funds by the NAIC. The SVO is concerned about structured equity and funds as these types of investments have the ability to circumvent some of the regulatory guidance issued by VOS. These investments have been able to qualify as bonds under current regulatory definitions due to some of these investments legal form while ignoring the actual substance of the investment. It is possible that many of these types of investments will not qualify for Schedule D-1 reporting as bonds under the new principles-based bond definition. VOS proposed modifying the P&P Manual instructions to exclude these types of investments from filing exempt eligibility. A referral was also sent to the Capital Adequacy (E) Task Force regarding this matter. Discussions remain ongoing.

VOS proposed a new CLO modeling methodology and has asked Interested Parties for feedback regarding the assumptions proposed in the new methodology or if there are alternative assumptions that should be used. Discussions remain ongoing.

Group Solvency Issues (E) Working Group



The Group Solvency Issues (E) Working Group (Group Solvency) discussed considerations associated with private equity ownership of insurers. Concerns were expressed with this type of ownership structure in that regulators may not have a complete picture of the entirety of risks existing within such a holding company structure due to their complexity and that certain contractual arrangements associated with this type of ownership may be entered into for purposes of avoiding regulatory requirements. Group Solvency discussed a process of additional disclosures or requests for more information whenever unresolved regulatory concern exists with a change in control Form A application. This would include additional information to allow regulators to assess the goals of potential owners in acquiring an insurer, dividend expectations and the ability of the acquiring entity to provide additional capital support when necessary. Additional training for regulators regarding these complex structures was also considered. Group Solvency also discussed the concept of control as outlined in the Insurance Company System Regulatory Act (#440) (the Act) and the impacts on regulatory reporting and monitoring activities and the potential for transactions and agreements to be structured around the presumption of control as defined in the Act.



Big Data and Artificial Intelligence (H) Working Group



An update was provided relating to the results of the Private Passenger Auto (PPA) Artificial Intelligence (AI)/Machine Learning (ML) Survey that was conducted in 2021. The objective of the survey was to gain a better understanding of the use of AI and ML in the Private Passenger Auto business of insurance to determine the need for regulatory frameworks to oversee and monitor the use of AI/ML. The survey was conducted in 9 states with carriers of \$75 million in national PPA insurance premium for 2020 and a total of 193 responses were received. The survey was intentional in gaining a perspective of the more advanced AI/ML models that are being used. Results were as follows:

88% of reporting companies currently use, plan to use or plan to explore using AI/ML.

Areas of operations in which companies are using AI/ML is as follows:

- Claims 70%
- Marketing 50%
- Fraud detection 49%
- Rating 27%
- Underwriting 18%
- Loss prevention 2%

The survey identified the use of third parties for production of the models used. As a result, 42% of



models were developed by third parties and 58% were developed internally.

The result of the survey is intended to be used by the state insurance regulators to determine if the current regulatory framework addresses the risk as it relates to the use of AI and ML. The working group has provided some potential next steps for consideration to the committee.

Further, an update was provided on additional surveys that are currently in process to include AI/ML Home Survey and AI/ML Life Insurance Survey. The goal of these surveys is similar to the PPA survey and results from these two surveys should be available in 2023.

The draft of the Model and Data Regulatory Questions was discussed. The draft is a document that is proposed to assist regulators with asking the correct questions as it relates to data and models being utilized within a carrier. The proposed draft breaks down the questions dependent on who creates the models and further breaks down between Main General Questions and Detailed and Technical Questions. The examiner does not have to use this guide, but it will provide assistance in gaining a better understanding when models are being used. The draft has been exposed with a 62-day comment period, ending in February 2023.

Health and Innovations (B) Working Group



The working group had several presenters that presented on the allocations of hospital facility fees and the impact that it has to consumers, insureds and hospital systems. The presenters brought various views of these fees and the impacts to all parties. The working group will continue to research and understand the complexity of this item and determine if regulatory involvement is needed.

The working group then heard a presentation related to coverage of drugs to treat obesity. The presenter outlined the risks related to obesity in Americans today, with 42% Americans currently considered obese. As a result, this is considered a disease and should be managed as one. The cost of dealing with the disease is estimated to \$173 million a year. The presenter suggested implementing state benchmark plans to address the risk, which in the end should reduce overall cost and improve the health of Americans.

AntiFraud Technology (D) Working Group



The NAIC is continuing to work on the proposal for creating an NAIC Producer Portal. Currently, the NAIC website has a search for “find an agent”. The new portal will expand this search to provide additional information for consumers to review on existing agents. The NAIC does not receive any information and all the data is coming from the state insurance departments and then shared with NAIC technology department. Continued efforts to enhance functionality of the portal as well as integration of state websites continues.

Unfair Trade Practices Act (Model #880) was approved for review by the Working Group. There is activity being witnessed at each state as it relates to improper marketing of health insurance plans. The amendments to Model #880 will provide states the ability to take necessary actions to protect consumers and end improper marketing of health insurance policies. The proposed revisions are subject to review and revision through the normal NAIC processes for addressing model law review requests.

The Committee also heard from several interested parties, including the Coalition Against Insurance Fraud (CAIF), Healthcare Fraud Prevention Partnership (HFPP) and National Insurance Crime Bureau (NIBC). All interested parties provided a recap of what is currently happening in their organization as it relates to education, data, and priorities.



Climate and Resiliency (EX) Task Force



The updated NAIC Climate Risk Disclosure Survey for reporting year 2021 has been closed, an extension was provided to insurers with a deadline of November 30, 2022. The survey is required for insurers with over \$100 million in direct written premium nationwide and are domiciled in one of the 15 states participating. The survey questions were expanded to be more in line with the Task Force on Climate related Financial Disclosures (TCFD). The expanded survey will enhance the transparency about how insurance companies manage the climate-related risk to provide opportunities to incorporate international best practices. There were 957 responses, with results of the surveys included on the California Department website.

The NAIC has developed a new resource page on Climate on the NAIC website. Included within this page is a report issued by the NAIC, “Adaptable to Emerging Risks: The State-Based Insurance Regulatory System is Focused on Climate-Related Risk and Resiliency”. Included within the report are three key NAIC focus areas: financial risk analysis, the availability and affordability of insurance and risk awareness and mitigation. The Climate and Resiliency Task Force is organized around five workstreams to include Pre-Disaster Mitigation, Solvency, Climate Risk Disclosure, Innovation and Technology. It was recognized that it is imperative for state action to incentivize mitigation and resiliency as a result of natural disasters that are occurring from climate-change related risk. The Task Force then heard from several State Commissioners and /or representatives on mitigation actions they have taken at the state level. It was clear that all attendees at the meeting could agree that a collaboration and awareness of state regulation in this effort is valuable.



Special (EX) Committee on Race and Insurance

The Task Force adopted the recommendations from Workstream # 1, which included the recommendation of actions as follows*:

- The NAIC in collaboration with insurance trade associations (including producer groups) should make available resources and develop materials for members of industry, insurance trade associations and state regulators to use to host programs that introduce students from local colleges and graduate schools to careers in insurance.
- Insurance trade associations should work together, where appropriate, to share DEI resources and best practices and make them widely available to their members, including blueprints to be used by companies for student internships, grants, or similar programs and for recruiting talent from non-traditional networks and channels.
- The insurance industry should assess DEI and DEI efforts at all levels of its organizations as well as among producers and third-party suppliers to identify opportunities for improvement and to measure changes in diversity over time.
 - As part of this assessment, insurance trade associations are encouraged to share information they collect from their members in a manner that facilitates evaluation across business lines (including distribution channels) and to make such information publicly available on a regular basis.
- State regulators should use the opportunity of appropriate regulatory interactions to ask about, and regulated entities should be prepared to discuss, their efforts relating to talent recruitment and retention, including DEI initiatives and their impact.
- The NAIC should provide regular updates on the foregoing initiatives to our federal counterparts and the International Association of Insurance Supervisors (IAIS).

(*Attachment Three Special (EX) Committee on Race and Insurance 12/14/22© 2022 National Association of Insurance Commissioners materials)

The Task Force adopted report from the Health Innovations Working Group that provides a summary of the overall evaluations of telehealth services and alternative payment models' impact on health disparities. The memo provided awareness, education and recommendations on what insurance regulators could do to mitigate risk related to these areas.



Life Insurance and Annuities (A) Committee

The Task Force Adopted the annual update to the Generally Recognized Expense Table (GRET).



There was an update on the implementation of 2020 Revisions to Model #275, Suitability in Annuity Transactions Model Regulation. As of the Fall meeting, 29 states have adopted with 6 states pending.

Property and Casualty Insurance (C) Committee

An update was provided from all Task Force, with adoptions of reports.



The Surplus Lines Task Force provided an update on Non-admitted Insurance Model Act #870. Initial Draft was exposed at the Spring National Meeting with a 60-day public comment period ending July 21, 2022. Ten comment letters were received with 27 comments with seven issues to cover. After discussion, it was determined by the working group to make modifications to two sections of the Draft and then open for a 30-day public comment period.

The Title Insurance Task Force brought forward a report related to their meeting specific to consideration of Attorney Letter Opinion (AOL) as an alternative to title insurance. There have been many opposing discussions brought forward related to this product and further discussion will continue.

The Transparency and Readability of Consumer Information Working Group adopted both the Regulatory Resource for Consumers on Personal Lines Pricing and Underwriting Document and Rate/Rule Filing Checklist. The purpose of the Regulatory Resource for Consumers on Personal Lines Pricing and Underwriting Document is to provide state regulators with information they can use in social media, bulletins, and other means of consumer education for which the department of insurance may have the need. The purpose of the Rate/Rule Filing Checklist is to provide a checklist for Department of Insurance to provide to insurers to make sure they are not missing information in filings. In addition, the Working Group is revisiting the home-owners insurance guide and auto insurance guide.

The Task Force approved to adopt the Revised International Insurers Department (IID) Plan of Operation (Plan). The Plan provides details on standards and processes that insurers must meet to gain and maintain inclusion on the “Quarterly Listing of Alien Insurers.” The Plan includes oversight and monitoring required by the NAIC staff and selected state regulators who perform oversight of alien insurers writing surplus lines business in the US.





Connect With Us

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