

National Meeting Preview

TO: NAIC Members, State Insurance Regulators and Interested Parties
FROM: NAIC Committee Support Staff
DATE: July 12, 2016
SUBJECT: Preview of NAIC Committee and Task Force Activities for the Summer National Meeting in San Diego, California

The NAIC appreciates your active involvement and input. Our open meetings policy ensures the broadest access possible, while reserving the right to close a meeting for specific purposes as outlined in the NAIC Policy Statement on Open Meetings. To make your meeting experience as valuable as possible, we present this information to help you plan your travel and meetings experience.

The *Preview* highlights key actions planned by the NAIC membership during its upcoming national meeting. The information should only be used as a general reference. These sessions are subject to change to reflect developments between the time this was written and the start of the national meeting.

Important Note: Before making travel arrangements to attend a national meeting, we strongly encourage you to check the detailed program agenda posted on the NAIC website at www.naic.org/meetings_home.htm for the most current dates and times of all meeting sessions, as well as any events prior to or post the national meeting.

SPECIAL MEETINGS AND/OR EVENTS

CIPR EVENT: *Gearing Up for Autonomous Vehicles*

Please plan to join the NAIC Center for Insurance Policy and Research (CIPR) Aug. 28, 3–5 p.m. for its summer event: “Gearing Up for Autonomous Vehicles.” Registration will open at 2 p.m. Commissioner Teresa D. Miller (PA) will host the event, which will be held as part of the Summer National Meeting. The event will feature a presentation and a panel discussion, moderated by Paul Carroll (Insurance Thought Leadership), on current auto insurance trends and how the integration of technology into vehicles could potentially transform the auto insurance market. Discussions will include the potential implications of mobility-sharing and autonomous vehicles on insurers’ future business models. These transportation advances may lead insurers to rethink their strategies related to underwriting, claims, distribution channels and product mixes.

REGULARLY SCHEDULED MEETINGS

The **EXECUTIVE (EX) COMMITTEE** will consider adoption of the report of the joint meeting of the **Executive (EX) Committee and the Internal Administration (EX1) Subcommittee**, as well as reports of its task forces. The Committee may consider adoption of model law development requests that are currently pending with sponsoring letter committees. The Committee will receive progress reports regarding work on NAIC models currently under development and hear updates from the IIPRC and NIPR. A draft agenda and materials for this meeting will be made available for review on the “Meetings and Events” page on the NAIC website at www.naic.org/meetings_home.htm

During the joint meeting of the **EXECUTIVE (EX) COMMITTEE AND PLENARY**, members will consider adoption of reports from the Executive (EX) Committee and its seven standing committees, as well as the minutes from the Spring National Meeting. Members will also consider adoption of:

- Interim meeting minutes.
- Amendments to 2016 NAIC Committee Charges.
- Amendments to the *Health Insurance Reserves Model Regulation* (#10) (Individual Disability Table).
- New *Actuarial Guideline L—2013 Individual Disability Income Valuation Table* (AG 50).
- Amendments to the *Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act* (#651).
- New Gramm-Leach-Bliley Act annual privacy notices model bulletin.
- Market Conduct Annual Statement (MCAS) – health blank and definitions (April 4, 2016, draft).
- Requirements related to certified reinsurance provisions for accreditation.

Please Note: Any NAIC model law, regulation, bulletin, white paper or other pertinent item for review and discussion by the **Executive (EX) Committee and Plenary** may be added to its agenda for consideration at any time prior to the Summer National Meeting.

The **CYBERSECURITY (EX) TASK FORCE** will receive an update on cybersecurity-related legislation. The Task Force will also receive a report on the data received via the Cybersecurity and Identity Theft Insurance Coverage Supplement; receive an update on the status of the next version of the Insurance Data Security Model Law; and discuss next steps regarding the model law.

The **INFORMATION SYSTEMS (EX1) TASK FORCE** will receive a Strategic Project Portfolio Summary Report for active and closed technology projects, including: 1) Regulator User Interface (RUI) Redesign; 2) Securities System Rewrite (SSR)—Expanded Phase I; 3) SERFF Integration Expansion; 4) State Based Systems (SBS) Software Enhancement and Technology Compliance Initiative – Implementation Strategy; 5) SERFF Rewrite Evaluation; 6) File Repository Rewrite; 7) Security; and 8) Specification Generator (SpecGen) Rewrite. Additionally, the Task Force will receive an IT Operational Summary Report on key NAIC-supported state-based technology initiatives, including: 1) SBS; 2) SERFF; 3) State Producer Licensing (SPL); Regulator User Interface (RUI), 2016 Insurance Summit – Technology Segment; and 2016 State Technology Survey. An update on the Cybersecurity (EX) Task Force activities will be presented. The **Technical Consulting (EX1) Working Group** membership and 2017 project proposal review timeline will be discussed.

The **PRINCIPLE-BASED RESERVING IMPLEMENTATION (EX) TASK FORCE** will consider adoption of its interim minutes and discuss the status of activities documented in the Principle-Based Reserving (PBR) Implementation Plan, including proposed changes to the *Valuation Manual*, the 2016 PBR Pilot Project and PBR experience reporting. The **PBR Review (EX) Working Group** will consider adoption of its interim minutes, discuss any recommendations from the **PBR Review Procedures (EX) Subgroup** on draft changes to the *Financial Condition Examiners Handbook*, discuss the process to make the Valuation Analysis (E) Working Group operational. In addition, the PBR Review (EX) Working Group will discuss a 2016 PBR company survey to collect data from life insurance companies on the products they plan to value under PBR assuming it becomes operative on Jan. 1, 2017, and if they are planning on using the three-year transition period or are eligible for the small company exemption. NAIC staff also will give an update on the 2016 PBR Pilot Project and the training on the NAIC modeling software.

The **PRODUCER LICENSING (EX) TASK FORCE** will consider adoption of a report from the **Producer Licensing (EX) Working Group**, receive an update on the state entry of Financial Industry Regulatory Authority (FINRA) regulatory actions to the NAIC Regulatory Information Retrieval System (RIRS), hear a report on federal activities affecting state producer licensing and hear a report from the NIPR board of directors. The **Producer Licensing (EX) Working Group** will review the states' compliance with the Uniform Licensing Standards and Continuing Education (CE) Reciprocity Agreement. As part of this review, the Working Group will review suggested revisions to the CE Reciprocity Agreement. The Working Group will finalize revisions to the *Guidelines for State Insurance Regulators to the Violent Crime Control and Law Enforcement Act of 1994 (18 U.S.C. §§ 1033–1034)*.

The **SPEED TO MARKET (EX) TASK FORCE** will consider adoption of the report of the **Operational Efficiencies (EX) Working Group**. The Task Force also will hear reports from the SERFF Advisory Board and the IIPRC, as well as receive an update on the 2016 SERFF rewrite analysis fiscal and proposed fiscals for 2017.

The **LIFE INSURANCE AND ANNUITIES (A) COMMITTEE** will consider adoption of its task force and working group reports. The **Life Insurance Illustration Issues (A) Working Group** plans to continue discussions regarding how the narrative summary required by Section 7B of the *Life Insurance Illustrations Model Regulation* (#582) and the policy summary required by Section 5A(2) of the *Life Insurance Disclosure Model Regulation* (#580) can be enhanced to promote consumer readability and understandability. The **Unclaimed Life Insurance Benefits (A) Working Group** will not be meeting, but plans to meet via conference call after the Summer National Meeting to hear from the **Unclaimed Benefits Model Drafting (A) Subgroup** on the status of the new draft NAIC model law to address the issue of unclaimed death benefits.

The **LIFE ACTUARIAL (A) TASK FORCE** will work on and consider amendments to the *Valuation Manual* (for implementation in 2018.) The Task Force will discuss efforts to support and coordinate with the **Principle-Based Reserving Implementation (EX) Task Force**. The Task Force also will receive reports from its subgroups. The **PBR Review (EX) Working Group** will provide an update on the 2016 PBR Pilot Project. The Society of Actuaries (SOA) will provide updates on the guaranteed issue/simplified issue and preneed mortality tables, the 2017 Generally Recognized Expense Tables, the PBR survey and PBR education efforts.

The **HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE** will consider adoption of its task force, working group and subgroup reports, which include activities related to the federal Affordable Care Act (ACA) health reform implementation. In addition, the Committee plans to hear a presentation concerning value-based purchasing.

The **HEALTH ACTUARIAL (B) TASK FORCE** will discuss actuarial issues related to health care reform and development of new cancer insurance valuation tables. The **Long-Term Care Actuarial (B) Working Group** will discuss long-term care (LTC) insurance pricing and valuation issues.

The **REGULATORY FRAMEWORK (B) TASK FORCE** will consider adoption of its working group and subgroup reports. The **Model #22 (B) Subgroup** may meet to continue its discussions of the comments received on suggested revisions to the *Health Carrier Prescription Drug Benefit Management Model Act* (#22). The **ERISA (B) Working Group** plans to review a revised draft of proposed revisions to the *Health and Welfare Plans Under the Employee Retirement Security Act: Guidelines for State and Federal Regulation* (ERISA Handbook) and possibly re-expose the draft for public comment. The Working Group will then adjourn into regulator-to-regulator session, pursuant to the NAIC Policy Statement on Open Meetings, to discuss investigations into specific plans.

The **SENIOR ISSUES (B) TASK FORCE** will continue to discuss issues relating to Medicare supplement insurance (Medigap) and LTC insurance, continue work on guidance related to improvements to LTC insurance rate stabilization standards, discuss LTC insurance consumer disclosures and partnership plan reporting, and receive updates on other topics of interest. The Task Force will consider adoption of the report from the **Long-Term Care Consumer Disclosure (B) Subgroup** and the **Long-Term Care Innovation (B) Subgroup**. The **Long-Term Care Consumer Disclosure (B) Subgroup** has completed its work on the *Long-Term Care Insurance Model Act* (#640), the *Long-Term Care Insurance Model Regulation* (#641) and the *Guidance Manual for Rating Aspects of the Long-Term Care Insurance Model Regulation*. The **Long-Term Care Innovation (B) Subgroup** will discuss the future of LTC insurance and the role the private market can, and should, play in financing the LTC needs of our society. The Subgroup will hold a public hearing about ways to address some of the current challenges facing the LTC insurance market.

The **PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE** will consider adoption of revisions to *A Shopping Tool for Automobile Insurance*, *A Consumer's Guide to Auto Insurance*, *A Shopping Tool for Homeowners Insurance* and *A Consumer's Guide to Home Insurance*, as well as its task force and working group reports. The Committee will hear presentations on: 1) a mobile app meant to assist consumers in fortifying their homes; and 2) online auto insurance comparison sites. The **Advisory Organization Examination Oversight (C) Working Group** will meet in regulator-to-regulator session to discuss the progress made on several 2016 advisory organization examinations. Planning for 2017 exams, including selection of lead and participating states, will also take place. The 2016 changes to Chapter 25 of the *Market Regulation Handbook* will be reviewed and proposed future changes will be discussed. The **Affordable Care Act Medical Professional Liability (C) Working Group** will hear a presentation from the National Practitioner Data Bank on the information it currently collects and its applicability to this group's charge related to the impact of the ACA on medical professional liability. The **Auto Insurance (C/D) Working Group** will discuss a draft data call template and potential data collection. The **Catastrophe Insurance (C) Working Group** will receive an update on the National Flood Insurance Program (NFIP) and catastrophe-related legislation, and will consider adoption of the reports of the **Post-Catastrophe Regulatory Guidance (C) Subgroup** and the **Consumer Outreach and Assistance Post-Disaster (C) Subgroup**. The Working Group will discuss its coordination of

review of NFIP rates. The **Catastrophe Response (C) Working Group** will hold a joint meeting with the **Post-Catastrophe Regulatory Guidance (C) Subgroup** to discuss the updating of the *State Disaster Response Plan*. The **Climate Change and Global Warming (C) Working Group** will hear from the Washington Office of the Insurance Commissioner on how examiners are using the questions related to climate change risk in the *Financial Condition Examiners Handbook*. It will also hear an update on climate-related activities in California and discuss climate impacts on the U.S. and the potential for public-private mitigation partnerships. The **Crop Insurance (C) Working Group** will hear an update from the Risk Management Agency (RMA) and the National Crop Insurance Services (NCIS). The **Earthquake (C) Study Group** will hear presentations about the Cascadia Subduction Zone. The **Risk Retention (C) Working Group** will not meet at the Summer National Meeting. The **Sharing Economy (C) Working Group** will discuss the need for a white paper regarding home-sharing. The Working Group will hear from Lyft and Marsh Inc. regarding the types of insurance policies available for sharing economy companies. The Working Group will also hear from the National Association of Professional Surplus Lines Offices (NAPSLO) regarding the use of surplus lines products for sharing economy companies. The **Terrorism Insurance Implementation (C) Working Group** will discuss the collection of terrorism risk insurance data and hear a report on federal activities. The **Transparency and Readability of Consumer Information (C) Working Group** will not be meeting. The **Travel Insurance (C) Working Group** will continue discussion on proposed issues to be addressed by the Working Group and will hear presentations from consumer and industry interested party groups.

The **CASUALTY ACTUARIAL AND STATISTICAL (C) TASK FORCE** will consider adoption of its interim minutes, discuss rate regulation, consider adoption of reports from its working group and study group and hear reports from the American Academy of Actuaries (Academy).

The **TITLE INSURANCE (C) TASK FORCE** will hear from the Consumer Financial Protection Bureau (CFPB) regarding Real Estate Settlement Procedures Act (RESPA) compliance and marketing service agreements. The Task Force will hear from the American Land Title Association (ALTA) regarding implementation of federal Truth in Lending Act (TILA)-RESPA integrated disclosures (TRID) and hear an update on federal activities. Additionally, the Task Force will consider adoption of reports from the **Title Insurance Consumer Shopping Tools (C) Working Group**, the **Title Affiliated Business Process Review (C) Working Group** and the **Title Insurance Financial Reporting (C) Working Group**.

The **SURPLUS LINES (C) TASK FORCE** will hear an update on H.R. 2901, Flood Insurance Market Parity and Modernization Act. Survey results addressing concerns introduced by the Property Casualty Insurers Association of America (PCI) will be discussed. NAIC staff will present a summary of 2015 aggregated U.S. data from alien insurers. Additionally, the Task Force will discuss the need for the collection of data related to cybersecurity and flood risk.

The **WORKERS' COMPENSATION (C) TASK FORCE** will receive a report on the status of the Workers' Compensation Large Deductible Study; hear a report from the International Association of Industrial Accidents Boards and Commissions (IAIABC) on its recently released study, "Understanding Opt-Out Alternatives to Workers Compensation"; hear a report from the National Council on Compensation Insurance (NCCI) on the state of the workers' compensation market, including comments on the fallout over the Castellanos case in Florida; and hear a report from the Workers Compensation Research Institute (WCRI) on recent studies it has performed.

The **MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE** will consider adoption of reports from its task forces and working groups. The **Big Data (D) Working Group** will hear presentations on the development and use of rating models by insurers and statistical modeling techniques. The **Market Analysis Procedures (D) Working Group** will continue to discuss the next MCAS line of business, and will discuss possible revisions for the current MCAS lines of business. The **Market Regulation Accreditation (D) Working Group** will consider adoption of the assessment checklist and guidelines, and will discuss the implementation plan for market regulation accreditation. The **Privacy Disclosures (D) Working Group** will not meet at the Summer National Meeting. The **Market Conduct Examination Standards (D) Working Group** will not meet at the Summer National Meeting.

The **ANTIFRAUD (D) TASK FORCE** will consider adoption of reports from the **Antifraud Training and Seminar (D) Working Group** and the **Information and Technology (D) Working Group**. In addition, the Task Force will discuss the states' compliance with the NAIC Fraud Prevention Plan and hear updates from interested parties about their recent activities to address insurance fraud.

The **MARKET INFORMATION SYSTEMS (D) TASK FORCE** will consider adoption of a report from the **Market Information Systems Research and Development (D) Working Group**. In addition, the Task Force will review the results and recommendations from the Market Information Systems data analysis, review activity on other 2016 charges and consider adoption of its 2017 Proposed Charges.

The **FINANCIAL CONDITION (E) COMMITTEE** will consider adoption of the reports from its task forces and working groups. The **Mortgage Guaranty Insurance (E) Working Group** will continue discussions regarding proposed changes to the *Mortgage Guaranty Insurance Model Act* (#630), related standards, and the analysis and development of an RBC requirement for mortgage insurers. The **Group Capital Calculation (E) Working Group** will continue its discussions on the group capital calculation and will specifically discuss the treatment of non-insurers and non-RBC filers. The **Risk-Focused Surveillance (E) Working Group** will not meet at the Summer National Meeting. The **Group Solvency Issues (E) Working Group** will discuss a project to evaluate the effectiveness of enterprise risk reporting through the Form F process. The **Emerging Actuarial Issues (E) Working Group** and the **Variable Annuities Issues (E) Working Group** will not meet at the Summer National Meeting.

The **ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE** will consider adoption of its working group reports. The **Blanks (E) Working Group** will not meet at the Summer National Meeting but will provide a report of its interim activity. The **Statutory Accounting Principles (E) Working Group** will hear comments on exposed items and consider new agenda items impacting statutory accounting principles. Potential investment-related topics include money market mutual funds, exchange-traded funds (ETFs), subsidiary controlled and affiliated (SCA) entities and quarterly investment reporting. Other topics include variable annuity hedges; correction of error; coordination policy statement with the Valuation of Securities (E) Task Force, PBR-related projects, as well as generally accepted accounting principles (GAAP) issuances involving leases, revenue recognition and impairment.

The **CAPITAL ADEQUACY (E) TASK FORCE** and the **Health Risk-Based Capital (E) Working Group**, the **Investment Risk-Based Capital (E) Working Group**, the **Life Risk-Based Capital (E) Working Group**, the **Property and Casualty Risk-Based Capital (E) Working Group** and the **Catastrophe Risk (E) Subgroup**—will not meet at the Summer National Meeting. Check the NAIC conference call calendar for any scheduled calls covering current discussions.

The **EXAMINATION OVERSIGHT (E) TASK FORCE** will consider adoption of reports from the **Electronic Workpaper (E) Working Group**, the **Financial Analysis Handbook (E) Working Group**, the **Financial Analysis Research and Development (E) Working Group**, the **Financial Examiners Coordination (E) Working Group** and the **Financial Examiners Handbook (E) Technical Group**.

The **RECEIVERSHIP AND INSOLVENCY (E) TASK FORCE** will consider adoption of its minutes, hear federal legislative and international updates, consider adoption of draft revisions to the *Life and Health Insurance Guaranty Association Model Act* (#520) related to guaranty association coverage of structured settlements and consider adoption of its working group reports. The **Receivership Model Law (E) Working Group** will consider adoption of its minutes and discuss information gathered regarding certain provisions of receivership laws and practices.

The **REINSURANCE (E) TASK FORCE** will consider adoption of reports from the **Qualified Jurisdiction (E) Working Group** and the **Reinsurance Financial Analysis (E) Working Group**. The Task Force will discuss the proposed XXX/AXXX Captive Reinsurance Model Regulation. The Task Force also will receive updates regarding implementation of the 2011 revisions to the *Credit for Reinsurance Model Law* (#785) and the *Credit for Reinsurance Model Regulation* (#786), including updates regarding the states' efforts to implement these revised models.

The **RISK RETENTION GROUP (E) TASK FORCE** will not meet at the Summer National Meeting.

The **Valuation of Securities (E) Task Force** will consider adoption of its minutes of interim calls; consider adoption of its charges for 2017 and continue work on open projects. The Task Force will hear presentations by the Structured Securities Group (SSG) on projects pertaining to financial modeling of residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS), including: the difference between “through the cycle” and “pro-cyclical” approaches to financial modeling; the impact of eliminating the modified filing exemption for securities not subject to financial modeling and of eliminating carrying value methodology in *SSAP No. 43R—Loan-Backed and Structured Securities* for securities subject to financial modeling as well the impact of changes in the vendor's financial model for CMBS on 2016 year-end reporting. The SVO may present a recommendation for a referral to **Statutory Accounting Principles (E) Working Group** to clarify the accounting status of debtor in possession financings; propose amendments to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) to highlight the regulatory nature of NAIC Designations; eliminate references to SVO use of Bloomberg and to provide guidance and instructions for Power Generation Projects and Renewable (Solar Power) Projects. The SSG and SVO may also discuss a project to expand the number of NAIC designations in use by the SVO. And, the Task Force may also consider a second referral from the **Statutory Accounting Principles (E) Working Group** on Surplus Notes.

The **FINANCIAL REGULATION STANDARDS AND ACCREDITATION (F) COMMITTEE** will discuss comments received and consider adoption of proposed revisions to modernize certain aspects of the

NAIC Financial Regulation Standards and Accreditation Program. The Committee expects to receive and consider exposure of a referral from the **Life Actuarial (A) Task Force** and the **Health Actuarial (B) Task Force** regarding accreditation requirements for the 2009 amendments to the *Standard Valuation Law* (#820), which authorizes a PBR methodology for life, annuity and accident and health contracts. The Committee also expects to receive and consider a referral from the **Risk Retention Group (E) Task Force** regarding significant elements for the CPA Audits accreditation standard. In addition, the Committee will consider adoption of referrals from the **Financial Examiners Handbook (E) Technical Group** related to recent changes to the *Financial Condition Examiners Handbook* and from the **Risk Retention Group (E) Task Force** related to analysis requirements for risk retention groups.

The **INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE** will consider adoption of its working group reports; and discuss progress on initiatives of the International Association of Insurance Supervisors (IAIS), including the status of the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame), the various global capital standards under development and financial stability issues. The Committee will consider adoption of a report from the **International Regulatory Cooperation (G) Working Group**, which will include updates on ongoing activities to enhance cooperation with international regulators, including the status of participation by the states in the IAIS multilateral memorandum of understanding (MMoU) process. The Committee also will receive reports on work in progress at the Organisation for Economic Co-operation and Development (OECD). The **ComFrame Development and Analysis (G) Working Group** will discuss progress on ComFrame—in particular, the ongoing field testing process and the development of the global insurance capital standard (ICS).

The **NAIC/CONSUMER LIAISON COMMITTEE** will discuss P/C insurance issues related to understanding the challenges facing consumers regarding flood insurance, H.R. 2901 and S.1679, as well as why passage of these bills is critical for consumer protection; to evaluating form filings that limit lawsuit options; and why the U.S. Department of Labor fiduciary rule is good for consumers. The Committee also will discuss health insurance issues such as the need to protect consumers from massive bills for emergency air ambulance services; the states' efforts to implement the *Health Benefit Plan and Adequacy Model Act* (#74); the status of *House v. Burwell*, what happens next and what possible decisions could mean for health insurers, regulators and consumers; report findings regarding California consumers' knowledge about how to file health complaints; and promoting consumers' affordable access to prescription drugs.

The **NAIC/AMERICAN INDIAN AND ALASKA NATIVE LIAISON COMMITTEE** will discuss the involvement of the Insurance Institute for Business and Home Safety (IIBHS) in tribe relocation; the Native Youth Empowerment Symposium; and educational training to enhance the financial/insurance literacy of tribal nations.

The **NAIC/STATE GOVERNMENT LIAISON COMMITTEE** will not meet at the Summer National Meeting.

The **NAIC/INDUSTRY LIAISON COMMITTEE** will continue dialogue between state insurance regulators and industry representatives on issues of common interest.

The **JOINT MEETING OF THE IIPRC MANAGEMENT COMMITTEE AND COMMISSION** will convene to receive reports from its **Audit Committee, Communications Committee, Finance Committee, Product Standards Committee** and **Rulemaking Committee**. The **Management Committee** and

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Commission will consider final action on the proposed amendments to certain life uniform standards published to the IIPRC docket on May 31.