

MEMORANDUM

TO: Commissioners, Directors, Superintendents, and Interested Parties
FROM: Jennifer McAdam, Legal Counsel
DATE: August 24, 2018
RE: Action on Model Laws, Guidelines, and White Papers at the 2018 Summer National Meeting

This memorandum describes NAIC action on model laws, guidelines, and white papers at the 2018 Summer National Meeting. For further information, including current drafts and staff support contacts for each item, please consult the NAIC web site (www.naic.org), Committees page.

I. Actions by Executive (EX) Committee and Plenary

A. Model Laws and Regulations Adopted by the Executive (EX) Committee and Plenary

Amendments to Life Insurance Disclosure Model Regulation (#580)

The Executive (EX) Committee and Plenary adopted amendments to the *Life Insurance Disclosure Model Regulation* (#580). The Life Insurance Buyer's Guide (A) Working Group removed the Life Insurance Buyer's Guide as an appendix to the model, allowing the Buyer's Guide to be a stand-alone document that can be updated more frequently. The Executive (EX) Committee approved the request for model law development to amend the model at the 2017 Summer National Meeting. The Life Insurance and Annuities (A) Committee adopted the amendments on a conference call held prior to the 2018 Summer National Meeting.

B. Guidelines Adopted by the Executive (EX) Committee and Plenary

The Executive (EX) Committee and Plenary did not adopt any Guidelines at the Summer National Meeting.

C. Actuarial Guidelines Adopted by the Executive (EX) Committee and Plenary

The Executive (EX) Committee and Plenary did not adopt any Actuarial Guidelines at the Summer National Meeting.

D. Bulletins/Consumer Alerts Adopted by Executive (EX) Committee and Plenary

1. Amendments to the *Life Insurance Buyer's Guide*

The Executive (EX) Committee and Plenary adopted the revised *Life Insurance Buyer's Guide*. The Life Insurance Buyer's Guide (A) Working Group removed the *Life Insurance Buyer's Guide* as an appendix to the model, allowing the Buyer's Guide to be a stand-alone document that can be updated more frequently. The Working Group finalized revisions to the Buyer's Guide in April 2017, which were adopted by the Life Insurance and Annuities (A) Committee on a conference call held prior to the 2018 Summer National Meeting.

2. New: Public Adjuster Notices

The Executive (EX) Committee and Plenary adopted three new public adjuster notices to address the unauthorized practice of public adjusting: 1) *Public Adjuster Consumer Outreach Notice*; 2) *Notice to Property/Casualty (P/C) Insurance Companies*; and 3) *Advisory for Home Improvement Contractors and Salespeople*. The public adjuster notices were adopted at the 2018 Spring National Meeting by the Public Adjuster (C/D) Working Group, the Market Regulation and Consumer Affairs (D) Committee, and the Property and Casualty (C) Committee as resources for use by state insurance departments.

The *Public Adjuster Consumer Outreach Notice* is a consumer-facing notice explaining the responsibilities of public adjusters and their fees. The *Notice to Property/Casualty (P/C) Insurance Companies* is a bulletin to property/casualty (P/C) insurance companies asking them to assess and implement methods to improve policyholder education about the role of adjusters. The *Advisory for Home Improvement Contractors and Salespeople* provides guidance to contractors on what they can do in the claim settlement process and what they cannot do unless they are licensed as a public adjuster.

E. White Papers Adopted by Executive (EX) Committee and Plenary

The Executive (EX) Committee and Plenary did not adopt any White Papers at the Summer National Meeting.

II. Actions by Executive (EX) Committee

Model Law and Regulation Requests Approved for Development by the Executive (EX) Committee

The Executive Committee (EX) Committee did not approve any requests for model law development at the Summer National Meeting.

III. Actions by Other Committees, Task Forces and Working Groups

A. Life Insurance and Annuities (A) Committee

1. Amendments to *Suitability in Annuity Transactions Model Regulation* (#275)

The Annuity Suitability (A) Working Group continued discussing comments and drafting amendments to the *Suitability in Annuity Transactions Model Regulation* (#275). The Working Group plans to hold another in-person meeting prior to the 2018 Fall National Meeting to review and discuss any comments received and to continue drafting. The revisions are being drafted for consistency with federal law and, therefore, the Working Group did not require approval of a request for model law development by the Executive (EX) Committee.

2. Amendments to *Annuity Disclosure Model Regulation* (#245)

On a conference call held prior to the Summer National Meeting, the Annuity Disclosure (A) Working Group exposed draft revisions to the *Annuity Disclosure Model Regulation* (#245) addressing the issue of illustrating indexes that have been in existence for fewer than 10 years. The Working Group has also drafted amendments to the model to address issues including participating income annuities and deferred income annuities. The Working Group plans to review comments received on Model #245 via conference call in September. The Executive (EX) Committee approved the model law development request for these amendments at the 2017 Summer National Meeting.

3. Amendments to *Life Insurance Disclosure Model Regulation* (#580) and *Life Insurance Illustrations Model Regulation* (#582)

The Life Insurance Illustration Issues (A) Working Group met via conference call prior to the Summer National Meeting. During the call, the Working Group continued developing a consumer-oriented policy overview document in order to improve the understandability of the life insurance policy summaries already required in Section 7B of the *Life Insurance Illustrations Model Regulation* (#582) and Section 5A(2) of the *Life Insurance Disclosure Model Regulation* (#580). The draft revisions to Model #580 and Model #582 have been exposed for a public comment period ending Aug. 31. Next, the Working Group will revisit the policy overview template. The Executive (EX) Committee approved the request for model law development to amend these models at the Summer 2017 National Meeting.

4. Model Law Review Initiative

The Model Law Review (A) Subgroup met via conference call prior to the Summer National Meeting to discuss a draft memo from the Subgroup and the Life Actuarial (A) Task Force to the Life Insurance and Annuities (A) Committee, outlining its recommendations for the remaining models it was charged with reviewing, including the *Modified Guaranteed Annuity Model Regulation* (#255) and the *Annuity Nonforfeiture Model Regulation* (#806). The Subgroup will have the Task Force review the memo and approve any recommendations before the memo is sent to the A Committee for its consideration. The Subgroup plans to

meet via conference call following the Summer National Meeting to finalize the recommendations to bring to the A Committee at the Fall National Meeting.

B. Health Insurance and Managed Care (B) Committee

1. New: Limited Long-Term Care Insurance Model Act and Limited Long-Term Care Insurance Model Regulation

On a conference call held prior to the Summer National Meeting, the Senior Issues (B) Task Force adopted the new Limited Long-Term Care Insurance Model Act and Limited Long-Term Care Insurance Model Regulation. The Short Duration Long-Term Care Policies (B) Subgroup, under the Senior Issues (B) Task Force, drafted the new model act and model regulation to address long-term care products of short duration (typically less than one year) that are excluded from the *Long-Term Care Insurance Model Act* (#640) and the *Long-Term Care Insurance Model Regulation* (#641), but also do not fit into policies included in the *Accident and Sickness Insurance Minimum Standards Model Act* (#170) and the *Accident and Sickness Insurance Minimum Standards Model Regulation* (#171). The Executive (EX) Committee approved the request for model law development to amend the model at the 2017 Spring National Meeting. The Health Insurance and Managed Care (B) Committee will vote on the Task Force's request for an extension of time on the development of the new models on a conference call to be held following the Summer National Meeting.

2. Amendments to *Health Insurance Reserves Model Regulation* (#10)

On a conference call held following the Spring National Meeting, the Health Actuarial (B) Task Force discussed a proposal to amend Appendix A. III of the *Health Insurance Reserves Model Regulation* (#10) to clarify mortality table requirements for calculating health insurance reserves. The Task Force is revising the model to reflect appropriate long-term care insurance (LTCI) reserving standards. The Executive (EX) Committee approved the request for model law development to amend the model at the 2014 Summer National Meeting. The Health Insurance and Managed Care (B) Committee will vote on the Task Force's request for an extension of time on the development of the amendments to Model #10 on a conference call to be held following the Summer National Meeting.

3. Amendments to *Accident and Sickness Insurance Minimum Standards Model Act* (#170) and *Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act* (#171)

The Accident and Sickness Insurance Minimum Standards (B) Subgroup held several conference calls prior to the Summer National Meeting to discuss comments received and to consider revisions to the *Accident and Sickness Insurance Minimum Standards Model Act* (#170), particularly on provisions in the model concerning "short-term, limited duration insurance" and "hospital indemnity and other fixed indemnity insurance." The Subgroup adopted the revisions to Model #170 and forwarded the revised model to the Regulatory Framework (B) Task Force for consideration. The Subgroup established a 30-day public comment period ending Aug. 27 for the Task Force to receive comments on the revised model. The Subgroup plans to continue meeting via conference call to consider revisions to the *Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act* (#171). The Accident and Sickness Insurance Minimum Standards (B) Subgroup

is drafting amendments to these models for consistency with the federal Affordable Care Act (ACA). Because these amendments are being drafted for consistency with federal law, the Subgroup did not need to submit a request for model law development.

C. Property and Casualty Insurance (C) Committee

New: Travel Insurance Model Act

The Property and Casualty Insurance (C) Committee voted to adopt the new Travel Insurance Model Act. The Travel Insurance (C) Working Group drafted the model law to define a regulatory structure related to travel insurance covering market regulation, premium tax, rate regulation, and enforcement. The Executive (EX) Committee approved the model law development request for the new model law on a call prior to the 2017 Summer National Meeting.

D. Market Regulation and Consumer Affairs (D) Committee

The Market Regulation and Consumer Affairs (D) Committee did not take action on any model laws at the Summer National Meeting.

E. Financial Condition (E) Committee

Amendments to Credit for Reinsurance Model Law (#785) and Credit for Reinsurance Model Regulation (#786)

At the Summer National Meeting, the Reinsurance (E) Task Force discussed comments received on the draft revisions made to the *Credit for Reinsurance Model Law* (#785) and the *Credit for Reinsurance Model Regulation* (#786). The Task Force also heard oral comments from interested parties. Following the National Meeting, the Task Force will consider all of the comments and consider further revisions to the models. A revised draft will be exposed for a public comment period during the middle of September. The Task Force is drafting the amendments to conform to the reinsurance collateral provisions of the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance” (Covered Agreement) that was signed on Sept. 22, 2017. The amendments will provide reinsurers domiciled in NAIC qualified jurisdictions other than within the European Union (EU) with similar reinsurance collateral reductions, but only if such jurisdictions agree to the states’ approach to group supervision, group capital, information sharing, and enforcement. The Executive (EX) Committee approved the request for model law development to amend these models at the Spring 2018 National Meeting.