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# Meeting Preview

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TO: NAIC Members, State Insurance Regulators and Interested Parties  
FROM: NAIC Committee Support Staff  
DATE: September 23, 2011  
SUBJECT: PREVIEW: NAIC Committee and Task Force activities for the NAIC 2011 Fall National Meeting in Washington, D.C.

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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 your meetings experience.

The Meeting 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 meeting.

Important Note: Before making your travel arrangements to attend the national meeting, we strongly encourage you to check the detailed program agenda posted on the NAIC website (<http://meetings.naic.org>) for the most current dates and times of all meeting sessions, as well as any pre- or post-national meeting events.

At the 2011 Fall National Meeting, all committees and task forces will discuss proposed 2012 charges and will consider adoption of the charges.

## **SPECIAL MEETINGS OR EVENTS**

There are several special meetings or events attendees might wish to consider attending:

- **Credit-Based Insurance Scores Education Session:** Saturday, Nov. 5, 10:30 a.m. – 12:30 p.m. This session will feature representatives from two of the credit information vendors and consumer representatives. The session will cover the differences between credit scores and insurance scores and provide attendees with practical information about the use and impact of credit-based insurance scores. Targeted for policymakers and reviewers, the session will explore why the scores are predictive of loss, the accuracy of the underlying data, the elements of credit risk viewed as predictive for insurance purposes and remedies for consumers if erroneous information is discovered.

- **NAIC Continuing Legal Education Program:** Wednesday, Nov. 2, 8:30 a.m. – 4:45 p.m. There is a separate registration required for this event. Contact Keri Kish, [KKish@naic.org](mailto:KKish@naic.org). This program brings dynamic speakers from several noteworthy law firms together to give participants the latest scoop on recent changes to the NAIC *Insurance Holding Company System Regulatory Act* (#440), the latest in health insurance-reform litigation, issues related to receiverships, making sense out of the changes in the federal Dodd-Frank Wall Street Reform and Consumer Protection Act related to surplus lines regulation and taxation, and federal enforcement of fraud and abuse laws after the federal Patient Protection and Affordable Care Act (PPACA). Don't miss it.
- **PIO Forum:** Wednesday, Nov. 2, 8:00 a.m. – 4:00 p.m. This *regulator-only* training program is designed to provide a balance between coaching on skills needed to be an effective communicator and practical information about the current hot topics of interest to communications professionals. NAIC members should take advantage of this unique opportunity to involve your communications staff in this special training targeted to making sure they have the latest skills and information available to support your media needs.

#### **JOINT EXECUTIVE (EX) COMMITTEE/PLENARY**

The NAIC membership will consider adoption of reports from the Executive (EX) Committee and each of its seven standing committees, as well as its meeting minutes from conference calls for Summer National Meeting business.

Progress reports will be provided on the states' implementation efforts on adopted NAIC model laws, regulations or amendments.

At this time, there are no NAIC model laws under development that are expected to come before the membership for consideration during the Fall National Meeting.

Please Note: Any NAIC model law, regulation, bulletin, white paper or other pertinent items for review and discussion by the Joint Executive (EX) Committee/Plenary may be added to its agenda for consideration prior to the national meeting.

A draft agenda and materials for this meeting will be made available for review on the NAIC website by Oct. 19. Any NAIC models, guidelines or white papers to be considered by the membership during this meeting will be viewable on the NAIC website.

The NAIC Plenary will conduct its 2012 officer elections immediately following this Joint Executive (EX) Committee/Plenary meeting. The 2012 officers will assume their elected positions Jan. 1, 2012.

#### **EXECUTIVE (EX) COMMITTEE**

The members plan to consider adoption of the joint meeting of the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee report. Members will receive progress reports regarding Committee work on NAIC models currently under development and hear updates from SERFF, NIPR and IIPRC. A draft agenda and materials for this meeting will be available on the NAIC website by Oct. 19.

The **Government Relations (EX) Leadership Council** will meet to discuss federal legislative and regulatory developments on matters impacting insurance regulation. Members will be briefed on

recent NAIC Executive Office activity regarding implementation of PPACA and the Dodd-Frank Wall Street Reform and Consumer Protection Act. Members also might receive updates regarding extension of the National Flood Insurance Program (NFIP) and producer-licensing reform efforts.

The **Information Systems (EX1) Task Force** will discuss the proposed 2012 Business and Fiscal Impact Statements that involve technology initiatives, and will discuss a proposal to move to a new version of the Producer Licensing State Application Programming Interfaces (API). Status updates also will be received on key NAIC-supported state-based technology initiatives, including SERFF, State-Based-Systems (SBS), State Producer Licensing (SPL) and the Complaint Handling Reporting System. The Task Force will receive the Biannual Information Systems Project Status Report, and will discuss the timeline for the 2012 State Technology Survey.

The **Producer Licensing (EX) Task Force** will consider adoption of uniform standards for the licensing of business entities and review the producer licensing recommendations contained in the 2010 U.S. Financial Sector Assessment Program. The NARAB (EX) Working Group will report on the states' continued compliance with the licensing reciprocity mandates of the federal Gramm-Leach-Bliley Act. Members also will hear a progress report from the Producer Licensing (EX) Working Group.

The **Professional Health Insurance Advisors (EX) Task Force** will continue to receive input toward developing a consensus solution that balances the needs of consumers while ensuring fair compensation for insurance producers for health insurance products subject to the PPACA medical loss ratio (MLR) requirements.

The **Group Solvency Issues (EX) Working Group** will review its updates to a draft work product on holding company best practices and continue discussions on the draft NAIC *U.S. Own Risk and Solvency Assessment (ORSA) Guidance Manual*. The Working Group also will discuss the activities of the International Association of Insurance Supervisors' (IAIS) Insurance Groups and Cross-sectoral Issues Subcommittee.

The **Solvency Modernization Initiative (EX) Task Force** will discuss a paper on the implementation of the U.S. regulatory mission in U.S. financial regulation and hear reports on the progress of its working groups. The **Principles-Based Reserving (EX) Working Group** will hear a progress report on the Valuation Manual-20 impact study of the proposed principle-based reserving standards for life insurance, discuss the progress reports of on impact of principles based reserving (PBR) and hear a presentation on future work to keep PBR calibrated and consistent.

The **Speed to Market (EX) Task Force** will hear progress reports from its **Operational Efficiencies (EX) Working Group** and **National Standards (EX) Working Group** and receive briefings from the IIPRC and SERFF on their speed-to-market related implementation efforts. In addition, the Task Force will hear reports and entertain discussion of PPACA implications on SERFF with respect to the Premium Review Cycle II grants and exchanges.

The **Surplus Lines Implementation (EX) Task Force** is not expected to meet during the Fall National Meeting. During conference calls following the Spring National Meeting, the Task Force adopted a model bulletin on state implementation of the surplus lines provisions of the federal

Nonadmitted and Reinsurance Reform Act and completed work on a model plan of operation for the clearinghouse to be utilized in conjunction with the Nonadmitted Insurance Multi-State Agreement.

The **LIFE INSURANCE AND ANNUITIES (A) COMMITTEE** members will receive and consider adoption of the **Life Actuarial (A) Task Force** report. The Committee will continue its discussions concerning contingent annuities.

The **Life Actuarial (A) Task Force** will continue work on the valuation manual referenced in the NAIC *Standard Valuation Law* (#820). There will be a progress report of the impact study of the proposed principle-based reserving standards for life insurance. The Task Force will consider adoption of modifications to the *Standard Nonforfeiture Law for Life Insurance* (#808) to reflect the changes being made for principle-based reserving. There will be discussion of new valuation mortality tables for immediate annuities and simplified issue life insurance and the future framework for nonforfeiture provisions for life insurance and annuities.

The **HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE** members will receive and consider adoption of the Committee's task force, working group and subgroup reports, which include activities related to the PPACA health reform implementation. The **Consumer Information (B) Subgroup** plans to discuss issues of significance that are the result of new federal regulations related to the uniform enrollment form or essential benefits under PPACA. The **Exchanges (B) Subgroup** plans to hear a presentation from the National Committee for Quality Assurance (NCQA) on providing value to consumers through an exchange. The Subgroup will hear a presentation from the Utilization Review Accreditation Commission (URAC). The Subgroup also will discuss its priorities for 2012. The **Medical Loss Ratio (MLR) Quality Improvement Activity (B) Subgroup** plans to hear from interested parties on potential modifications to the definition of "quality improvement activities" for the MLR and rebate program under PPACA.

The **HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE** and the **MARKET REGULATION AND CONSUMERS AFFAIRS (D) COMMITTEE Joint Limited Medical Benefit Plans (B/D) Working Group** plans to review existing NAIC models to determine if additional clarification of the definition of "limited medical benefit plans" is necessary, as well discuss concerns associated with the plans and unauthorized entities.

The **Health Actuarial (B) Task Force** will discuss long-term care insurance pricing and valuation issues; the Medicare supplement refund formula; actuarial issues related to health care reform; the development of new cancer insurance valuation tables; and the development of a new valuation table for long-term disability insurance.

The **Regulatory Framework (B) Task Force** anticipates reviewing an initial draft of a proposed new NAIC model incorporating the ACA 2014 group and individual market reform provisions. The Task Force will continue its discussions of draft model language on coverage for participation in approved clinical trials. The Task Force will discuss and possibly consider adoption of revisions to the *Utilization Review and Benefit Determination Model Act* (#73) and the *Health Carrier Grievance Procedure Model Act* (#72). These revisions are being made for consistency with the amendments to July 23, 2010, interim final rules, as published in the *Federal Register* June 24. The Task Force also will receive a report from the **ERISA (B) Working Group**.

The **Senior Issues (B) Task Force** will discuss current issues relating to Medicare supplement insurance, Medicare private plans and long-term care insurance. The Task Force will receive updates regarding Medicare supplement insurance, and will continue discussions regarding changes required by PPACA and potential federal legislation. The Task Force will continue work on long-term care issues, including market and premium issues. Members will receive updates from representatives of the U.S. Centers for Medicare & Medicaid Services (CMS).

The **PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE** will receive and consider adoption of its task force and working group reports. The Committee will receive an update on progress relative to the Council of Insurance Agents and Brokers (CIAB)/LexisNexis Insurance Exchange and discuss NFIP reauthorization efforts, which include the possibility of privatizing the delivery of flood insurance. The Committee will listen to a presentation on rating agencies and will discuss how pressure from rating agencies is impacting the capitalization and pricing of property insurance products. The Committee will consider adoption of changes proposed to the *Model Risk Retention Act* (#705). The **Catastrophe Insurance (C) Working Group** will receive a presentation from Karen Clark (Karen Clark & Company) regarding the tools available for use with hurricane models. This presentation will be useful for all of the states, especially those affected by the new rate models. The Working Group will receive a presentation from Gary Kerney (Insurance Services Office—ISO) regarding the catastrophes that have occurred thus far in 2011. Finally, the Working Group will receive an update regarding NFIP. The **Crop Insurance (C) Working Group** will discuss federal preemption for adjuster licensing and potential updates to the *Crop Insurance Handbook* and receive updates from the Risk Management Agency and National Crop Insurance Services. The **Earthquake (C) Study Group** will hear a presentation regarding the Insurance Services Office (ISO) Building Code Effectiveness Grading Schedule. The **Risk Retention (C) Working Group** will receive updates on progress made toward updating the *Risk Retention and Purchasing Group Handbook* and review a referral from the **Risk Retention Group (E) Task Force** concerning the draft statement of voluntary dissolution form 16b for risk retention groups. The Working Group will discuss the status of changes to the *Model Risk Retention Act* (#705) concerning the addition of corporate governance standards. The Working Group will consider adoption of the model. The **Transparency and Readability of Consumer Information (C) Working Group** will discuss the draft of the best practices for the design and implementation of Web-based consumer premium comparison guides for personal auto and homeowners insurance. The Working Group will receive a presentation from Peter Kochenburger (University of Connecticut School of Law) regarding online access to policy forms. The Working Group will discuss a timeline for consideration of its charge to develop recommendations to facilitate consumer comparisons of significant policy provisions.

The **Casualty Actuarial and Statistical (C) Task Force** will receive an update from the **Risk-Focused Surveillance (C) Subgroup**. This Subgroup is working jointly with members of the **Risk-Focused Surveillance (E) Working Group** with regard to risk-focused examination reserving issues. The Task Force will review comments regarding the 2012 proposed property/casualty Statement of Actuarial Opinion Instructions and Actuarial Opinion Summary Instructions, and the 2012 proposed title Statement of Actuarial Opinion Instructions and Actuarial Opinion Summary Instructions. The Task Force will receive a presentation from Ralph Blanchard (Travelers) regarding International Financial Reporting Standards. The American Academy of Actuaries will report on its activities.

The **Surplus Lines (C) Task Force** will receive reports and consider action on the work of the **IID Plan of Operation (C) Review Group**, hear a position addressing a reporting concern related to

premium taxes for surplus lines insurers and hear a status update on state activities related to the collection of surplus lines taxes.

The **Title Insurance (C) Task Force** will consider motion to adopt reports of the **Title Statistical Plan (C) Working Group**, the **Title Annual Statement Instructions (C) Working Group** and the **Title Insurance Market Conduct and Mortgage Fraud (C) Working Group**. Task Force members will discuss increasing costs and closing responsibilities and will hear a presentation on Florida's new statute allowing for assessment of title insurers when there is a title insurance insolvency. The Task Force will hear presentations on an overview of Creditors' Rights Coverage from Rich Carlston (Miller, Starr and Regalia) and Justin Ailes (American Land Title Association—ALTA) and will see a presentation on an interactive title insurance resource website from Garry Wolff (TI Services LLC). The information shared by Mr. Wolff with the Task Force is one of several types of informative websites that are available to help consumers comparison shop for title insurance.

The **Workers' Compensation (C) Task Force** will receive information on the current state of the workers' compensation market. A white paper detailing coverage and rating issues for volunteer fire departments will be reviewed. Questions and concerns about proposed changes to the experience rating plan will be discussed. A report will be given regarding the status of the National Council on Compensation Insurance (NCCI) classification and inspection program. The **NAIC/IAIABC Joint (C) Working Group** members will discuss a white paper that the group developed regarding group self-insurance. It will review the status of the National Conference of Insurance Legislators' (NCOIL) Trucking and Messenger Courier Worker's Compensation Model Act. Proposals to adopt e-billing for all property/casualty-related medical bills will be discussed.

The **MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE** will consider adoption of its task force and working group reports. The **Consumer Disclosures (D) Working Group** will discuss new approaches to developing consumer disclosures with a presentation by Pat McCoy (Consumer Financial Protection Bureau), a draft of suggested guidelines for consumer disclosures and the U.S. Government Accountability Office (GAO) recommendation for the NAIC to assess consumers' understanding of the standards of care. The **Social Media (D) Working Group** will report on its draft white paper addressing the use of social media in insurance.

The **Market Information Systems (D) Task Force** will review the first year of centralized data collection through the Market Conduct Annual Statement (MCAS) system. In addition, the Task Force will use their "Voice of the Customer" report as a guide for discussions regarding the strategic direction of key NAIC tools and databases.

The **Antifraud (D) Task Force** agenda includes discussions on an assignment from the PPACA to create a uniform fraud reporting form for the secretary of the U.S. Department of Health and Human Services (HHS) and a proposal to create an investigator/examiner field safety guideline or best practices.

The **FINANCIAL CONDITION (E) COMMITTEE** will consider adoption of reports of its task forces and working groups, and will also consider comments with respect to a response memorandum from the **Life Actuarial (A) Task Force** regarding separate account issues.

The **Accounting Practices and Procedures (E) Task Force** will consider action based on the work of its working groups. The **Blanks (E) Working Group** will consider the supporting blanks proposals for changes to the 2012 filing instructions and any newly submitted proposals for exposure. The **Emerging Accounting Issues (E) Working Group** will consider proposed interpretations to existing statutory accounting principles. The **Statutory Accounting Principles (E) Working Group** will hear comments on exposed items and consider proposed changes to statutory accounting principles, including adopting the *Preneed Life Insurance Minimum Standards for Determining Reserve Liabilities and Nonforfeiture Values Model Regulation* (#817) into Appendix A, along with language to clarify the liability requirements for guarantees to “direct and indirect wholly owned insurance subsidiaries.”

The **Capital Adequacy (E) Task Force** plans to review the actions of its **Property Risk-Based Capital (E) Working Group**, **Health Risk-Based Capital (E) Working Group**, **Solvency Modernization Initiative RBC (E) Subgroup**, **C-3 Phase 2/AG 43 (E) Subgroup** and **C-1 Factor Update (E) Subgroup**. The Task Force will discuss RBC treatment of deferred tax assets and the 2012 life RBC mortgage calculation. The **Catastrophe Risk (E) Subgroup** will discuss plans to move forward with adding a catastrophe risk calculation to the property/casualty RBC formula.

The **Examination Oversight (E) Task Force** will consider adoption of reports and consider action on the work of its **Climate Change and Global Warming (E) Working Group**, **Financial Analysis Handbook (E) Working Group**, **Financial Analysis Research and Development (E) Working Group**, and **Financial Examiners Coordination and IT Examination (E) Working Group**, as well as a report from the **Financial Examiners Handbook (E) Technical Group**. An update will be provided on the states’ adoption of the revised *Hazardous Financial Condition Model Regulation* (#385) and the Task Force will adopt suggested examiner salaries for 2012.

The **Receivership and Insolvency (E) Task Force** will continue discussions on limited exemption to the prohibition on advertising for guaranty fund coverage (*Insurer Receivership Model Act* (#555), Section 711) and pending items with regard to collection of reinsurance recoverables for insurers in receivership and, as well as consider appropriate actions on the work of the **Receivership Technology and Administration (E) Working Group**, **Receivership Separate Accounts (E) Working Group** and **Dodd-Frank Receivership Implementation (E) Working Group**.

The **Reinsurance (E) Task Force** will receive updates on activities of the IAIS Subcommittee on Reinsurance and Other Forms of Risk Transfer.

The **Risk Retention Group (E) Task Force** will discuss comments received related to possible interview questions for captive managers and other contracted parties that may be used during the planning phase of a risk-focused examination. The Task Force will discuss possible risk-focused examinations best practices and receive an update on other NAIC groups’ work related to risk retention groups.

The **Valuation of Securities (E) Task Force** will continue work on a number of open projects. The Task Force might hear a report from a newly formed subgroup charged with improving the modified filing exemption process. The Task Force might consider adoption of final instructions for residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS)/ and asset-backed securities (ABS) for use in the *Purposes and Procedures Manual of the NAIC Securities Valuation Office*, and might vote to remove these asset classes from regulatory review. The Task Force recently released a number of proposals for comment and might receive comments on these projects, which includes an NAIC staff proposal to recalibrate the NAIC credit risk assessment framework and an NAIC staff report on the impact of recent regulatory changes on the money market fund market. The Task Force might hear a report on the status of the project to recognize working capital finance notes program as an invested asset.

The **FINANCIAL REGULATION STANDARDS AND ACCREDITATION (F) COMMITTEE** will consider comments received on, and consider adoption of, the 2008 revisions to the *Model Regulation to Define Standards and Commissioner's Authority for Companies Deemed to be in Hazardous Financial Condition* (#385) as an addition to the accreditation standards. The Committee will discuss and consider exposure of the 2010 revisions made to the *Insurance Holding Company System Regulatory Act* (#440) and the *Insurance Holding Company System Model Regulation* (#450). Finally, the Committee will discuss and consider exposure of a recommendation from the **Risk Retention Group (E) Task Force** regarding RBC for risk retention groups.

The **INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE** will discuss progress on four of the IAIS initiatives, including the Common Framework for Internationally Active Insurance Groups; revisions to IAIS Insurance Core Principles; the Supervisory Forum; and the Financial Stability Committee. The Committee plans to discuss Europe's Solvency II and third-country equivalence; review preparations for the NAIC Fall 2011 International Fellows Program; and receive reports on work in progress at the Joint Forum and the Organization for Economic Cooperation and Development (OECD), as well as reports on recent regulatory cooperation dialogues and trainings.

The **NAIC/CONSUMER LIAISON COMMITTEE** will discuss the value of consumer testing with a range of approaches and lessons learned from consumer testing. Pat McCoy (Consumer Financial Protection Bureau) will describe online consumer testing. Consumer complaint trends will be discussed, along with an analysis of insurance department complaints and concerns. The Committee will discuss loopholes in the federal PPACA, health insurance exchanges, federal regulations and issues for the states. The Committee will receive an update on life insurance and annuity claims.

The **NAIC/STATE GOVERNMENT LIAISON COMMITTEE** will discuss issues of common interest with participating state government officials, including state legislators. Insurance regulators will brief participants on key insurance regulatory initiatives, including health care implementation, federal financial regulatory reforms and international matters. Legislators will provide their insights on current state legislative priorities.