

---

---

# National Meeting Preview

---

---

TO: NAIC Members, State Insurance Regulators and Interested Parties  
FROM: NAIC Committee Support Staff  
DATE: February 7, 2012  
SUBJECT: PREVIEW: NAIC Committee and Task Force Activities for the NAIC 2012 Spring National Meeting in New Orleans, LA

---

---

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 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 Spring National Meeting, all committees and task forces will appoint 2012 working groups.

## SPECIAL MEETINGS OR EVENTS

Attendees might wish to consider attending:

### **NAIC Continuing Legal Education Program: Annuity Suitability Symposium**

**Thursday, March 1, 8:30 am – 5:30 pm (REGULATOR-ONLY)**

**Friday, March 2, 8:00 am – 11:45 am (OPEN)**

- This program brings regulatory experts on annuity suitability together for instruction and discussion on developing annuity suitability issues. Thursday is a regulator-only discussion and application of skills based around the 2010 adoption of the NAIC *Suitability in Annuity Transaction Model Regulation* (#275). In an open session on Friday, an advanced discussion of annuity suitability issues and regulation between key state and federal regulators is anticipated, as well as presentations regarding social media. For more information, contact the NAIC Education and Training Department (<http://education.naic.org>) or Keri Kish ([kkish@naic.org](mailto:kkish@naic.org)) in the NAIC Legal Division.

### **JOINT EXECUTIVE (EX) COMMITTEE AND 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 end-of-year business.

Progress reports will be provided on the states' implementation efforts on adopted NAIC model laws, regulations and/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 Spring National Meeting.

**Please Note:** Any NAIC model law, regulation, bulletin, white paper or other pertinent items for review and discussion during the Executive (EX) Committee and Plenary joint session may be added to its agenda for consideration at any time prior to the national meeting.

A tentative agenda for this meeting will be made available for review on the NAIC website by Feb. 3. Any NAIC models, guidelines or white papers to be considered by the membership during this meeting will be viewable on the NAIC website on the Committees & Activities page.

#### Executive (EX) Committee

The members plan to consider adoption of the report of the joint meeting of the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee. Members will receive progress reports regarding the Committee's work on NAIC models currently under development and hear updates from SERFF, NIPR and IIPRC. A tentative agenda and materials for this meeting will be available on the NAIC website by Feb. 17.

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 the federal Patient Protection and Affordable Care Act (PPACA) and the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The **Information Systems (EX1) Task Force** will receive an update on member-approved IT project requests for 2012, including: 1) online securities system; 2) resource management tools; 3) security log auditing; and 4) testing and development of automated tools expansion. Status updates will be received on key NAIC-supported state-based technology initiatives such as State Based Systems (SBS) and State Producer Licensing (SPL), including a status of the Producer Licensing State API upgrade. In addition, a report on SERFF, including how it will be leveraged in support of the Plan Management component of health insurance exchanges, will be provided. The Task Force also will discuss the progress and timeline for the 2012 State Technology Survey.

The **Producer Licensing (EX) Task Force** will discuss the development of a national content outline for producer examinations and discuss what additional guidance might be provided for the state-specific portion of state examinations. Members will hear a progress report from the **Producer Licensing (EX) Working Group**.

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 **LIFE INSURANCE AND ANNUITIES (A) COMMITTEE** will receive and consider adoption of the reports of its task force and working groups, including possible consideration of the valuation manual referenced in the NAIC *Standard Valuation Law* (#820) and adoption of modifications to the *Standard Nonforfeiture Law for Life Insurance* (#808) to reflect the changes being made for principle-based reserving. The Committee will receive and consider adoption of the **Life Actuarial (A) Task Force** report. The **Contingent Deferred Annuities (A) Working Group** will continue its discussions concerning contingent deferred annuities. The **Viatical Settlements (A) Working Group** will discuss a plan for updating the *Viatical Settlements Model Regulation* (#698) and informational brochure.

The **Life Actuarial (A) Task Force** will consider adoption of the valuation manual referenced in the NAIC *Standard Valuation Law* (#820) and 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 a report of the impact study of the proposed principle-based reserving standards for life insurance. There will be discussion of new valuation mortality tables for guaranteed issue 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** 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 **Exchanges (B) Subgroup** plans to receive updates on federal regulations and guidance, state exchange implementation activities and NAIC efforts to assist the states with exchange implementation. The Subgroup also will discuss projects for 2012. The Health Insurance and Managed Care (B) Committee and the Market Regulation and Consumers Affairs (D) Committee joint **Limited Medical Benefit Plan (B/D) Working Group** plans to discuss the treatment of limited medical benefit plans by the states and determine any necessary recommendations for treatment of the plans.

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 federal Affordable Care Act's 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 also will receive a report from the **ERISA (B) Working Group**, which will be considering issues related to stop loss coverage.

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 a report from the **Medigap PPACA (B) Subgroup**, which will continue their work to implement Section 3210 of PPACA, which calls upon the NAIC to make recommendations for certain standardized Medicare supplement plans. The Task Force will continue its work on long-term care issues, including market and premium issues and consumer disclosures. 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 reauthorization efforts for the National Flood Insurance Program (NFIP). The Committee will continue to discuss how pressure from rating agencies is impacting the capitalization and pricing of property insurance products. The **Catastrophe Insurance (C) Working Group** will receive a presentation from the Insurance Institute for Business and Home Safety regarding their report titled, "Rating the States: An Assessment of Residential Building Code and Enforcement Systems for Life Safety and Property Protection in Hurricane-Prone Regions." The Working Group will receive an update regarding NFIP and discuss the possibility of updating the NAIC *Catastrophe Modeling Handbook*. The **Crop Insurance (C) Working Group** will discuss updates to the *Crop Insurance Handbook* and receive updates from the Risk Management Agency (RMA) and National Crop Insurance Services (NCIS). The **Earthquake (C) Study Group** will be participating in a WebEx presentation on the Insurance Services Office (ISO) Building Code Effectiveness Grading Schedule in lieu of meeting at the Spring National Meeting. The Study Group plans to meet during the Summer National Meeting and Fall National Meeting. The **Risk Retention (C) Working Group** will receive an update on progress made toward updating the *Risk Retention and Purchasing Group Handbook* and discuss the recently released U.S. Government Accountability Office (GAO) report on risk retention groups (RRGs). The **Transparency and Readability of Consumer Information (C) Working Group** will begin to examine approaches to improve the capacity of consumers to comparison shop on the basis of differences in coverage by discussing the drafting of a shopping guide on purchasing insurance. The Working Group will receive presentations from consumer advocates and industry representatives on shopping tools and the common questions that may arise.

The **Casualty Actuarial and Statistical (C) Task Force** will discuss the requirements for the Appointed Actuary and host a hearing to discuss financial statement reporting impacting the casualty actuarial function. The Task Force will also hear reports from the Risk-Focused Subgroup, Statistical Subgroup, and the American Academy of Actuaries.

The **Surplus Lines (C) Task Force** will receive a report and consider action on the work of the **IID Plan of Operation (C) Review Group** and hear a summary related to a realignment of the **Surplus Lines Financial Analysis (C) Working Group** to the **Financial Condition (E) Committee**.

The **Title Insurance (C) Task Force** will receive and consider adoption of reports from its three working groups. The Task Force will discuss a need for cooperation or information-sharing arrangement with the Consumer Financial Protection Bureau (CFPB). The Task Force will be provided with an update on referrals made to various task forces and working groups of the **Financial Condition (E) Committee**. The Task Force will consider whether a model law or

guideline regarding title insurance guaranty associations should be developed. The **Title Insurance Market Conduct and Mortgage Fraud (C) Working Group** will report on information provided to the Working Group by the industry on efforts to combat escrow theft. The Working Group will report on its activities related to reviewing and assisting various regulatory bodies in combating fraudulent or unfair real estate settlement activities. The Task Force will discuss activities and a timeline for completing its 2012 Charges. The Task Force and interested regulators will be encouraged to participate in the recently established NAIC Electronic Forum for Title Insurance and Mortgage Fraud Issues available for state insurance regulators.

The **Workers' Compensation (C) Task Force** will receive information on the current state of the standard and assigned risk workers' compensation markets, including recent pricing trends. The Task Force will review comments from state insurance regulators regarding the volunteer fire department white paper presented at the 2011 Fall National Meeting and review additional materials from the National Council on Compensation Insurance (NCCI) on this topic. The **NAIC/IAIABC Joint (C) Working Group** will not meet at the Spring National Meeting. Members of this Working Group will meet at the NCCI Annual Issues Symposium, May 9 in Orlando.

The **MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE** will discuss the responses to a survey sent to state insurance departments to obtain additional information on the current status of market regulation. A preliminary list of potential topics include: reporting of state market conduct data to NAIC systems; the growing role of market analysis and the most cost efficient way to evaluate the marketplace; examiner training and expertise; examination expenses and mandatory coordination of state examinations. The Committee also will consider adoption of reports from its task forces and working groups. The **Consumer Disclosures (D) Working Group** will discuss a draft of suggested guidelines for consumer disclosures and a draft survey to address the GAO's recommendation for the NAIC to assess consumers' understanding of the standards of care.

The **Market Information Systems (D) Task Force** will discuss potential enhancements to the Market Conduct Annual Statement (MCAS) system. In addition, the Task Force will discuss the strategic direction of key NAIC tools and databases. The **Market Analysis Procedures (D) Working Group** will discuss the proposed long-term care blank for the MCAS and plans for accomplishing the 2012 tasks assigned to it by the Task Force.

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 **Professional Health Insurance Advisors (D) 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 **FINANCIAL CONDITION (E) COMMITTEE** will consider adoption of reports of its task forces and working groups.

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 revised guidance for pensions and other postretirement benefits other than pensions; changes to Statement of Statutory Accounting Principles (SSAP) No. 35R regarding ASU 2011-06: Fees Paid by the Federal Government by Health Insurers; and a new SSAP that reviews FAS 166, Accounting for Transfers of Financial Assets, an Amendment of FAS 140.

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**, **Life Risk-Based Capital (E) Working Group**, **Solvency Modernization Initiative RBC (E) Subgroup**, **Catastrophe Risk (E) Subgroup** and **C-1 Factor Update (E) Subgroup**. Adoption of proposals for deferred tax assets, life RBC trend test and callable assets may be considered. The Task Force working agenda for 2012 will be considered.

The **Examination Oversight (E) Task Force** will consider action on the work of its **Analyst Team System Oversight (E) Working Group**, **Climate Change and Global Warming (E) Working Group**, **Financial Analysis Handbook (E) Working Group**, **Financial Analysis Research and Development (E) Working Group**, **Financial Examiners Coordination (E) Working Group**, **Financial Examiners Handbook (E) Technical Group** and **IT Examination (E) Working Group**. An update also will be provided on states' adoption of the revised *Hazardous Financial Condition Model Regulation* (#385).

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

The **Reinsurance (E) Task Force** will discuss issues related to implementation of the revised *Credit for Reinsurance Model Law* (#785) and *Credit for Reinsurance Model Regulation* (#786). The Task Force also will receive an update regarding activities of the International Association of Insurance Supervisors (IAIS) Subcommittee on Reinsurance and Other Forms of Risk Transfer.

The **Risk Retention Group (E) Task Force** will discuss the recently published report from the GAO regarding RRGs, as well as lessons learned during the NAIC risk-focused examinations peer review project. The Task Force will discuss the 2011 revisions to the *Credit for Reinsurance Model Law* (#785) and *Credit for Reinsurance Model Regulation* (#786) and will receive an update on work of other NAIC groups related to RRGs.

The **Solvency Modernization Initiative (E) 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 summary report on the VM-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 **Group Solvency Issues (EX) Working Group** will discuss a study of the need to require a common group consolidated financial statement, and activities of the IAIS Insurance Groups and Cross-sectoral Issues Subcommittee.

The **Valuation of Securities (E) Task Force** may consider a number of amendments to the *Purposes and Procedures Manual of the NAIC Securities Valuation Office*. One proposed amendment would conform the section regarding securities that are considered “exempt obligations” (for purposes of determining asset valuation reserve and risk-based capital calculation) with the section regarding the filing exemption for whole U.S. government bonds, which was recently amended. A second proposed amendment would revise the current NAIC policy and procedure governing how nationally recognized statistical rating organization (NRSRO) credit ratings are acquired by the NAIC for use in regulation. A third proposed amendment to the *Purposes and Procedures Manual of the NAIC Securities Valuation Office* would modernize the classification methodology used by the SVO to assign certain securities to RBC categories and change the way classification decisions are implemented. The Task Force may also hear discussion on a proposal related to, and continued industry concern with the use of, carrying value methodology for loan-backed and structured securities (also referred to as modified filing exemption). The Task Force may also hear a report from the **Invested Asset (E) Working Group** and may hear one or more reports from NAIC staff.

The **FINANCIAL REGULATION STANDARDS AND ACCREDITATION (F) COMMITTEE** will discuss revisions adopted in 2011 to NAIC publications that are referenced in the accreditation standards, such as the *Accounting Practices and Procedures Manual* and the *Financial Condition Examiners Handbook*. The Committee also will discuss the 2011 revisions made to the *Credit for Reinsurance Model Law* (#785), the *Credit for Reinsurance Model Regulation* (#786) and the *Model Risk Retention Act* (#705). The Committee will discuss comments received regarding the 2009 revisions to the *Standard Valuation Law* (#820) and the *Risk-Based Capital for Health Organizations Model Act* (#315). The Committee also will discuss comments received and consider adoption of the recommendation from the **Analysis Timeliness (F) Subgroup**.

The **INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE** will discuss progress on initiatives of the IAIS, including the Common Framework for Internationally Active Insurance Groups (ComFrame); the IAIS Insurance Core Principles; the Supervisory Forum; and the Financial Stability Committee. The Committee also plans to discuss cooperative efforts with the U.S. Federal Insurance Office on major issues, including the US-EU dialogue on solvency supervision, and it will receive reports on work in progress at the Joint Forum and the Organization for Economic Cooperation and Development. In addition, the Committee will review preparations for the International Fellows Program and receive reports on recent regulatory cooperation dialogues and training initiatives. Following adjournment of the Committee, the IAIS will provide a presentation targeted to regulators, industry, consumer representatives, the media and other attendees on its purpose, roles and activities.

The Preview  
NAIC 2012 Spring National Meeting

The **NAIC/CONSUMER LIAISON COMMITTEE** will discuss the Federal Insurance Office, forced-placed property insurance, a framework for effective market regulation and competitive markets, the Texas Office of Public Insurance Counsel's (OPIC's) policy comparison tool, shrinking coverage for water damage, as well as data mining and predictive analytics/publications of MCAS data. The Committee will discuss federal PPACA issues for the states (rate review, mini-medical and limited benefit plans, 2014 health models laws, essential health benefits, and Consumer Union's effort on health insurance literacy).

The **NAIC/STATE GOVERNMENT LIAISON COMMITTEE** will discuss issues of common interest with participating state government officials, including state legislators. The NAIC 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.

The **NAIC/INDUSTRY LIAISON Committee** will meet to continue dialogue between regulators and industry representatives on issues of common concern, such as commercial lines deregulation, PPACA implementation and market conduct reform, among other issues.