1. **Adopted its Fall National Meeting Minutes**

Mr. Byrd made a motion, seconded by Commissioner McCarty, to adopt the Committee’s Nov. 18, 2014, minutes (*see NAIC Proceedings – Fall 2014, Property and Casualty Insurance (C) Committee minutes*). The motion passed.

2. **Adopted its Task Force and Working Group Reports**

Director Farmer made a motion, seconded by Director Deiter, to adopt the reports of the Committee’s task forces and working groups: the Casualty Actuarial and Statistical (C) Task Force; the Surplus Lines (C) Task Force; the Title Insurance (C) Task Force; the Workers’ Compensation (C) Task Force; the Advisory Organization Examination Oversight (C) Working Group; the Affordable Care Act Medical Professional Liability (C) Working Group; the Auto Insurance (C/D) Study Group (Attachment One); the Catastrophe Insurance (C) Working Group (Attachment Two); the Catastrophe Response (C) Working Group (Attachment Three); the Climate Change and Global Warming (C) Working Group (Attachment Four); the Crop Insurance (C) Working Group (Attachment Five); the Earthquake (C) Study Group; the Risk Retention (C) Working Group (Attachment Six); the Sharing Economy (C) Working Group (Attachment Seven); the Terrorism Insurance Implementation (C) Working Group (Attachment Eight); and the Transparency and Readability of Consumer Information (C) Working Group (Attachment Nine). The motion passed.

3. **Adopted an Extension for Revisions to Model #375**

Mr. Byrd made a motion, seconded by Commissioner McCarty, to adopt an extension for revisions to the *Creditor-Placed Insurance Model Act* (#375). The motion passed.

Birny Birnbaum (Center for Economic Justice—CEJ) said the NAIC has been discussing this for three years with little activity. A few states acted on the issues. He said the model act could be reviewed prior to getting the data. Companies should not benefit from stalling on the data. The New York regulation would be a good starting point. He said the lender-placed insurance data is not being recorded by all companies, and he suggested there needs to be attention to getting this reported properly. He also suggested that lender-placed flood insurance should be reported separately from other lender-placed hazard insurance.


Mr. Kaumann explained that the Terrorism Insurance Implementation (C) Working Group updated several critical documents related to the federal Terrorism Risk Insurance Program Act of 2015. He said the Working Group, on Jan. 26, adopted a model bulletin, policyholder disclosures and expedited SERFF filing procedures. Because this was an important and timely issue, states began to immediately issue their own bulletins to provide the industry guidance.

Director Farmer made a motion, seconded by Commissioner Riley, to adopt the Model Bulletin, Policyholder Disclosures and Expedited SERFF Filing Document. The motion passed.

5. **Discussed the Blanks Proposal Related to the Collection of Cyber Insurance Data**

Commissioner Chaney explained the Committee met via conference call March 11. The meeting was held in regulator-to-regulator session pursuant to paragraph 6 (consultations with NAIC staff members related to NAIC technical guidance) and
6. **Adopted a White Paper related to TNCs**

Commissioner Jones said in November 2014, the Sharing Economy (C) Working Group decided to develop a white paper to: 1) address its charges to study regulatory issues related to the sharing economy; 2) develop documentation on best practices for states to address insurance coverage issues; 3) recommend standard terminology; and 4) create a compendium of coverage periods and policy limits required by state statute.

Commissioner Jones explained the white paper accomplishes these charges as it defines the phases of exposure relative to transportation network companies (TNC) activities, explains the risks inherent in TNC activities not typically present in personal auto insurance and explains the risk of gaps in coverage. The white paper also explains common exclusions used by personal auto insurers, identifies the various insurance options to fill any gaps in coverage, discusses the coverages carried by the largest known TNCs operating in the U.S. and emphasizes the importance for cooperation in claims handling between multiple insurers. Additionally, it explains the elements of disclosure necessary to inform consumers and the general population about the fundamental risks of TNC activities and the insurance coverage options available to insure against those risks. The appendix to the white paper contains a compendium of city ordinances and state legislation enacted to establish insurance requirements for TNCs. Commissioner Jones said he was recommending, at the suggestion of Oklahoma, a non-substantive change to the white paper that would move the language concerning the new TNC Insurance Model Bill to a new section, “Industry Activity,” to immediately precede the “Conclusion.”

Commissioner Jones said multiple conference calls were held to discuss comments received. He said a majority of the written and verbal comments received were integrated into the white paper. The Working Group adopted the white paper during its March 28 meeting with a couple of revisions. One significant revision was to acknowledge the TNC Insurance Model Bill developed by TNCs and personal lines insurers and released to the public March 26. The bill received support from two of the largest TNCs, several insurers and industry groups.

John Hurley (Park Strategies) asked for additional time in light of the new agreement on the model bill. Commissioner Jones said extensive comments from all stakeholders have been considered and reflected. The new bill is noted in the white paper. He said it is important to adopt the white paper now to provide information to legislatures in a meaningful and timely way given legislatures are now considering bills.

Commissioner McCarty made a motion, seconded by Mr. Seeley, to adopt the *Transportation Network Company Insurance Principles for Legislators and Regulators*. The motion passed.

7. **Adopted the Title Insurance Guaranty Association – Title Insurance Consumer Protection Fund Guideline**

Commissioner McCarty said the Title Insurance Guaranty Fund (C/E) Working Group adopted its draft of the *Title Insurance Guaranty Association – Title Insurance Consumer Protection Fund Guideline* (Title Insurance Guaranty Fund Guideline) via an e-vote ending Dec. 12. He said early in the process, the Working Group decided that a model law not be developed, but instead focus on a Guideline. The Title Insurance Guaranty Fund Guideline explains how states might create a state fund for title insurance and a nonprofit entity to act as a state guaranty fund association with membership required for all insurers writing business in that state. The Title Insurance (C) Task Force and the Receivership and Insolvency (E) Task Force adopted the Guideline March 29.

Commissioner McCarty made a motion, seconded by Director Deiter, to adopt the *Title Insurance Guaranty Association – Title Insurance Consumer Protection Fund Guideline*. The motion passed.

8. **Heard a Presentations on Insurers' Use of Data**

Dave Snyder (Property Casualty Insurers Association of America—PCI) presented on why data is used and how best to use data. He said data gives the ability to provide effective risk assessment, fight fraud, help with management of natural disasters, speed the claim settlement process, rate more accurately for risk, innovate in the insurance market, and permit regulators and insurers to meet very different expectations of a new generation of insurance buyers. He said these show that consumers benefit from the use of data.
Birny Birnbaum (Center for Economic Justice—CEJ) said he agrees that data can be useful and can benefit consumers, including providing information on how to limit loss exposure. However, insurer abuse of data can harm consumers through discrimination or violation of consumer rights. He said inquiry information counted as a claim was inappropriate use of data. He said this would discourage insurers from contacting the company. He said safeguards need to be in place to ensure fair treatment of insurers. He said he is concerned about fraud scores because data might not be complete or accurate. There is no consumer redress. Credit scoring is subject to the federal Fair Credit Reporting Act, but there is no regulatory oversight of some types of data. He asked how the consumer has the opportunity to challenge any of that data. He said vehicle symbols done by an advisory organization are regulated. With CARFAX, who says their data is used by insurers in 48 states and their scoring model is used in 22 states, is not regulated. He said market outcomes need to be reviewed in a more granular fashion.

Mr. Birnbaum said the Market Regulation and Consumer Affairs (D) Committee might be holding a hearing on the use of big data in claim settlement. Commissioner Chaney said he would discuss the issue with Commissioner Robertson to determine if the committee should have a joint meeting with the Market Regulation and Consumer Affairs (D) Committee regarding insurers’ use of big data.

9. **Heard a Presentation on Drones**

Ed Markle, attorney and aerospace engineer, and Howard Martin (Federal Aviation Association—FAA) discussed the use of drones and the potential legal and insurance implications. Mr. Markle said an unmanned aerial vehicle (UAV), commonly called a drone, is either controlled by an operator or is an “autonomous flight” controlled solely by GPS. He said the autonomous flight is more dangerous. In insurance, coverage is provided for the UAV and the entire unmanned aerial system (UAS). He said UAVs are starting to be used by insurance companies for roofing inspections, catastrophe assessment and crop claims. He said UAVs are especially useful in cases where there is significant potential danger to a person. Sometimes the use of drones is illegal and, therefore, there are insurance implications.

Mr. Martin said there is proliferation of these aircraft, varying in size and complexity, with one Chinese company planning to build 15,000 a month. He said tracking of the ownership and operation of these UAVs will be a challenge. He said UAVs can fly up to 5,000 feet, creating a threat to the national airspace. With use of UAVs offshore by the U.S. Coast Guard and oil companies, there is environmental liability and environmental risk. In 2012, Congress required the FAA to establish test sites.

Mr. Markle said the problem with UAV and UAS insurance is that insurers try to take regular aircraft insurance and use it for UAS, and it does not work. He said aircraft insurance definitions of “flight,” “scheduled aircraft” and “pilot in command” are not appropriate for UAV.

Having no further business, the Property and Casualty Insurance (C) Committee adjourned.