

MEMORANDUM

TO: Commissioners, Directors, Superintendents, and Interested Parties
FROM: Jennifer McAdam, Legal Counsel
DATE: May 1, 2017
RE: Action on Model Laws, Guidelines, and White Papers at the 2017 Spring National Meeting

This memorandum describes NAIC action on model laws, guidelines, and white papers at the 2017 Spring 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**

1. **Amendments to *Privacy of Consumer Financial and Health Information Regulation* (#672)**

The Executive (EX) Committee and Plenary adopted amendments to the *Privacy of Consumer Financial and Health Information Regulation* (#672). These revisions were drafted by the Privacy Disclosures (D) Working Group in order to be consistent with the annual privacy notice requirement of the federal Gramm-Leach-Bliley Act (GLBA), as modified by the federal Fixing America's Surface Transportation (FAST) Act, including an amendment to the GLBA to eliminate the requirement for financial institutions to provide annual privacy notices if certain conditions are met. In addition, the revisions replace the sample privacy notices, which provide a safe harbor of compliance with the privacy notice content requirements, with the federal model privacy form; and sunset the safe harbor of compliance with the privacy notice content. The Market Regulation and Consumer Affairs (D) Committee adopted these revisions at the 2016 Fall National Meeting.

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

The Executive (EX) Committee and Plenary adopted amendments to the *Health Insurance Reserves Model Regulation* (#10). The revisions replace the 1985 Cancer Claim Cost Tables with the 2016 Cancer Claim Cost Valuation Tables. The 2016 tables were proposed by the American Academy of Actuaries and Society of Actuaries Cancer Claims Cost Tables Work Group as the basis for a new minimum valuation standard for cancer insurance contracts issued on or after Jan. 1, 2019. The revisions allow a company

to elect to use the 2016 Tables for contracts issued on or after Jan. 1, 2018, but if a company does so, it may not revert to the 1985 tables. The Health Insurance and Managed Care (B) Committee adopted the revisions during its March 16 conference call.

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

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

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

Revisions to A Consumer's Guide to Home Insurance and A Shopping Tool for Homeowners Insurance

The Executive (EX) Committee and Plenary adopted revisions to *A Consumer's Guide to Home Insurance* and *A Shopping Tool for Homeowners Insurance*. The Transparency and Readability of Consumer Information (C) Working Group received a referral from the Sharing Economy (C) Working Group to provide supplemental information regarding home-sharing to *A Consumer's Guide to Home Insurance* and to *A Shopping Tool for Homeowners Insurance*. The Working Group produced language explaining to homeowners that they may need additional insurance coverage to cover losses that occur when renting out their property through a peer-to-peer company. The Property and Casualty Insurance (C) Committee adopted the updated documents on April 10.

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

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

F. Model Laws and Regulations Archived by the Executive (EX) Committee and Plenary

The Executive Committee (EX) Committee and Plenary did not archive any model laws or regulations during the Spring National Meeting.

II. Actions by Executive (EX) Committee

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

New Short Duration Long-Term Care Policies Model

The Executive (EX) Committee adopted the model law development request for a new model, *Short Duration Long-Term Care Policies Model Law*. The Health Insurance and Managed Care

(B) Committee seeks development of a new model law 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 do not quite 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 model will be drafted by the Senior Issues (B) Task Force's Short Duration Long-Term Care Policies (B) Subgroup. The Health Insurance and Managed Care (B) Committee adopted the model law development request for the new model at the 2016 Fall National Meeting.

B. Model Law Review Initiative

NAIC General Counsel, Kay Noonan, reported that, in 2013, each parent committee received a charge to review designated model laws for compliance with the NAIC's Procedures for Model Law Development and for continued content relevancy and to recommend whether certain models be retained, revised, converted to a guideline, or archived. Phase 2 of the initiative will begin this year. Forty-two models will be reviewed in this phase. No action is required from Executive (EX) Committee at this time. As parent committees continue their review, the results will be presented to the Executive (EX) Committee for action as appropriate.

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

A. Life Insurance and Annuities (A) Committee

1. Amendments to *Life Insurance Disclosure Model Regulation* (#580)

The Life Insurance and Annuities (A) Committee approved a model law review request from the Life Insurance Buyer's Guide (A) Working Group to remove the Life Insurance Buyer's Guide as an appendix to the *Life Insurance Disclosure Model Regulation* (#580). The nature of a Buyer's Guide requires that it is able to be updated as needed. The model refers to the Buyer's Guide, which will become a stand-alone guide once the change is made. A similar change was made with the Annuity Buyer's Guide, which was also removed as an Appendix to the *Annuity Disclosure Model Act* (#245).

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

The Life Insurance and Annuities (A) Committee approved model law review requests from the Life Insurance Illustration Issues (A) Working Group to revise the *Life Insurance Disclosure Model Regulation* (#580) and the *Life Insurance Illustrations Model Regulation* (#582) to reference a short policy-overview document. The narrative summaries contained in both models are lengthy and complex due to their content requirements. The Working Group would like to make these shorter and easier for consumers to understand.

3. *New Unclaimed Life Insurance and Annuities Model Act*

The Life Insurance and Annuities (A) Committee adopted the Unclaimed Life Insurance Benefits (A) Working Group’s request for an extension of model law development for the *Unclaimed Life Insurance and Annuities Model Act*. The Committee also approved a request that the Unclaimed Insurance Benefits (A) Working Group develop a concise list of key controversial issues in the draft proposed *Unclaimed Life Insurance and Annuities Model Act* for review by the Committee. The proposed model includes provisions similar to the National Conference of Insurance Legislators’ (NCOIL) Model *Unclaimed Life Insurance Benefits Act* as well as the requirements contained in the regulatory settlement agreements (RSAs) reached with a number of insurers.

4. *Amendments to Actuarial Guideline XXXVIII—The Application of the Valuation of Life Insurance Policies Model Regulation (AG 38)*

On a call prior to the National Meeting, the Life Actuarial (A) Task Force adopted revisions to the Actuarial Guideline XXXVIII—*The Application of the Valuation of Life Insurance Policies Model Regulation (AG 38)*. Prior to the operative date of the Valuation Manual, companies subject to AG 38 are required to use the most recent version of the Valuation Manual adopted by the Life Insurance and Annuities (A) Committee when calculating their aggregate reserves. As the Committee adopted revisions to the Valuation Manual, companies are required to adhere to those revisions. The revision to Section 8D establishes the most recent version of the Valuation Manual adopted by the Executive (EX) Committee and Plenary as the appropriate statutory authority. The changes to Section 8E indicate that policies issued after Jan. 1, 2013, which are being valued under PBR, are no longer subject to AG 38.

B. *Health Insurance and Managed Care (B) Committee*

Amendments to Health Insurance Reserves Model Regulation (#10)

The Health Insurance and Managed Care (B) Committee adopted the Health Actuarial (B) Task Force’s request for an extension of model law development for amendments to the *Health Insurance Reserves Model Regulation (#10)*. The amendments would include new standards for the valuation of long-term care insurance (LTCI) liabilities.

C. *Property and Casualty Insurance (C) Committee*

1. *Amendments to Creditor-Placed Insurance Model Act (#375)*

The Property and Casualty Insurance (C) Committee granted a request for extension for drafting amendments to the *Creditor-Placed Insurance Model Act (#375)*. The Creditor-Placed Insurance Model Act (C) Working Group has completed the first phase of its work, having to do with receiving initial comments from interested parties. It will now circulate a draft and begin to make edits to the model. The Working Group is revising the model to ensure appropriate consumer safeguards are included.

2. Revisions to *A Consumer's Guide to Home Insurance* and *A Shopping Tool for Homeowners Insurance*

The Property and Casualty Insurance (C) Committee adopted revisions to *A Consumer's Guide to Home Insurance* and *A Shopping Tool for Homeowners Insurance*. The Transparency and Readability of Consumer Information (C) Working Group received a referral from the Sharing Economy (C) Working Group to provide supplemental information regarding home-sharing to *A Consumer's Guide to Home Insurance* and to *A Shopping Tool for Homeowners Insurance*. The Working Group produced language explaining to homeowners that they may need additional insurance coverage to cover losses that occur when renting out their property through a peer-to-peer company. This additional language will aid consumers in understanding potential coverage issues when renting out their home or a room in their home.