The Executive (EX) Committee met Feb. 6 and Jan. 19, 2015 and Dec. 16, 2014. The meetings were held in regulator-to-regulator session pursuant to paragraph 4 (internal or administrative matters of the NAIC or any NAIC member) of the NAIC Policy Statement on Open Meetings. During these meetings, the Committee:

1. Appointed the following insurance industry and consumer representatives(s) to the SERFF Advisory Board: Brian Hoffman (The Travelers Companies) as the P/C representative; Shirley Grossman (The Londen Insurance Group) as the life representative and vice chair; James Gabriel (UnitedHealthcare) as the health representative; and Birny Birnbaum (Center for Economic Justice—CEJ) as the consumer representative for the upcoming SERFF Advisory Board term.

2. Approved funding for regulator attendance at the National Tornado Summit in Oklahoma City, OK.

3. Appointed the following members to the NAIC Audit Committee: Commissioner Ted Nickel, Chair (WI); Director Germaine L. Marks (AZ); Commissioner Sharon P. Clark (KY); Commissioner Kenneth E. Kobylowski (NJ); Superintendent Joseph Torti III (RI); and Commissioner Julie Mix McPeak (TN).

4. Appointed the following members to the NIPR Board of Directors: Commissioner Adam Hamm (ND); and Commissioner Todd E. Kiser (UT).

5. Appointed Commissioner Adam Hamm (ND) to replace former Maryland Commissioner Therese M. Goldsmith as the NAIC representative to the Financial and Banking Information Infrastructure Committee (FBIIC).

6. Approved the recommendation of the National Association of Corporate Directors (NACD) as the consultant to assist with the NAIC Governance Review project and to designate the Governance Review (EX) Task Force as the body that will carry out the initial work on behalf of the Executive (EX) Committee and as the body responsible for making recommendations to the Executive (EX) Committee on any revisions to the NAIC’s organizational structure, committee structure, and internal and external decision-making policies and procedures.

Report to Executive (EX) Committee
Principle-Based Reserving Implementation (EX) Task Force

The Principle-Based Reserving Implementation (EX) Task Force met by conference call on Feb. 11, 2015 and adopted regulatory criteria for a PBR small company exemption based on company premium writings, risk-based capital (RBC), and other risk characteristics. The following are the regulatory criteria for the PBR small company exemption proposal:

- **Companywide Exemption:** Unlike the existing product line exclusions, this small company exemption would apply to the entire company.
- **Exempt from Performing PBR Exclusion Tests:** Rather than being exempted from the Valuation Manual entirely (and thus not subject to reporting requirements, etc.), the company would be exempted from performing PBR exclusion tests.
- **Premium threshold:** A company’s ordinary life premiums must be less than $300M for the legal entity and less than $600M for the associated group.
- **Risk-Based Capital (RBC) threshold:** A company’s RBC must be at least 450%.
- **ULSGs:** There can be no material Universal Life with secondary guaranty business in force.
- **Reserve methodology that applies for exempted companies:** Commissioners Reserve Valuation Methodology (CRVM).
- **Location of Small Company Exemption:** The exemption language will be included in the Valuation Manual as opposed to being added to the model Standard Valuation Law.

The Life Actuarial (A) Task Force (LATF) has adopted an amendment to the Valuation Manual to incorporate the above criteria and that amendment will be presented to the Plenary for consideration at the 2015 Summer National Meeting. For additional information regarding the small company exemption, please see the March 16 letter sent to all NAIC members by Superintendent Joseph Torti III and Commissioner Julie Mix McPeak, Co-Chairs of the Principle-Based Reserving Implementation (EX) Task Force.

The Principle-Based Reserving Implementation (EX) Task Force met by conference call on March 16 and adopted the 2015 XXX/AXXX Reinsurance Supplement Proposal to send to the Blanks (E) Working Group.

The Task Force will meet Monday, March 30 to discuss a revised PBR Implementation Plan; the operative date of the Valuation Manual; results from the state survey regarding plans for implementation, and results of the company experience reporting state survey. The Task Force will receive reports from all groups with charges regarding the XXX/AXXX Reinsurance Framework and from its PBR Review (EX) Working Group and LATF regarding PBR implementation activities.

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Revision marks reflect changes adopted by the NAIC/Consumer Board of Trustees on Nov. 17, 2014.

PLAN OF OPERATION
NAIC CONSUMER PARTICIPATION PROGRAM
March 28, 2010

Section 1. Mission

The mission of the NAIC Consumer Participation Program is to assist the NAIC in its efforts to support state insurance regulation by providing consumer views on insurance regulatory issues. A qualified consumer organization is a national, state, or local organization that serves to protect the interests of consumers as they relate to the regulation of insurance. Their participation is based on their desire to collect and/or impart information of mutual concern and interest to insurance regulators and that represents a consumer perspective. One measure of whether an organization represents a consumer perspective is its source of funding.

Section 2. Board

A. The NAIC Consumer Participation Board of Trustees shall consist of 12 members. The six NAIC members shall each serve one-year terms. The other six Board members shall be consumer representatives. The consumer members shall serve staggered two-year terms.

B. The current President of the NAIC or his/her designee shall chair the Board.

C. Immediately following the annual Officer Committee Assignment Meeting, the newly elected NAIC officers shall appoint the NAIC members to the Board, which may include the four NAIC officers. In December, the six NAIC members serving on the current Board shall appoint six consumer representatives to serve on next year’s Board. The consumer representatives selected to serve on the Board shall have served for at least one year as a funded consumer representative. In the event there are not six consumer representatives with at least one year of experience with the program, the Board may fund a consumer who has applied for participation in the Funded Consumer Representative Program and appoint that person to the Board.

D. The term of service for Board members shall begin on January 1st and conclude December 31st.

E. A consumer representative may be removed by a majority vote of the Board (four of the six regulators and four of the six consumer representatives) whenever in its judgment the best interests of the Board would be served thereby.

F. No later than December 15th, the current full Board shall select the remaining NAIC funded and unfunded consumer representatives to serve in the next calendar year. NAIC funded consumer representatives will receive NAIC funding for reimbursement from the NAIC for travel expenses incurred to participation in NAIC meetings and conference calls in the next calendar year.

Section 3. Consumer Applications

A. By each August 31st, NAIC staff shall distribute applications to a diverse group of consumer organizations. Additionally, NAIC staff may circulate applications through other means, including posting the applications on the NAIC Web site. The consumer representative Application packages web page shall include the following information: 1) a statement that the NAIC encourages those
representing the public interest and consumer advocacy groups to apply; 2) a statement that the NAIC encourages applications from women, minorities and the physically challenged; 3) a statement describing the NAIC and its services to the state insurance departments; 4) a schedule of the NAIC meetings for the following year and their locations; 5) a list of the NAIC committees and their memberships; and 6) an explanation that the role of the consumer representatives at NAIC meetings is to serve as a liaison to consumer and community-based organizations and to offer the consumer perspective as it relates to the charges of the NAIC committees.

B. Women, minorities and those physically challenged shall be encouraged to apply.

C.B. Consumers shall submit applications to the NAIC by the end of October 31st. Late applications may not be considered.

Section 4. Consumer Qualifications

A. Consumers Applicants qualified to receive be NAIC funded consumer representatives shall:
1. Demonstrate consumer-oriented skills;
2. Demonstrate an expertise in NAIC committee issues;
3. Represent a non-profit organization with a membership of at least 30 members;
4. Submit a copy of their organization’s by-laws reflecting the organization’s purposes to represent consumer interests and promote consumer protection;
5. Describe the applicant’s need for funding with sufficient detail on source of funding and the need for NAIC financial support;
6. Submit an application to the NAIC;
7. Submit the signed NAIC Conflict of Interest Statement; and
8. Commit to participatinig in NAIC meetings and conference calls.

B. Consumers qualified to be NAIC funded consumer representatives shall also submit the current budget for their organization; describe the applicant’s need for funding with sufficient detail on the source of funding; and explain the need for NAIC financial support.

C. Successful applicants shall be notified as soon as the current Board reaches consensus on the number of positions available to be funded for the next year; and then selects all of the funded and unfunded consumer representatives for the next year to receive funding.

Section 5. Reimbursement of Expenses

NAIC funded consumers shall submit expense reports itemizing the costs of attending NAIC meetings according the NAIC Funded Consumer Representative Guidelines for Reimbursement of Expenses.

Section 6. Consumer Representative Term

Consumer representatives shall serve staggered two-year terms. The term for which a designated consumer representative is eligible to receive funding to participate in NAIC meetings and conference calls shall start on January 1st and continue through December 31st.

Section 7. Annual Report

At the last National Meeting each year, the NAIC President, the Chairperson of the NAIC Consumer Participation Board of Trustees, or the NAIC President's designee (if the Chairperson is not available), shall report to the Executive Committee a summary of the Board’s activities for the year and the consumer participation in NAIC meetings and conference calls as a result of the NAIC Consumer Participation Program.
Section 8. NAIC/Consumer Liaison Committee

The NAIC Consumer Participation Board of Trustees shall select the consumer participants on the NAIC/Consumer Liaison Committee. Consumer organizations (as defined in Section 1) that choose not to request funding in the Consumer Participation Program may ask to participate in the NAIC/Consumer Liaison Committee. The request should be made in a letter or an e-mail stating the name of their organization, its mission, the ways in which the organization is involved in insurance issues, the amount and sources of the organization’s income, the name of the individual who would represent the organization at NAIC, and provide the reasons the organization would like to participate in the NAIC/Consumer Liaison Committee.

To promote participation at NAIC meetings, the agenda of the NAIC/Consumer Liaison Committee shall be set no later than 21 days prior to the next NAIC meeting by the six consumer members of the Consumer Participation Board of Trustees and the chair of the NAIC/Consumer Liaison Committee. Any amendments made to this agenda are subject to the approval of the chair of the NAIC/Consumer Liaison Committee.

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REQUEST FOR MODEL LAW DEVELOPMENT

This form is intended to gather information to support the development of a new model law or amendment to an existing model law. Prior to development of a new or amended model law, approval of the respective Parent Committee and the NAIC’s Executive Committee is required. The NAIC’s Executive Committee will consider whether the request fits the criteria for model law development. Please complete all questions and provide as much detail as necessary to help in this determination.

Please check whether this is: ☒ New Model Law or ☐ Amendment to Existing Model

1. Name of group to be responsible for drafting the model:
   TBD

2. NAIC staff support contact information:
   Jolie H. Matthews, Senior Health and Life Counsel
   Email: jmatthews@naic.org

3. Please provide a description and proposed title of the new model law. If an existing law, please provide the title, attach a current version to this form and reference the section(s) proposed to be amended.

   The proposed title of the new model law is the Unclaimed Life Insurance Benefits Act. This Act shall require all authorized insurers regulated by the state's insurance department to undertake good faith efforts, as to be specified in the Act, to locate and pay beneficiaries proceeds under unclaimed life insurance policies, annuity contracts, and retained asset accounts issued in the state or remit such proceeds as unclaimed property to the appropriate jurisdiction if the beneficiaries are unable to be located or paid.

4. Does the model law meet the Model Law Criteria? ☒ Yes or ☐ No (Check one)

   (If answering no to any of these questions, please reevaluate charge and proceed accordingly to address issues).

   a. Does the subject of the model law necessitate a national standard and require uniformity amongst all states? ☒ Yes or ☐ No (Check one)

      If yes, please explain why

      Currently, there are conflicting court decisions and differing state laws and regulations on the subject resulting in an inconsistent regulatory framework. This model law will provide the necessary consistency and uniformity among the states in handling unclaimed benefits.

   b. Does Committee believe NAIC members should devote significant regulator and Association resources to educate, communicate and support this model law?

      ☒ Yes or ☐ No (Check one)
5. What is the likelihood that your Committee will be able to draft and adopt the model law within one year from the date of Executive Committee approval?

☑ 1  ☐ 2  ☐ 3  ☐ 4  ☐ 5  (Check one)

High Likelihood  Low Likelihood

Explanation, if necessary:

6. What is the likelihood that a minimum two-thirds majority of NAIC members would ultimately vote to adopt the proposed model law?

☑ 1  ☐ 2  ☐ 3  ☐ 4  ☐ 5  (Check one)

High Likelihood  Low Likelihood

Explanation, if necessary:

7. What is the likelihood that state legislature will adopt the model law in a uniform manner within three years of adoption by the NAIC?

☑ 1  ☐ 2  ☐ 3  ☐ 4  ☐ 5  (Check one)

High Likelihood  Low Likelihood

Explanation, if necessary:

8. Is this model law referenced in the Accreditation Standards? If so, does the standard require the model law to be adopted in a substantially similar manner?

No

9. Is this model law in response to or impacted by federal laws or regulations? If yes, please explain.

No

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