Report of the 
Executive (EX) Committee

The Executive (EX) Committee met April 9, 2017. During this meeting, the Committee:

1. Adopted the April 8 report from the joint meeting of the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee, which included the following action:
   a. Adopted its 2016 Fall National Meeting minutes.
   b. Adopted the Executive (EX) Committee minutes of Feb. 10 and Jan. 13, which included the following action:
      1. Approved changes to the Executive Committee Task Force structure, including the establishment of an Innovation and Technology (EX) Task Force, pending adoption of charges on an open call.
      2. Appointed one consumer representative and three industry representatives for Property & Casualty and Life & Health to the SERFF Advisory Board.
      3. Appointed Director Larry Deiter (SD) to the NIPR Board of Directors.
   c. Adopted the Feb. 17 Internal Administration (EX1) Subcommittee report, which included the following action:
      1. Received an update on the defined benefit plan and long-term investment plan portfolios as of Dec. 31, 2016.
      2. Adopted a recommendation from the NAIC’s independent financial advisor to liquidate an investment and reinvest it in the current line-up of equity funds.
   d. Adopted the April 7 Audit Committee report, which included the following action:
      2. Received the 2016 audit report from RSM auditors.
      3. Discussed the zone funding review provided by RSM.
      4. Received the 2016 Service Organization Control (SOC) 1 Report.
   e. Adopted the April 8 Information Systems (EX1) Task Force report, which included the following action:
      1. Received project portfolio summary reports.
      2. Received project status reports for active strategic technical projects.
      3. Received updates on technical projects closed from November 2016 through February 2017.
      4. Received an update on the review of a new 2017 fiscal with a technology component.
   f. Approved the request from the Interstate Insurance Production Regulation Commission (IIPRC) for a $100,000 line of credit to be available during 2017.
   g. Approved the selection of a consultant for the Mortgage Guaranty Capital Model Project.
   h. Selected the meeting locations for the 2021 national meetings: the Spring National Meeting will be held in Dallas; the Summer National Meeting will be held in Columbus; and the Fall National Meeting will be held in San Francisco.
   i. Designated Michael F. Consedine (NAIC CEO) to serve on the NIPR Board of Directors effective immediately.


3. Adopted its March 9 minutes, which included the following action:
   b. Adopted changes to the Executive (EX) Committee task force structure.
   c. Adopted a funding request regarding system enhancements to receive private letter ratings directly from nationally recognized statistical ratings organizations (NRSRO).

4. Adopted the reports of its task forces: the Financial Stability (EX) Task Force including its 2017 amended charges; the Government Relations (EX) Leadership Council; the Innovation and Technology (EX) Task Force; and the Principle-Based Reserving Implementation (EX) Task Force.

5. Approved the model law development request for the Short Duration Long-Term Care Policies Model.

6. Received an update on the model law review initiative.

7. Received the 2016 Annual Report of the NAIC Designation Program Advisory Board.
8. Received a status report of model law development efforts for amendments to the: Health Insurance Reserves Model Regulation (#10); Health Carrier Prescription Drug Benefit Management Model Act (#22); Accident and Sickness Insurance Minimum Standards Model Act (#170); Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act (#171); Creditor-Placed Insurance Model Act (#375); Mortgage Guaranty Insurance Model Act (#630); Privacy of Consumer Financial and Health Information Regulation (#672); Standard Nonforfeiture Law for Individual Deferred Annuities (#805); and development of the new Unclaimed Life Insurance and Annuities Model Act and Insurance Data Security Model Law.

9. Received reports from the National Insurance Producer Registry (NIPR) and the Interstate Insurance Product Regulation Commission (IIPRC).
Pending adoption during the joint meeting of the Executive (EX) Committee and Plenary—4/11/17

EXECUTIVE (EX) COMMITTEE

The mission of the Executive (EX) Committee is to manage the affairs of the NAIC in a manner consistent with its Articles of Incorporation and its Bylaws.

Ongoing Support of NAIC Programs, Products or Services

1. The Executive (EX) Committee will:
   A. Identify the goals and priorities of the organization and make recommendations to achieve such goals and priorities, based on input of the membership. Make recommendations by the 2017 Commissioners Conference.
   B. Create/terminate task force(s) and/or Executive (EX) Committee-level working groups to address special issues and monitor the work of these groups. Create necessary task forces and/or Executive (EX) Committee-level working groups throughout 2017 as necessary.
   C. Submit reports and recommendations to NAIC members concerning the activities of its subcommittee and the standing committees. Submit report at each national meeting.
   D. Consider requests from NAIC members for friend-of-the-court briefs.
   E. Establish and allocate functions and responsibilities to be performed by each NAIC zone.
   F. Pursuant to the Bylaws, oversee the NAIC offices to assist the organization and the individual members in achieving the goals of the organization.
   G. Conduct strategic planning on an ongoing basis.
   H. Plan, implement and coordinate communications and activities with the Federal Insurance Office (FIO).
   I. Plan, implement and coordinate communications and activities with other state, federal, local and international government organizations to advance the goals of the NAIC and promote understanding of state insurance regulation.
   J. Review and approve requests for the development of model laws and/or regulations. Coordinate the review of existing model laws and/or regulations.
   K. Select NAIC national meeting sites five and six years in advance of the meeting date to ensure efficient and economical locations and facilities.
   L. Review and revise, as necessary and appropriate, the criteria and categories for registrants at NAIC national meetings.

NAIC Support Staff: Andrew J. Beal/Kay Noonan
CYBERSECURITY (EX) TASK FORCE

The mission of the Cybersecurity (EX) Task Force is to consider issues concerning cybersecurity as they pertain to the role of state insurance regulators.

Ongoing Support of NAIC Programs, Products or Services

1. The Cybersecurity (EX) Task Force will:
   A. Monitor developments in the area of cybersecurity.
   B. Advise report and make recommendations to the Executive (EX) Committee on cybersecurity issues.
   C. Coordinate activities with NAIC standing committees and their task forces and working groups regarding cybersecurity issues.
   D. Review the following models and make recommendations to the Executive (EX) Committee: the NAIC Insurance Information and Privacy Protection Model Act (#670); the Privacy of Consumer Financial and Health Information Regulation (#672); the Standards for Safeguarding Consumer Information Model Regulation (#673); and the Insurance Fraud Prevention Model Act (#680).
   E. Represent the NAIC and communicate with other entities/groups, including the sharing of information as may be appropriate, on cybersecurity issues.
   F. Perform such other tasks as may be assigned by the Executive (EX) Committee relating to the area of cybersecurity.

NAIC Support Staff: Eric Nordman/Sara Robben/Cody Steinwand
Pending adoption during the meeting of the Executive (EX) Committee—4/9/17

FINANCIAL STABILITY (EX) TASK FORCE

The mission of the Financial Stability (EX) Task Force is to consider issues concerning domestic or global financial stability as they pertain to the role of state insurance regulators.

Ongoing Support of NAIC Program, Products or Services

1. The Financial Stability (EX) Task Force will:

   A. Consider issues concerning domestic or global financial stability as they pertain to the role of state insurance regulators and make recommendations to the International Insurance Relations (G) Committee, the Government Relations (EX) Leadership Council and/or the International Insurance Relations Executive (EX) Leadership Group Committee, as appropriate.

   1. Analyze existing post-financial crisis regulatory reform for their application in identifying macro-economic trends, including identifying possible areas of improvement or gaps, and propose to the Financial Condition (E) Committee or other relevant committee enhancements and/or additions to further improve the ability of state insurance regulators and industry to address macro-prudential impacts; consult with such committees on implementation as needed.

   B. Consider state insurance regulators’ input to national and international discussions on macro-financial vulnerabilities affecting the insurance sector.

   C. Serve as a forum to coordinate state insurance regulators’ perspectives on a wide variety of issues arising from the designation of a U.S. insurance group as “systemically important,” both pre- and post-designation, including:

      1. Where appropriate, develop policy recommendations and/or guidance regarding the role, responsibilities and activities of state insurance regulators in the context of consolidated supervision resulting from designation.

      2. Analyze proposed rules by the federal agencies that relate to financial stability.

      3. Analyze proposed policy measures regarding supervisory standards for global systemically important insurers.

      4. Develop comment letters on such analysis for further consideration by the International Insurance Relations (G) Committee, the Government Relations (EX) Leadership Council and/or the International Insurance Relations Executive (EX) Leadership Group Committee, as appropriate.

NAIC Support Staff: Elise Liebers/John Hopman/Mark Sagat/Todd Sells
GOVERNANCE REVIEW (EX) TASK FORCE

The mission of the Governance Review (EX) Task Force is to review the NAIC’s governing documents, practices and procedures and potentially make recommendations to the Executive (EX) Committee on revisions to the NAIC’s organizational structure, committee structure, and internal and external decision-making policies and procedures.

Ongoing Support of NAIC Programs, Products or Services

1. The Governance Review (EX) Task Force will:
   A. Complete its review of NAIC administrative due process practices and make recommendations as appropriate.
   B. Consider the implementation of a mechanism for NAIC members to raise governance or process issues, and make recommendations as appropriate.

NAIC Support Staff: Kay Noonan/John Bauer
GOVERNMENT RELATIONS (EX) LEADERSHIP COUNCIL

The mission of the Government Relations (EX) Leadership Council is to develop, coordinate and implement the NAIC’s legislative, regulatory and grassroots initiatives. The Leadership Council will devise strategies for NAIC action and promote the participation of all NAIC members in the NAIC’s government relations initiatives.

Ongoing Support of NAIC Programs, Products or Services

1. The Government Relations (EX) Leadership Council will:
   A. Monitor, analyze and respond to federal legislative and regulatory actions and other issues of importance to the NAIC membership.
   B. Work with other standing committees, task forces and working groups to help develop and communicate the NAIC’s policy views to federal and state officials on pending legislation and regulatory issues by involvement of NAIC members through testimony, correspondence and other approaches.
   C. Develop a strategy and program for directly engaging NAIC members with the U.S. Congress and federal agencies to advocate for NAIC objectives and the benefits and efficiencies of state regulation.
   D. Secure broader participation from NAIC membership on all government affairs advocacy initiatives.
   E. Report to the Executive (EX) Committee on all activities and matters relating to the annual charges of the Leadership Council.

NAIC Support Staff: Ethan Sonnichsen
INNOVATION AND TECHNOLOGY (EX) TASK FORCE

The mission of the Innovation and Technology (EX) Task Force is to provide a forum for regulator education and discussion of innovation and technology in the insurance sector, to monitor technology developments that impact the state insurance regulatory framework, and to develop regulatory guidance as appropriate.

Ongoing Support of NAIC Programs, Products or Services

1. The Innovation and Technology (EX) Task Force will:
   A. Provide a forum for discussion of innovation and technology developments in the insurance sector, including the collection and use of data by insurers and regulators and new products, services and distribution platforms, in order to educate state insurance regulators on how these developments impact consumer protection, insurer and producer oversight, marketplace dynamics, and the state insurance regulatory framework.
   B. Develop regulatory guidance, white papers, model laws and/or regulations, or make other recommendations to Executive (EX) Committee as appropriate.
   C. Appoint the Big Data (EX) Working Group to gather information to assist state insurance regulators in obtaining a clear understanding of what data is collected, how it is collected and how it is used by insurers and third parties in the context of marketing, rating, underwriting, and claims. This includes an evaluation of both the potential concerns and benefits for consumers and the ability to ensure data is being used in a manner compliant with state insurance statutes and regulations. The Working Group will also explore opportunities for regulatory use of data to improve the efficiency and effectiveness of insurance regulation.
   D. Appoint the Cybersecurity (EX) Working Group to consider issues concerning cybersecurity as they pertain to the role of state insurance regulators.
   E. Appoint the Speed to Market (EX) Working Group to: 1) serve as the NAIC focal point for modernization of the insurance product filing and review processes; 2) monitor the development and implementation of speed to market efficiencies and the System for Electronic Rate and Form Filing (SERFF); and 3) provide support to the Interstate Insurance Product Regulation Commission (IIPRC) for initiatives that require uniformity and policy changes within the states, where necessary.
   F. Discuss regulatory issues that arise with the development of autonomous vehicles; study and, if necessary, develop recommendations for changes needed to the regulatory framework; consider development of a white paper or model legislation, if necessary.
   G. Discuss emerging issues related to on-demand insurance applications—in addition to potential implications on the regulatory structure—including, but not limited to, cancellations, nonrenewals, coverage issues, notice provisions and policy delivery requirements.
   H. Coordinate with other NAIC committees and task forces, as appropriate on technology and innovation issues.

NAIC Support Staff: Scott Morris/Denise Matthews
INTERNATIONAL INSURANCE RELATIONS (EX) LEADERSHIP GROUP

The mission of the International Insurance Relations (EX) Leadership Group is to develop, coordinate and implement strategy related to the NAIC’s international initiatives. The Leadership Group will coordinate with NAIC standing committees, task forces and working groups, including the International Insurance Relations (G) Committee and the Executive (EX) Committee, on international issues. The Leadership Group will devise strategies for NAIC action and promote the participation of all NAIC members in the NAIC’s international relations initiatives.

Ongoing Support of NAIC Programs, Products or Services

1. The International Insurance Relations (EX) Leadership Group will:
   A. Coordinate with the Government Relations (EX) Leadership Council to monitor and analyze federal legislative and regulatory actions with international implications and other issues of importance to the NAIC membership.
   B. Work with other standing committees, task forces and working groups to help develop and communicate the NAIC’s policy views to the International Association of Insurance Supervisors (IAIS) and other international organizations on pending issues by direct involvement of state insurance regulators and the NAIC through leadership roles, presentations, correspondence and attendance at IAIS meetings.
   C. Develop a strategy and program for NAIC members directly engaging with non-U.S. insurance supervisors, international organizations and federal agencies focused on international issues in coordination with other NAIC standing committees, task forces and working groups, where appropriate.
   D. Promote the strengths of the U.S. state-based insurance regulatory system, encourage the engagement of NAIC members in international regulator-to-regulator dialogues and assess the potential impacts of major international developments on the U.S. state-based insurance regulatory system.
   E. Provide strategic direction for the NAIC’s responses to the questions, findings and recommendations of the International Monetary Fund’s Financial Sector Assessment Program.
   F. Report to the Executive (EX) Committee on all activities and matters relating to the annual charges of the Leadership Group.

NAIC Support Staff: Eric Thompson/Ethan Sonnichsen
PRINCIPLE-BASED RESERVING IMPLEMENTATION (EX) TASK FORCE

The mission of the Principle-Based Reserving Implementation (EX) Task Force is to serve as the coordinating body with all NAIC technical groups (e.g., Life Actuarial (A) Task Force) involved with projects related to the principle-based reserving (PBR) initiative for life and health policies.

Ongoing Support of NAIC Programs, Products or Services

1. The Principle-Based Reserving Implementation (EX) Task Force will:
   A. Maintain and oversee the Principle-Based Reserving (PBR) Implementation Plan. Coordinate actions related to the following: enhancing the PBR methodology and updating the Valuation Manual; creating and improving reporting and regulatory review processes; creating the company experience reporting framework; evaluating risk-based capital (RBC); preparing accreditation-related recommendations for PBR; and continuing to promote creation of state and company PBR education.
   B. Coordinate activities to finalize and implement the XXX/AXXX Reinsurance Framework.

2. The PBR Review (EX) Working Group will:
   A. Coordinate PBR financial analysis, examination and actuarial review procedures. Develop risk-focused examination (analysis/examination/actuarial) procedures for PBR, aiming for coordination and consistency of all such activities.
      1. Recommend uniform PBR review processes and frequency of reviews.
      2. Avoid duplication of work (including duplication of financial statement auditor work).
      3. Consider the process of communication between domestic states and market states (or non-domestic states where the company has significant market share).
      4. Discuss implementation of the framework (or blueprint) over time. Assess whether NAIC proposals take due consideration of the multitude of safeguards and controls already incorporated in requirements (e.g., documentation requirements, internal controls, linkage to risk management, corporate governance and audited financials).
      5. Inform the Principle-Based Reserving Implementation (EX) Task Force of training needs and provide potential case studies to aid training. Specifically, evaluate training and/or resource needs for modeling.
      6. Cooperate with the Examination Oversight (E) Task Force to develop financial examination procedures for pre-implementation review during on-site exams to look at a company’s PBR preparation. The examiner should review plans, procedures, systems, enterprise risk management (ERM) and corporate governance around PBR development.
   B. Continue to refine regulatory review tools and propose means to obtain information to support the review. Test the tools and information for usefulness and accuracy.
      1. Create automated tools or identify software that can be used for both financial analysis and actuarial review.
      2. Evaluate the housing of automated tools and software, especially to create cost savings for the states.
      3. Determine what reporting should be required via electronic data submission (e.g., in the PBR Report) to populate automated tools.
      4. Determine existing tools that might be given to, or purchased by, the NAIC.
      5. Consider a central repository of information.
      6. Consult with the Information Systems (EX1) Task Force regarding tools, databases and storage needs.

NAIC Support Staff: Kris DeFrain/Dan Daveline
PRODUCER LICENSING (EX) TASK FORCE

The mission of the Producer Licensing (EX) Task Force is to: 1) develop and implement uniform standards, interpretations and treatment of producer and adjuster licensees and licensing terminology; 2) monitor and respond to developments related to licensing reciprocity; 3) coordinate with industry and consumer groups regarding priorities for licensing reforms; and 4) provide direction based on NAIC membership initiatives to the NIPR Board of Directors regarding the development and implementation of uniform producer licensing initiatives, with a primary emphasis on encouraging the use of electronic technology.

Ongoing Support of NAIC Programs, Products or Services

1. The Producer Licensing (EX) Task Force will:
   A. Work closely with the NIPR to encourage full utilization of NIPR products and services by all of the states and producers, and encourage accurate and timely reporting of the state administrative actions to the NAIC’s Regulatory Information Retrieval System (RIRS) to ensure this data is properly reflected in the State Producer Licensing Database (SPLD) and the Producer Database (PDB).
   B. Facilitate roundtable discussions, as needed, with the state producer licensing directors for the exchange of views, opinions and ideas on producer-licensing activities in the states and at the NAIC.
   C. Discuss state perspectives regarding the regulation and benefit of the activities of the federal Affordable Care Act (ACA)-established enrollment assisters (including navigators and non-navigator assisters and certified application counselors) and the activities of producers in assisting individuals and businesses purchasing in the health insurance marketplaces. Coordinate with the Health Insurance and Managed Care (B) Committee and the Antifraud (D) Task Force, as necessary.
   D. Monitor the activities of the National Association of Registered Agents and Brokers (NARAB) in the development and enforcement of the NARAB membership rules, including the criteria for successfully passing a background check.

2. The Producer Licensing (EX) Working Group will:
   A. Monitor the implementation of the Uniform Licensing Standards for best practices in examination development and the delivery of education materials for prelicensing education. Work closely with state producer licensing directors and exam vendors to ensure: 1) the states achieve full compliance with the standards in order to achieve greater uniformity; and 2) the exams test the qualifications for an entry-level position as a producer.
   B. Continue to provide oversight and ongoing updates, as needed, to the State Licensing Handbook.
   C. Provide updated reciprocity guidelines and ongoing maintenance and review of uniform application forms for continuing education providers and the state review and approval of courses.
   D. Coordinate through NAIC staff and provide guidance to NIPR on producer licensing-related electronic initiatives.
   E. Coordinate with NAIC parent committees, task forces and/or working groups to review and provide recommendations on any new producer training requirements or continuing education requirements that are included in NAIC model acts, regulations and/or standards.
   F. Monitor state implementation of adjuster licensing reciprocity and develop minimum adjuster licensing standards to ensure appropriate consumer protections are in place with the implementation of the use of “designated home state.”
   G. Monitor and assess the state implementation of the Uniform Licensing Standards and update the standards, as needed.
   H. Review and update, as needed, the NAIC’s uniform producer and adjuster licensing applications and uniform appointment form.
   I. Coordinate with the Market Information Systems (D) Task Force and the Antifraud (D) Task Force to evaluate and make recommendations regarding the entry, retention and use of data in the NAIC’s Market Information Systems.

NAIC Support Staff: Timothy B. Mullen/Greg Welker
The mission of the Speed to Market (EX) Task Force is to: 1) serve as the NAIC focal point for modernization of the insurance product filing and review processes; 2) monitor the development and implementation of speed to market efficiencies and the System for Electronic Rate and Form Filing (SERFF); and 3) provide support to the Interstate Insurance Product Regulation Commission (IIPRC) for initiatives that require uniformity and policy changes within the states, where necessary.

Ongoing Support of NAIC Programs, Products or Services

1. The Speed to Market (EX) Task Force will:
   A. Provide a forum for discussion and recommendations related to product filing needs, efficiencies and effective consumer protection.
   B. Provide a forum for the review, discussion and recommendation regarding rate and form filing needs as impacted by the federal Affordable Care Act (ACA).
      1. Provide policy support and guidance regarding SERFF enhancements necessary for the states to comply with state law, federal law and/or contractual obligations.
      2. Provide a forum for discussing product filing issues related to the activity of the U.S. Department of Health and Human Services (HHS) and the U.S. Center for Consumer Information and Insurance Oversight (CCIIO).
      3. Provide input and guidance to other NAIC committees related to the ACA.
   C. Provide direction to, receive input from and hear reports concerning the SERFF Advisory Board activity related to SERFF.
   D. Provide direction to the NAIC staff regarding SERFF functionality, development and enhancements.
   E. In collaboration with the National Treatment and Coordination (E) Working Group, evaluate synergies between corporate changes/amendments and rate and form filing review and approval to improve efficiency.
   F. Conduct the following activities as desired by the IIPRC.
      1. Provide support to the IIPRC as the speed to market vehicle for asset-based insurance products, encouraging state participation in, and industry usage of, the IIPRC, as requested.
      2. Receive a report from the IIPRC at each national meeting.
   G. Oversee the work of the Operational Efficiencies (EX) Working Group.

2. The Operational Efficiencies (EX) Working Group will:
   A. Oversee the implementation and ongoing maintenance/enhancement of speed to market operational efficiencies that have been adopted. Report the results of this ongoing charge at each national meeting.
   B. Maintain the speed to market assessment tool that includes a nationwide summary and individual state summaries of speed to market compliance; report at each national meeting.
   C. Facilitate proposed changes to the Product Coding Matrices (PCMs) on an annual basis, including the review, approval and notification of changes. Monitor, assist with and report on state implementation of any PCM changes.
   D. Facilitate proposed changes to the Uniform Transmittal Document (UTD) on an annual basis, including the review, approval and notification of changes. Collaborate with the SERFF Advisory Board to ensure incorporation of UTD changes in SERFF.
   E. Use SERFF data to develop, refine, implement, collect and distribute common filing metrics that provide a tool to measure the success of the speed to market modernization efforts, with an emphasis on data that monitors state regulatory and insurer responsibilities for speed to market for insurance products; ensure full and complete communication of any change in filing requirements.
   F. Facilitate the review and revision of the Product Filing Review Handbook, which contains an overview of all of the operational efficiency tools and describes best practices for industry filers and state reviewers with regard to the rate and form filing and review process.
   G. Provide oversight in evaluating product filing efficiency issues for state insurance regulators and the industry.
      1. Continue work on the development of uniform rate and form terminology for dispositions, filing objections, filing statuses and deemer provisions designed to further advance speed to market for rate and form filing and review.
      2. Serve as a forum to gather information from the states and the industry regarding common filing issues and develop recommendations for resolution.
      3. Serve as a forum for discussing tools to assist the states in meeting regulatory needs.

NAIC Support Staff: Joy Morrison
INTERNAL ADMINISTRATION (EX1) SUBCOMMITTEE

The mission of the Internal Administration (EX1) Subcommittee is to monitor the operations of the NAIC, including preparing a budget for Executive (EX) Committee review, providing direction on personnel issues, approving emergency expenditures, evaluating the chief executive officer (CEO) and assisting the CEO in resolving competing demands for NAIC staff resources.

Ongoing Support of NAIC Programs, Products or Services

1. The Internal Administration (EX1) Subcommittee will:
   A. Review and approve all expenditures of funds not included in the final 2017 budget by considering any fiscal impact statements of unbudgeted resource requests and reporting its actions to the Executive (EX) Committee.
   B. Annually work with the CEO, chief operating officer/chief legal officer (COO/CLO) and chief financial officer (CFO) to review the business operations plan, which will incorporate the Executive (EX) Committee's strategic management initiatives, and report its actions to the Executive (EX) Committee.
   C. Oversee a review of any management areas of the NAIC that should be designated for formal operational reviews by working through the CEO and COO/CLO.
   D. Oversee the development, revision and delivery of all NAIC education programs, or the addition of new programs, by coordinating with other committees as appropriate and providing direction to the CEO and COO/CLO.
   E. Receive a report at each national meeting from the NAIC Audit Committee, which will be chaired by the secretary-treasurer. The NAIC Audit Committee will meet with NAIC management at or before each national meeting, or more frequently as necessary, to review the NAIC financial statements and to hear reports from NAIC management on emerging financial issues for the NAIC, and will report such information to the Internal Administration (EX1) Subcommittee. The NAIC Audit Committee shall also carry out the following activities pursuant to its charter:
      1. Engage the NAIC’s independent accountants with respect to the annual audit. This will include the appointment of an independent audit firm, a review of the results of the annual audit, and discussions with the independent auditors and NAIC management to ensure that all audit comments or suggestions are addressed in a timely manner. The NAIC Audit Committee is also responsible for selecting a firm to provide Statement on Standards for Attestation Engagements (SSAE) services to the NAIC.
   F. Serve as the primary liaison between the NAIC membership and the NAIC investment advisor, or appoint a subcommittee to act in that capacity, including the receipt of reports on the performance of the NAIC’s investment portfolio and, from time to time, meet directly with investment firm representatives to hear periodic reports and recommendations.
   G. Review and revise, as necessary and appropriate, the criteria and categories for registrants at NAIC national meetings.
   H. Appoint the Information Systems (EX1) Task Force to provide regulator-based technology expertise.
   I. Serve as a “transition committee” to coordinate issues related to the CEO selection and onboarding, including conducting member discussions/outreach to obtain input in developing a proposed job description, and making any other necessary recommendations to the Executive (EX) Committee.

NAIC Support Staff: Andrew J. Beal/James W. Woody
INFORMATION SYSTEMS (EX1) TASK FORCE

The mission of the Information Systems (EX1) Task Force is to: 1) provide regulator-based technology expertise to the Internal Administration (EX1) Subcommittee; and 2) support committee activities and objectives. This includes ensuring that the technology resources of the NAIC are deployed in such a manner to support the core values of service, results, value and communication by:

- Being an innovator that provides state insurance department staff with quality products, programs and services that focus on streamlining the regulatory process and decreasing the overall cost of regulatory compliance to regulators, the regulated and consumers.
- Providing products and services to facilitate and promote the communication of regulatory information and knowledge among insurance entities, with a minimum technology investment needed to integrate into legacy systems. These products and services will be driven by the business needs of the states as expressed through the various NAIC committees and prioritized by the Executive (EX) Committee.
- Embracing the technology direction established by the National Technical Architecture and promulgated through the Task Force.

Ongoing Support of NAIC Programs, Products or Services

1. The Information Systems (EX1) Task Force will:
   A. Serve as the Internal Administration (EX1) Subcommittee’s project-independent technology monitor and consultant. This involves overseeing the activities of the Technical Consulting (EX1) Working Group and monitoring the development, deployment and operation of information technology (IT) by and for the NAIC and, based on this effort, providing reports and recommendations to the Subcommittee as appropriate. To achieve this, the Task Force will receive regular portfolio reports from the technology staff of each strategic IT project and provide a structure for the states to collaborate on technology initiatives.
   B. Maintain and monitor the use of the National Technical Architecture standards for state-based insurance regulation.
   C. Provide consultation to the NAIC technology staff, and provide interpretation of intent and specific technology direction where needed. For example, from time to time, the staff may request approval of a specific technology approach, such as a proposal to drop support for a particular version of software. The Task Force will provide direction in such matters, either directly or through a working group.
   D. Provide consultation to the NAIC technology staff, and provide interpretation of intent and specific technology direction where needed. For example, from time to time, the staff may request approval of a specific technology approach, such as a proposal to drop support for a particular version of software. The Task Force will provide direction in such matters, either directly or through a working group.
   E. Serve as a regulator sponsor for projects involving technology only when they support the business areas of more than one other standing committee.
   F. Monitor the organization and utilization of the NAIC Information Technology Group and the other NAIC IT personnel and resources and, based on this effort, provide reports and recommendations to the Internal Administration (EX1) Subcommittee as appropriate. This may include review of technology planning documents.
   G. Provide direction and oversight of the NAIC State Technology Survey.
   H. Provide regulator technology consultation to NAIC committees, task forces and working groups as requested.

2. The Technical Consulting (EX1) Working Group will:
   A. Review, with technical recommendations for the Subcommittee, Business and Fiscal Impact Statements (BFIS) and project requests that involve technology being submitted to the Subcommittee or directly to the Executive (EX) Committee to ensure proposals meet the expectations for IT regulator review, including placing special emphasis on promoting overall efficiencies of cost and operation and promoting interoperability among different systems; providing technology reports and recommendations as appropriate during BFIS and project request approval processes; and, if approved, thereafter monitoring implementation and ongoing effectiveness.

NAIC Support Staff: Cheryl McGee
LIFE INSURANCE AND ANNUITIES (A) COMMITTEE

The mission of the Life Insurance and Annuities (A) Committee is to consider issues relating to life insurance and annuities and review new life insurance products.

**Ongoing Support of NAIC Programs, Products or Services**

1. The **Life Insurance and Annuities (A) Committee** will:
   A. Monitor the activities of the Life Actuarial (A) Task Force.
   B. Oversee the development of the principle-based reserving (PBR) system.
   C. Oversee outstanding issues related to contingent deferred annuities (CDAs), including considering the development of a CDA buyer’s guide.

2. The **Annuity Disclosure (A) Working Group** will:
   A. Review and revise, as necessary, Section 6—Standards for Annuity Illustrations in the Annuity Disclosure Model Regulation (#245) to take into account the disclosures necessary to inform consumers in light of the product innovations currently in the marketplace.

3. The **Life Insurance Buyer’s Guide (A) Working Group** will:
   A. Review and revise, as necessary, the Life Insurance Buyer’s Guide in conjunction with Appendix A of the Life Insurance Disclosure Model Regulation (#580).

4. The **Life Insurance Illustration Issues (A) Working Group** will:
   A. Explore how the narrative summary required by Section 7B of the Life Insurance Illustrations Model Regulation (#582) and the policy summary required by Section 5A(2) of Model #580 can be enhanced to promote consumer readability and understandability of these life insurance policy summaries, including how they are designed, formatted and accessed by consumers.

5. The **Model Law Review (A) Subgroup** will:
   A. In accordance with the Life Actuarial (A) Task Force to review issues identified during the Subgroup’s completion of the Model Law Review Initiative, review the Committee’s designated NAIC model laws for compliance with the NAIC’s Procedures for:
      1. With respect to the Modified Guaranteed Annuity Model Law Development and recommendation Regulation (#255):
         a. Research whether the requirements of Model #255 are contained elsewhere in state law, amended, converted to a or rules.
         b. Consider whether there is a need for the development of a similar law for modified guaranteed annuities offered through general accounts products.
      2. With respect to the Annuity Nonforfeiture Model Regulation (#806):
         a. Research whether the requirements of Model #806 are contained elsewhere in state law or rules.
         b. Consider whether Model #806 may be more appropriate as an actuarial guideline or archived.

6. The **Preventing Abuses Promoting Appropriate Sales Practices** in Life Insurance and Annuities (A) Working Group will:
   A. Review and revise, as necessary, the Model Regulation on the Use of Senior-Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities (#278), as well as the producer and insurer bulletin and the NAIC Consumer Alert, “Preventing Abusive Practices: The Misuse of Senior Designations and ‘Free Lunch’ Seminars.”

7. The **Suitability (A) Working Group** will:
   A. Review and revise, as necessary, the Suitability in Annuity Transactions Model Regulation (#275).
   B. Consider how to promote greater uniformity across NAIC-member jurisdictions.

8. The **Unclaimed Life Insurance Benefits (A) Working Group** will:
   A. Develop a new NAIC model law to address the issue of unclaimed death benefits.

NAIC Support Staff: Jennifer R. Cook/Jolie H. Matthews
SENIOR ISSUES (B) TASK FORCE (continued)

1. The **Long-Term Care Benefit Adjustment (B) Subgroup** will:
   A. Determine what contractual authority is required to make a benefit change to a long-term care insurance policy, including as an alternative to a rate revision.
   B. Evaluate whether reduction of daily benefits upon the elimination of inflation protection pursuant to a contractual provision is reasonable.
   C. Evaluate the sufficiency of disclosure requirements associated with policy provisions to reduce benefit amounts.
   D. Determine what actuarial equivalence is appropriate for benefit change proposals and recommend related disclosure improvements.

2. **The Short-Term Health Policies Providing Long-Term Care Benefits (B) Subgroup** will:
   A. Examine whether short-term, long-term care insurance products that are currently being discussed as part of the review and revision of the Accident and Sickness Insurance Minimum Standards Model Act (#170) and the Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act (#171) should be regulated in accordance with the provisions of Model #640 and Model #641.

6. **The Short Duration Long-Term Care Policies (B) Subgroup** will:
   A. Create a model to address long-term care (LTC) products of short duration that are excluded from Model #640 and Model #641, but do not quite fit under the Accident and Sickness Insurance Minimum Standards Model Act (#170) and the Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act (#171).

NAIC Support Staff: Jolie H. Matthews
PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE (continued)

E. Develop a shopping tool for homeowners, renters and business owners on flood insurance coverage; work with state insurance regulators to develop a standardized website and flood bulletin to assist consumers who have questions about flood insurance.

16. The Travel Insurance (C) Working Group will:
   A. Consider development of a model law or guideline to establish appropriate regulatory standards for the travel and tourism insurance industry.

New Objectives and Goals (representing new NAIC programs, services or initiatives)

4. The Property and Casualty Insurance (C) Committee will:
   A. Monitor innovations that impact P/C insurance. Report at each national meeting.
   B. Discuss regulatory issues that arise with the development of autonomous vehicles; study and, if necessary, develop recommendations for changes needed to the regulatory framework; consider development of a white paper or model legislation, if necessary.
   A. Discuss emerging issues related to on-demand insurance applications—in addition to potential implications on the regulatory structure—including, but not limited to, cancellations, nonrenewals, coverage issues, notice provisions and policy delivery requirements.

NAIC Support Staff: Aaron Brandenburg/Kris DeFrain/Eric Nordman
PRODUCER LICENSING (EXD) TASK FORCE

The mission of the Producer Licensing (EXD) Task Force is to: 1) develop and implement uniform standards, interpretations and treatment of producer and adjuster licensees and licensing terminology; 2) monitor and respond to developments related to licensing reciprocity; 3) coordinate with industry and consumer groups regarding priorities for licensing reforms; and 4) provide direction based on NAIC membership initiatives to the NIPR Board of Directors regarding the development and implementation of uniform producer licensing initiatives, with a primary emphasis on encouraging the use of electronic technology.

Ongoing Support of NAIC Programs, Products or Services:

1. The Producer Licensing (EXD) Task Force will:
   A. Work closely with the NIPR to encourage full utilization of NIPR products and services by all of the states and producers, and encourage accurate and timely reporting of the state administrative actions to the NAIC’s Regulatory Information Retrieval System (RIRS) to ensure this data is properly reflected in the State Producer Licensing Database (SPLD) and the Producer Database (PDB).
   B. Facilitate roundtable discussions, as needed, with the state producer licensing directors for the exchange of views, opinions and ideas on producer-licensing activities in the states and at the NAIC.
   C. Discuss state perspectives regarding the regulation and benefit of the activities of the federal Affordable Care Act (ACA)-established enrollment assisters (including navigators and non-navigator assisters and certified application counselors) and the activities of producers in assisting individuals and businesses purchasing in the health insurance marketplaces. Coordinate with the Health Insurance and Managed Care (B) Committee and the Antifraud (D) Task Force, as necessary.
   D. Monitor the activities of the National Association of Registered Agents and Brokers (NARAB) in the development and enforcement of the NARAB membership rules, including the criteria for successfully passing a background check.

2. The Producer Licensing (EX) Working Group will:
   AE. Monitor the implementation of the Uniform Licensing Standards for best practices in examination development and the delivery of education materials for prelicensing education. Work closely with state producer licensing directors and exam vendors to ensure: 1) the states achieve full compliance with the standards in order to achieve greater uniformity; and 2) the exams test the qualifications for an entry-level position as a producer.
   BF. Continue to provide oversight and ongoing updates, as needed, to the State Licensing Handbook.
   CG. Provide updated reciprocity guidelines and ongoing maintenance and review of uniform application forms for continuing education providers and the state review and approval of courses.
   DH. Coordinate through NAIC staff and provide guidance to NIPR on producer licensing-related electronic initiatives.
   EI. Coordinate with NAIC parent committees, task forces and/or working groups to review and provide recommendations on any new producer training requirements or continuing education requirements that are included in NAIC model acts, regulations and/or standards.
   EJ. Monitor state implementation of adjuster licensing reciprocity and develop minimum adjuster licensing standards to ensure appropriate consumer protections are in place with the implementation of the use of “designated home state.”
   EK. Monitor and assess the state implementation of the Uniform Licensing Standards and update the standards, as needed.
   HL. Review and update, as needed, the NAIC’s uniform producer and adjuster licensing applications and uniform appointment form.
   IM. Coordinate with the Market Information Systems (D) Task Force and the Antifraud (D) Task Force to evaluate and make recommendations regarding the entry, retention and use of data in the NAIC’s Market Information Systems.

NAIC Support Staff: Timothy B. Mullen/Greg Welker
INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE

The mission of the International Insurance Relations (G) Committee is to coordinate NAIC participation in international discussions, activities and issues related to insurance regulatory and supervisory standard-setting and to promote international cooperation. The Committee also coordinates on international insurance matters with the U.S. federal government, including the U.S. Department of the Treasury, the Federal Reserve Board, the Office of the U.S. Trade Representative (USTR), the U.S. Department of Commerce and other federal agencies. In addition, the Committee provides an open forum for NAIC communication with U.S. interested parties and stakeholders on international insurance matters.

Ongoing Support of NAIC Programs, Products or Services:

1. The International Insurance Relations (G) Committee will:
   A Monitor and assess international activities at forums like the International Association of Insurance Supervisors (IAIS), the Financial Stability Board (FSB), the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF), among others, that impact U.S. insurance regulation, U.S. insurance consumers and the U.S. insurance industry.
   B Develop and implement NAIC policy and strategy on international issues and activities, coordinating as necessary with other NAIC committees, task forces and working groups, and communicating key international developments to those NAIC groups.
   C Support and facilitate the participation of state insurance regulators and the NAIC in relevant IAIS, FSB, OECD and similar workstreams.
   D Coordinate state efforts to assist in achieving U.S. trade objectives through reviewing relevant materials, developing input and providing assistance and expertise on insurance matters to the USTR and/or other federal entities.
   E Coordinate and facilitate state efforts to participate in key bilateral and multilateral dialogues, conferences and training opportunities with foreign regulators and governmental representatives, both directly and in coordination with the federal government, as appropriate; such efforts should promote understanding and the strengths of the U.S. state-based insurance regulatory system.
   F Coordinate the NAIC’s participation in and responses to the IMF/World Bank Financial Sector Assessment Program (FSAP).

2. The ComFrame Development and Analysis (G) Working Group will:
   A Provide ongoing technical review and expedited strategic input on the IAIS Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame), as well as international group capital developments.
   B Facilitate the input and participation of U.S. state insurance regulators in the IAIS field-testing process.
   C Monitor and provide technical input to and through relevant NAIC committees, task forces and working groups on any consideration of implementing ComFrame in the U.S. at the state or federal level, including as it relates to capital.
   D Coordinate and liaise, as appropriate, with relevant NAIC committees, federal agencies such as the Federal Reserve and the U.S. Department of the Treasury, interested parties and stakeholders.

3. The International Regulatory Cooperation (G) Working Group will:
   A Strengthen international regulatory systems by interacting with international regulators and sharing U.S. supervisory best practices.
   B Conduct an International Fellows Program and educational (technical assistance) seminars to provide an understanding of the U.S. state-based system of insurance regulation and advise on fellowship opportunities between U.S. and foreign insurance regulatory bodies.
   C Communicate regularly and establish working relationships with the U.S. government, the private sector and international organizations to coordinate efforts whenever possible and to provide more efficient and effective technical assistance.
Joint Long Term Care Insurance (B/E) Task Force

April 10, 2017

Charge:

The Joint Long Term Care Insurance Task Force of the Health Insurance (B) Committee and the Financial Condition (E) Committee is charged with coordinating all aspects of the NAIC's work regarding the long term care insurance (LTCI) market. In addition to coordinating current B and E Committee projects, the Joint LTCI Task Force should pursue the following general objectives:

1. To more rigorously assess the financial solvency of LTCI writers;
2. To evaluate the sufficiency of current financial reporting and actuarial valuation standards;
3. To assess state activities regarding the regulatory considerations on rate increase requests and to identify common elements for achieving greater transparency and predictability;
4. To coordinate state actions aimed at revising state guaranty fund laws;
5. To monitor the development of regulatory policy regarding short duration LTCI policies; and
6. To consider product innovations and the development of potential state and federal solutions for stabilizing the LTCI market.

Provide periodic reports to the B and E Committees, and the Executive Committee, regarding key issues and progress toward the general objectives set forth above. Conduct meetings in regulator-only session, as appropriate.
Report of the
Life Insurance and Annuities (A) Committee

The Life Insurance and Annuities (A) Committee met April 9, 2017. During this meeting, the Committee:

1. Adopted its Feb. 24 minutes, which included the following action:
   a. Adopted its 2016 Fall National Meeting minutes.
   b. Adopted its revised 2017 charges.
   c. Heard updates from its task force and working groups.
   d. Adopted a new annuity suitability charge to: 1) appoint an Annuity Suitability (A) Working Group to review and revise, as necessary, the *Suitability in Annuity Transactions Model Regulation (#275)*; and 2) consider how to promote greater uniformity across NAIC member jurisdictions.

2. Heard a presentation on the NAIC Life Insurance Policy Locator service. Launched in November 2016, the service has received 15,333 requests and made 1,796 matches, with a total claim amount of $17,203,767.00. A subject matter expert conference call was held March 21, 2017, in regulator-to-regulator session to discuss possible modifications to the locator in the future suggested by state insurance regulators and industry. Contact Lois Alexander (NAIC) for additional information.

3. Adopted the Annuity Disclosure (A) Working Group report, which included the following action:
   a. Adopted its March 9 minutes, during which the Working Group discussed two issues identified under its charge to review and revise, as necessary, the illustration standards in the *Annuity Disclosure Model Regulation (#245)* in light of innovations in the marketplace. The Working Group agreed to consider a model law review request to revise Model #245 on its next conference call.

4. Adopted the Annuity Suitability (A) Working Group report. The Working Group discussed its charge to consider revisions to the Model #275 current suitability standards related to the best interest standard. The Working Group heard three presentations: 1) on the current provisions of Model #275 and state adoptions of the model; 2) on the U.S. Department of Labor (DOL) fiduciary rule and its status; and 3) on the Working Group’s proposed work from a panel of stakeholders, including consumers, industry, and agents and brokers.

5. Adopted the Life Insurance Buyer’s Guide (A) Working Group report, which included the following action:
   a. Adopted its March 27, March 13, Feb. 27 and Feb. 7 minutes, during which the Working Group discussed potential formats, structure and content for the revised Buyer’s Guide and adopted a motion to forward to the Life Insurance and Annuities (A) Committee a model law review request to remove the Buyer’s Guide from the appendix to the *Life Insurance Disclosure Model Regulation (#580)* so that it can be a stand-alone document.

6. Adopted a model law review request to remove the Buyer’s Guide as an appendix to Model #580.

7. Adopted the Life Insurance Illustration Issues (A) Working Group report, which included the following action:
   a. Adopted its Jan. 9 minutes, during which the Working Group continued to discuss how to develop a one- to two-page policy overview document to help consumers better understand specific life insurance policies. The Working Group adopted motion to forward to the Life Insurance and Annuities (A) Committee a model law review request to incorporate a short policy overview document into Model #580 and *Life Insurance Illustrations Model Regulation (#582)*. The request did not contemplate incorporating a policy overview template into the models. The Working Group agreed to work with stakeholders on a template that could serve as a best practices document.

8. Adopted a model law review request to incorporate a short policy overview document requirement into Model #580 and Model #582.
9. Adopted the Promoting Appropriate Sales Practices in Life Insurance and Annuities (A) Working Group report, which included the following action:
   a. Adopted its March 24 minutes, during which the Working Group continued to discuss draft revisions to the NAIC Consumer Alert “Preventing Abusive Practices: The Misuse of Senior Designations and ‘Free Lunch’ Seminars” and agreed to develop a survey to assist the Working Group in determining whether the Model Regulation on the Use of Senior-Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities (#278) should be revised.

10. Adopted the Unclaimed Life Insurance Benefits (A) Working Group report, which included the following action:
   a. Adopted its March 7 minutes, during which the Working Group adopted a motion to suspend its work pending guidance from the Life Insurance and Annuities (A) Committee due to the lack of consensus on the issue of the draft proposed Unclaimed Life Insurance and Annuities Model Act’s applicability to existing and future policies, contracts and retained asset accounts.

11. Extended the model law development request for the development of a new model to address unclaimed benefits and adopted a motion requesting that the Unclaimed Life 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.

12. Adopted the Life Actuarial (A) Task Force report, which included the following action:
   a. Adopted its March 16, March 9, March 2, Feb 23, Feb 2 and Jan 25 minutes, during which the Task Force adopted revisions to Actuarial Guideline XXXVIII—The Application of the Valuation of Life Insurance Policies Model Regulation (AG 38); to the life and health, and fraternal actuarial opinion instructions to correct references to the Standard Valuation Law (#820) and to reflect an operative Valuation Manual; and to Section 9C3g of VM-20, Requirements for Principle-Based Reserves for Life Products.
   b. Exposed revisions to the Valuation Manual companywide exemption and to proposed VM-22, Maximum Valuation Interest Rates for Income Annuities, that make the method for determining the valuation interest rate for income annuities more responsive to the economic environment.
   c. Adopted four amendments for non-substantive clarifying changes to the Valuation Manual and exposed seven amendments for substantive changes to the Valuation Manual.
   d. Received a recommendation for an actuarial guideline to clarify the applicability of the prospective test in Standard Nonforfeiture Law for Individual Deferred Annuities (#805), noting that it is no longer necessary for the Life Insurance and Annuities (A) Committee to defer submission of the proposal for Model #805 revisions related to contingent deferred annuities (CDAs) for consideration by Executive (EX) Committee and Plenary.
   e. Adopted the reports of its subgroups and working groups, and heard various reports and updates.

12. Adopted revisions to AG 38.
Report of the
Health Insurance and Managed Care (B) Committee

The Health Insurance and Managed Care (B) Committee met April 9, 2017. During this meeting, the Committee:

1. Heard a federal legislative and regulatory update, which included information concerning the U.S. Congress’ efforts in the repeal, replace and/or repair of the federal Affordable Care Act (ACA).

2. Heard an update on the Robert Wood Johnson Foundation (RWJF)/Manatt Data Transparency Project and the System for Electronic Rate and Form Filing’s (SERFF) role in data transparency with respect to qualified health plan (QHP) filings as part of the project’s goal to enhance data transparency.

3. Heard an update from the Center on Health Insurance Reforms (CHIR) on its work related to the ACA. The update included information on the CHIR’s ongoing work, which is being conducted with funding from the Commonwealth Fund and the RWJF. This work includes new analyses and publications related to: a) current and potential federal legislative ACA-related proposals, such as association health plans, and the possible implications of such proposals to consumers and the states; b) potential federal administrative actions, such as proposals to eliminate essential health benefits (EHBs) and the loss of cost-sharing reductions in the ACA marketplace, and the possible implications of such actions to consumers and the states; and c) state legislative and regulatory action. The CHIR’s future work will include examining such issues as: a) insurance sales across state lines; and b) expanding health savings accounts (HSAs). The CHIR also plans to update its small group market paper, which was initially published in 2015.

4. Heard a panel discussion from representatives of health insurers, actuaries and consumers on federal legislative and regulatory proposals related to ACA repeal, replacement and/or repair. The discussion focused on recommendations each stakeholder group had for stabilizing the individual market, such as continuing uninterrupted the cost-sharing reduction (CSR) funding and finalizing the federal Center for Consumer Information and Insurance Oversight’s (CCIIO) proposed market stabilization rule.

5. Adopted its March 16 and Feb. 15, 2017, and 2016 Fall National Meeting minutes, which included the following action:
   a. Adopted the revisions to the Health Insurance Reserves Model Regulation (#10). The revisions incorporate the 2016 Cancer Claim Cost Valuation Tables (2016 CCCVT), replacing the current 1985 Cancer Claim Cost Tables (1985 CCCT). These revisions are to be considered for adoption by the Executive (EX) Committee and Plenary during its meeting April 11.
   b. Discussed the Committee’s 2017 planned activities, which will include a focus on federal legislative and regulatory proposals related to ACA repeal, replacement and/or repair.
   c. Heard updates on the Committee’s task forces’ 2017 planned activities. The Health Actuarial (B) Task Force plans, through two of its subgroups, to continue work related to more uniform long-term care insurance (LTCI) rate reviews among the states and work on stand-alone LTCI asset adequacy. In addition, the Task Force’s Health Care Reform Actuarial (B) Working Group will be tasked with reviewing any legislation and proposed regulations from an actuarial perspective related to ACA repeal, replace and/or repair. The Regulatory Framework (B) Task Force plans to continue its work to review and consider revisions to the Accident and Sickness Insurance Minimum Standards Model Act (#170) and the Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act (#171). The Task Force, through the Model #22 (B) Subgroup, will continue its work on revisions to the Health Carrier Prescription Drug Benefit Management Model Act (#22). The Task Force also would be involved in any ACA repeal, replacement and/or repair activities that would affect existing NAIC models. The Senior Issues (B) Task Force plans, through the Long-Term Care Innovation (B) Subgroup, to develop realistic policy options for Congress, the states and the NAIC to consider for addressing ways consumers can finance their future long-term care (LTC) needs. The Task Force will monitor state adoption of the NAIC’s recently adopted changes to the Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651) required by the federal Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). The Task Force also recently established a new subgroup to develop a new NAIC model to address LTCI policies of short-duration.
6. Adopted the following subgroup, working group and task force reports: Consumer Information (B) Subgroup, including its Dec. 16, 2016, minutes; Health Care Reform Regulatory Alternatives (B) Working Group; Health Actuarial (B) Task Force; Regulatory Framework (B) Task Force; and Senior Issues (B) Task Force, including its disbanding of the Medigap (B) Subgroup and the Long-Term Care Disclosure (B) Subgroup.

7. Adopted the Senior Issues (B) Task Force’s recommendations developed by the Long-Term Care Innovations (B) Subgroup for federal policy options to be presented to Congress for potentially increasing the number of affordable asset protection product options available for middle-income Americans for the financing of their LTC needs. The recommendations will be forwarded to the Government Relations (EX) Leadership Council for its consideration.

8. Adopted the Health Actuarial (B) Task Force’s request for an extension of model law development for Model #10 concerning revisions to reflect appropriate LTCI reserving standards.
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:
Health Actuarial (B) Task Force

2. NAIC staff support contact information:
Eric King
eking@naic.org
816-783-8234

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.

Health Insurance Reserves Model Regulation (#010). Appendix A needs to be revised to reference a new table for the valuation of Cancer Expense Benefits liabilities.

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
Current valuation standards are uniform and national.

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 or □ 2 or □ 3 or □ 4 or □ 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
APPENDIX A. SPECIFIC STANDARDS FOR MORBIDITY, INTEREST AND MORTALITY

I. MORBIDITY

A. Minimum morbidity standards for valuation of specified individual contract health insurance benefits are as follows:

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(3) Cancer Expense Benefits (Scheduled benefits or fixed time period benefits only).

(a) Contract Reserves:

(i) Contracts issued on or after January 1, 1986 and before January 1, 2019:

(ii) Contracts issued on or after January 1, 2019:

   (I) For first occurrence and hospitalization benefits:
   The 2016 Cancer Claim Cost Valuation Tables (2016 CCCVT);
   http://www.naic.org/documents/01_naic_2017_cancer_claim_cost_valuation_table.xlsx

   (II) For all other benefits:
   Assumptions based on company experience, relevant industry experience, and actuarial judgement. Such assumptions should be appropriate for valuation which considers margin for adverse experience.

(iii) For contracts issued on or after January 1, 2018 and before January 1, 2019, a company may elect to use morbidity basis described in subsection (ii) above. Once a company begins use of the 2016 CCCVT for new issues, it may not revert to the 1985 CCCT.

*****
PROJECT HISTORY

AMENDMENT TO THE HEALTH INSURANCE RESERVES MODEL REGULATION (#10)
TO REFERENCE 2016 CANCER CLAIM COST VALUATION TABLES

1. Description of the Project, Issues Addressed, etc.

The 2016 Cancer Claim Cost Valuation Tables (2016 CCCVT) were proposed by the American Academy of Actuaries (Academy)/Society of Actuaries (SOA) Cancer Claim Cost Tables Work Group as the basis for a new minimum valuation standard for cancer insurance contracts issued on or after Jan. 1, 2019, to replace the current 1985 NAIC Cancer Claim Cost Tables. To do so, Model #10 had to be amended to make reference to the new tables.

2. Name of Group Responsible for Drafting the Model and States Participating

The Cancer Claims Cost Table (B) Subgroup—comprising regulator representatives from California, Georgia, Nebraska, New York and Utah—oversaw the drafting of the proposed amendments to Model #10.

3. Project Authorized by What Charge and Date First Given to the Group

In May 2004, the Accident and Health Working Group of the Life and Health Actuarial Task Force (predecessor of the Life Actuarial (A) Task Force and the Health Actuarial (B) Task Force) charged the Academy and the SOA with developing tables to replace the 1985 NAIC Cancer Claim Cost Tables for active life reserves associated with contracts issued past a date to be specified later. As the Academy neared completion of its charge to develop the tables, the Health Actuarial (B) Task Force appointed the Cancer Claims Cost Table (B) Subgroup. The Subgroup was charged with overseeing the addition of references to the table to Model #10, and collaborating with the Statutory Accounting Principles (E) Working Group to add references to the table in the Accounting Practices and Procedures Manual.

4. A General Description of the Drafting Process (e.g., drafted by a subgroup, interested parties, the full group, etc). Include any parties outside the members that participated.

The initial draft of the amendments to Model #10 was provided to the Cancer Claims Cost Table (B) Subgroup by America’s Health Insurance Plans (AHIP). The draft was discussed and modified, with input from interested regulators and the industry, on an open conference call of the Subgroup held Dec. 22, 2016. The final version of the proposed amendments to Model #10 was adopted by the Subgroup on a conference call held Feb. 8, 2017. The Health Actuarial (B) Task Force adopted the proposed amendments to Model #10 on a conference call held Feb. 24, 2017. The Health Insurance and Managed Care (B) Committee adopted the proposed amendments to Model #10 on a conference call held March 16, 2017.

5. A General Description of the Due Process (e.g., exposure periods, public hearings or any other means by which widespread input from industry, consumers and legislators was solicited)

The Task Force voted at the 2016 Summer National Meeting to expose the 2016 CCCVT for a public comment period ending Oct. 6, 2016. Several comments from regulators and the industry were received concerning how to compute reserves for benefits other than those addressed by the two CCCVT tables, first occurrence and hospitalization. Regulators, the industry and the Academy participated in drafting amendments to Model #10 to incorporate the 2016 CCCVT, and to address the valuation of benefits not covered by the two tables. The final version of the proposed amendments to Model #10 was adopted by the Cancer Claims Cost Table (B) Subgroup, the Health Actuarial (B) Task Force and the Health Insurance and Managed Care (B) Committee (please see item #4 for the dates of adoption by each group).

6. A Discussion of the Significant Issues (items of some controversy raised during the due process and the group’s response)

Please see item #5.

7. Any Other Important Information (e.g., amending an accreditation standard)

None.
Report of the
Property and Casualty Insurance (C) Committee

The Property and Casualty Insurance (C) Committee met April 10, 2017. During this meeting, the Committee:

1. Adopted its 2016 Fall National Meeting minutes.

2. Adopted the following task force and working group reports: Casualty Actuarial and Statistical (C) Task Force; Surplus Lines (C) Task Force; Title Insurance (C) Task Force; Workers’ Compensation (C) Task Force; Advisory Organization Examination Oversight (C) Working Group; Affordable Care Act Medical Professional Liability (C) Working Group; Auto Insurance (C/D) Working Group; Catastrophe Insurance (C) Working Group; Catastrophe Response (C) Working Group; Climate Change and Global Warming (C) Working Group; Creditor-Placed Insurance Model Act Review (C) Working Group; Crop Insurance (C) Working Group; Earthquake (C) Study Group; Public Adjuster (C/D) Working Group; Risk Retention (C) Working Group; Sharing Economy (C) Working Group; Terrorism Insurance Implementation (C) Working Group; Transparency and Readability of Consumer Information (C) Working Group; and Travel Insurance (C) Working Group.

3. Adopted an extension for revisions to the Creditor-Placed Insurance Model Act (#375).

4. Heard from Commissioner Teresa D. Miller (PA); Commissioner David Altmaier (FL); Commissioner James J. Donelon (LA); Commissioner Jim L. Ridling (AL); and Joel Laucher (CA) regarding recent flooding in their states and activities related to the private market writing flood risk.

5. Adopted revisions to A Consumer’s Guide to Home Insurance and A Shopping Tool for Homeowners Insurance to include information regarding sharing economy applications.

6. Heard a presentation from Insurance Services Office (ISO) regarding ISO’s Public Protection Classification and how fire department ratings are updated and revised.

7. Heard a federal update including information on the reauthorization of the National Flood Insurance Program.


9. Decided that the Post Catastrophe Regulatory Guidance (C) Subgroup will become a part of the Catastrophe Response (C) Working Group. The Committee also heard that 2017 charges having to do with autonomous vehicles, on-demand applications and other innovations have been moved to the new Innovations and Technology (EX) Task Force.

10. Heard a report on prior recommendations related to potential modernization of commercial lines rates and forms regulation. The Committee will look into these issues in greater detail through an ad hoc group of states.

11. Heard a presentation from the Property Casualty Insurers Association of America (PCI) recommending a set of standards for regulators to use prior to the issuance of data calls.
A Consumer’s Guide

To Home Insurance
Table of Contents

This guide provides information on how to make decisions when you buy homeowners insurance. You have a choice in coverages and prices will differ between insurance companies.

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Why You Need Insurance

Homeowners insurance is an important purchase for many people. There are two major reasons to buy homeowners insurance:

- **To protect your assets.**
  Homeowners insurance covers the structure of your home and your personal property, as well as your personal legal responsibility (or liability) for injuries to others or their property while they’re on your property.

- **To satisfy your mortgage lender.**
  Most mortgage lenders require you to have insurance as long as you have a mortgage and to list them as the mortgagee on the policy. If you let your insurance lapse, your mortgage lender will likely have your home insured. Compared to a policy you would buy on your own, the premium might be much higher and the coverage will be limited to damage to the structure of your home. The lender can require you to pay this higher premium until you get your own homeowners insurance again.

Coverages in a Homeowners Policy

Most homeowners insurance policies provide a package of coverages. The main types of coverage are described below. Keep in mind that you’re covered only if the loss is caused by a peril your policy covers. For example, if your home becomes unlivable due to an earthquake and your homeowners policy doesn’t cover earthquakes, your policy won’t pay for loss of use of your home. Review your policy for the limits of your coverage.

- **Dwelling.** Pays for damage to your house and to structures attached to your house. This includes damage to fixtures, such as plumbing, electrical wiring, heating and permanently installed air-conditioning systems.

- **Other Structures.** Pays for damage to fences, tool sheds, freestanding garages, guest cottages and other structures not attached to your house.

- **Personal Property.** Reimburses you for the value of your possessions, including furniture, electronics, appliances and clothing, damaged or lost even when they aren’t on your property, such as those at an off-site storage locker or with your child at college.

- **Loss of Use.** Pays some of your additional living expenses while your home is being repaired.

- **Personal Liability.** Covers your financial loss if you are sued and found legally responsible for injuries or damages to someone else.

- **Medical Payments.** Pays medical bills for people hurt on your property or hurt by your pets.
**Peril** is an insurance term for a specific risk or reason for a loss. Some policies cover all perils except ones specifically excluded. At the other extreme are policies that cover only the perils named in the policy.

**Types of Homeowners Policies**

To be reimbursed for damage to your property, a covered peril (such as fire, theft or windstorm) must have caused your loss. Which perils your policy covers depends on the type of policy you buy. The most common types of homeowners policies are listed below. All of the policy types except the dwelling fire form cover your dwelling and its contents, as well as personal liability and medical payments. Read Table 1 to learn the specific perils each type of policy covers.

A type of homeowners policy is called a **form**

- The **Dwelling Fire Form** covers only your dwelling. It does **not** cover your personal property, personal liability or medical payments. It also covers only a few perils. It’s the type of policy your mortgage lender will buy for you if you let your homeowners policy lapse. It’s also used for vacation homes and when you can’t find other coverage.
- The **Basic Form** insures your property against only the list of perils shown in Table 1.
- The **Modified Coverage Form** is for older homes, where the cost to rebuild is greater than the market value. It covers the same set of perils as the Basic Form.
- The **Broad Form** insures your property against the perils shown on Table 1.
- The **Special Form** is the most popular of all homeowners forms. It insures your property against all perils, except those the policy specifically names as **not** covered. Perils commonly excluded are flood and earthquake.
- The **Tenants Form** is for renters. It insures your personal property against all of the perils in the Broad Form.
- The **Condominium Unit Owners Form** is for owner-occupants of condominium units. It insures your personal property and your walls, floors and ceiling against all of the perils in the Broad Form.

There are other types of insurance for other types of residences. If you own a **townhouse**, you may insure it through either an individual homeowners policy or an association master policy. If you live in a **mobile home** that has wheels and doesn’t rest on blocks or a permanent foundation, in most states you’ll buy a form of automobile insurance. This insurance offers far less coverage than homeowners policies. If your home is on land used for farming or raising livestock, ask about a **farmowners** policy.
### Table 1. Perils Covered by Different Types of Homeowners Policies

<table>
<thead>
<tr>
<th>Peril</th>
<th>Dwelling Fire</th>
<th>Basic Form and Modified Coverage Form</th>
<th>Broad Form</th>
<th>Special Form</th>
<th>Tenants Form</th>
<th>Condominium Unit Owners Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire, smoke, windstorm, hail, lightening, explosion, vehicles, civil unrest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Theft, vandalism</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trees and other falling objects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>weight of ice, snow, sleet</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Freezing, rupturing or sudden and accidental overflow of a plumbing, heating, air conditioning or fire sprinkler system or a household appliance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All perils except flood, earthquake, war, nuclear accident and other perils specifically excluded in your policy</td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

### Flood Insurance

Homeowners policies **don’t** cover flood damage. Depending on where your home is, you may qualify for flood insurance through the National Flood Insurance Program or through a private insurer. Contact an insurance agent for more information. If your home is in a flood plain, your mortgage lender will usually will require you to buy flood insurance.
Limits of Coverage

Your insurance agent usually will help you decide how much dwelling coverage to buy when you first get homeowners insurance. Your coverage should equal the full replacement cost of your home. Note that replacement cost and market value are not the same. The market value, which includes the price of your land, depends on the real estate market.

You should review your dwelling coverage from time to time to be sure it doesn’t drop below the cost to replace your home. If it drops below 80% of the full replacement cost of your home, your insurance company may reduce the amount that it will pay on a claim.

The limits of your coverage for other structures, for personal property and for loss of use of your home are expressed as percentages of your dwelling limit. The coverage is usually a set percentage (see Table 2). For example, if your dwelling coverage limit is $150,000 and your coverage for personal property is limited to 50% of your dwelling coverage, your coverage for personal property would be $75,000. Check your policy, as coverage limits might be based on percentages different from those in Table 2. You choose your coverage limits for your personal liability and for medical payments.

<table>
<thead>
<tr>
<th>Coverage Component</th>
<th>Typical Limit of Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwelling</td>
<td>You Choose</td>
</tr>
<tr>
<td>Other Structures</td>
<td>10% of Dwelling Coverage Limit</td>
</tr>
<tr>
<td>Personal Property</td>
<td>50% of Dwelling Coverage Limit</td>
</tr>
<tr>
<td>Loss of Use</td>
<td>20% of Dwelling Coverage Limit</td>
</tr>
<tr>
<td>Personal Liability</td>
<td>You Choose</td>
</tr>
<tr>
<td>Medical Payments</td>
<td>You Choose</td>
</tr>
</tbody>
</table>

Deductibles

A deductible is the money you have to pay out-of-pocket on a claim before the policy pays the loss. The deductible applies to coverage for your home and personal property and is paid on each claim. Higher policy deductibles mean lower policy premiums. A policy with a $1,000 deductible will have a lower premium than the same policy with a $500 deductible. In some locations, there also are catastrophe deductibles, which are expressed as a percentage instead of a fixed dollar amount.
Having a higher deductible can be a good way to save money on your homeowners insurance premium and to submit fewer claims. However, be sure you can afford the deductible in case you have a loss.

**Replacement Cost and Actual Cash Value**

You can choose to insure your home and its contents for either replacement cost or actual cash value. **Replacement cost** is the cost to rebuild your home or repair damages using materials of similar kind and quality. **Actual cash value** is the value of your home considering its age and wear and tear. Actual cash value coverage pays you for your loss, but often doesn’t pay enough to fully repair or replace the damage.

**Optional Coverages**

You can add other coverages. Sometimes, you can add coverage by buying an endorsement; other times, you must buy another policy to cover a specific peril or a specific item of property. Some reasons you might want to add coverages are:

- **To cover perils most homeowners policies don’t cover.** The National Flood Insurance Program writes most flood insurance policies, although some insurance companies also sell it. Many insurance companies sell earthquake insurance as a separate policy or as an endorsement to your homeowners policy. While homeowners policies in most states cover damage caused by windstorm and hail, policies in coastal areas often exclude this coverage, in which case you would need to buy a separate policy to protect from this risk. You might be able to buy endorsements to cover damage caused by mold or by sewer or drain backups and sump pump overflow since most homeowners policies offer limited or no coverage for these types of events.

- **To increase your current coverage.** Guaranteed replacement cost coverage pays to completely rebuild your home, while a personal property replacement cost endorsement pays to replace your personal property. An inflation guard endorsement raises your dwelling coverage limit annually in line with inflation. Personal umbrella liability insurance increases your liability coverage above the level available in a homeowners policy. A scheduled personal property endorsement (or “personal article floater”) covers jewelry, furs, stamps, coins, guns, computers, antiques and other items whose value might be greater than the normal limits in your homeowners policy. An ordinance or law endorsement pays for the extra expense to rebuild your home to comply with building codes and other ordinances or laws that didn't exist when your home was originally built.
Business Use of Your Home

While homeowners insurance isn’t designed to cover most business uses of your home, some policies might cover some business uses, at least partially. For example:

- **Computers and laptops.** If you use your home computer or laptop for business purposes, it’s often covered, but you should check your policy limits. Your laptop might be covered, even if it’s lost, damaged or stolen when it’s away from your home.

- **Daycare coverage.** Most homeowners policies provide a limited amount of liability coverage if you care for a friend’s children and aren’t paid. But if you’re paid to provide daycare in your home, you must buy more insurance to cover your related liability.

Home Sharing Rentals

If you’re earning money from renting a room or your home through a peer-to-peer (P2P) company, the insurance company may consider that a business use of the property and not cover you. Not having insurance coverage could be very costly. Without coverage, you may have to pay for the damage a renter causes to your home. And, if that renter causes damage to a neighbor’s property, you might have to pay for that as well. Finally, if a renter slips and falls while staying at your home, you might wind up paying for medical bills and injuries out of your own pocket.

In home sharing or P2P rentals, people rent a room or their entire home to a stranger. The arrangement is usually made through an online website or mobile app. Some of the major P2P companies are Airbnb, Roomorama, Vacation Rentals By Owner (VRBO), OneFineStay and HomeAway.

Don’t assume you’ll be covered. Before you list a room or your home for rent, ask your insurance company or agent what your homeowners policy will – or won’t – cover. If you don’t plan to rent out a room or your home very often, your insurance company may be willing to cover you for an added premium. Be sure to ask the P2P company you want to sign up with if it offers host protection coverage. The coverage in host protection insurance is limited, and it might cover you only after your homeowners policy either settles or denies your claim. If you plan to rent a room or your home often, then ask your homeowners insurance company or agent about landlord or rental property insurance.
Other Types of Home-Related Insurance

You might hear about other types of insurance, especially when you buy your home. Lenders usually require **private mortgage insurance (PMI)** if your down payment is less than 20% of the home’s purchase price. PMI protects the lender if you default on your mortgage. The PMI premium often is included in your monthly mortgage payments.

**Title insurance** protects you and the lender against any monetary loss due to errors in the title. You pay for title insurance as a one-time premium when you buy a home.

A **home warranty** covers the mechanical breakdown of individual parts of a home, such as the electrical and plumbing systems. A warranty doesn’t cover the home’s structure, may or may not cover appliances, ends at a specific point in time (for example, one year) and has exclusions and limitations that you should review. Home warranties might not be regulated as insurance in your state.

How Insurers Determine Your Premium

Many factors affect the premium you pay, including which insurance company you choose. Different insurance companies charge different premiums for similar coverage. Decisions you make about how much insurance coverage to buy also affect your premium. Some of the other things that are likely to affect your premium are:

- **The characteristics of your home**
  - The cost to rebuild your home. This is not the same as the purchase price (which includes the cost of the land). Your insurance agent might help you estimate replacement cost using information about your home and its contents.
  - Whether your home is made of brick or wood. The premium usually is lower for homes that are primarily brick or masonry than for wood frame homes.
  - The distance from your home to a water source or fire department and the quality of your community’s fire protection services.
  - The age and condition of your home. The premium often is higher for older homes and homes in poor condition than for newer homes and homes in good condition.
  - The claims history of your home and of homes in your area.

- **Your choices and characteristics**
  - The coverages you choose, including optional endorsements.
  - The deductible you choose.
  - Insuring your home and autos with the same insurance company.
  - The length of time you’ve been with your current insurance company.
  - Your credit history. To access your credit report, the insurance agent might ask you for your Social Security Number. In many states, insurers use your credit
history as a factor to decide whether to sell you insurance and what price to charge you.

- Your history of filing claims for water damage, fire, theft or liability on homes you’ve owned.

- **Other characteristics**
  - Having protection devices in your home, such as smoke detectors, a burglar alarm, a sprinkler system, deadbolts on doors or security devices for windows. Many insurers offer a discount if you have any of these.
  - Having a wood furnace or wood stove.
  - Having a swimming pool, trampoline or playscape that could cause injuries.
  - The types of pets you have. Some insurers won’t insure you if you own certain breeds of dogs.
  - Operating a business from your home – including home sharing rentals.

**Smart Shopping**

Different insurance companies charge different rates for the same coverage. Also, not all insurance companies provide the same level of claims service. Therefore, it makes sense to shop around for the best insurance company for your needs.

Insurance companies use one of three methods to sell their products.

- **Independent agents** represent several companies and can give you several quotes.

- **Exclusive agents** only sell the products of one insurance company.

- **Direct market** sales are over the Internet or by mail or telephone.

You can find insurance companies and agents through the phone book, on the Internet and television and by asking friends and neighbors. You should also check with your state insurance department to learn if it publishes premium comparison guides for homeowners insurance.

Customer service is important to most consumers, particularly when they have a claim. You can get a sense of how well an insurer serves its customers from a complaint index. Many state insurance departments post complaint index information on their websites. A complaint index measures how many complaints your state insurance department receives relative to the size of the company.

It’s illegal for unlicensed insurers or agents to sell insurance. Business cards aren’t proof that an agent is licensed. If you do business with an unlicensed agent or company, it might not pay your claims or refund your premiums if you cancel your policy. If an unlicensed agent or company contacts you, check with your state insurance department immediately so it can investigate. Your actions may protect someone else from being victimized.
You also want to buy insurance from a company that’s financially sound. You can check the financial health of an insurance company by using ratings from independent ratings agencies such as Standard and Poor’s, A.M. Best and Moody’s.

**Getting Premium Quotes**

Getting premium quotes is a good way to compare different companies’ prices. But, first you should decide what coverages and policy limits you need. It’s important that you know how much it would cost to rebuild your home. An insurance agent or a contractor might be able to help you estimate the cost to rebuild your home.

When you get quotes, it’s crucial that you ask for the same coverages and limits and give the same information to each agent or company. To give you an accurate quote, the insurance agent or company will usually ask for a description of your house (such as where it’s located, its square footage, when it was built and the type of construction). He or she also might ask about items that increase your insurance needs, such as owning pets and expensive possessions. An agent might visit your home to take a photo or ask you for other information (such as the distance from the nearest fire department and the general condition of your home). Be sure to get rate quotes and key information in writing.

Be sure to ask the insurance agent if you qualify for any discounts. Some insurers offer a discount if you also buy your auto insurance from them or if you disaster-proof your home (for example, add storm shutters), update the home’s electrical or plumbing systems, get a new roof or add home security devices (for example, a burglar alarm).

Also, be sure to find out how much your premium will change if you choose different deductibles.

While you’re getting quotes, you should also ask the agent some of these questions:

- Are the agent and the insurance company licensed by my state insurance department? For how long? (Your state insurance department can confirm the answers to these questions.)
- How can I find out the claims history of the home before I buy it? The claims history of the home might affect your premium.
- If I submit a claim, how will it affect my premium when I renew the policy?
- How will my credit history affect my premium?
- What does the policy cover? What doesn’t it cover? What are the limits to the coverages?
- How much coverage do I need for my personal property?
- How much liability coverage should I buy?
- Should I buy flood insurance or earthquake coverage? Your homeowners insurance policy doesn’t cover either.
What types of water damage are not covered? Is mold damage covered?

If you’re thinking of buying a home, you can ask an agent to estimate the cost of insurance.

**Your Responsibilities**

A homeowners insurance policy is a legal contract. It’s written so that your rights and responsibilities, and those of the insurance company, are clearly stated. You should read your policy and be sure you understand it. If you have questions about your insurance policy, contact your insurance agent or company.

When you buy homeowners insurance, you will receive a policy—not a photocopy. If you don’t receive a policy within 30 days, contact the insurance company, not the agent. If you need a company’s toll-free number, contact your state insurance department.

Keep your policy in a safe place and know the name of your insurer. If you still have questions, contact your state insurance department.

Other helpful tips:

- Pay the premium on time. Most insurers don’t offer a grace period to pay the premium late; the due date is the due date.

- Keep a file of all paperwork you completed online or received in the mail and signed—as well as any other documents related to your insurance, including the policy, correspondence, copies of advertisements, premium payment receipts, notes of conversations and any claims submitted.

- Make a household inventory.
  - Go through each room; write down and take pictures or videos of everything in the room.
  - Inventory everything, including valuable items such as antiques, electronics, jewelry, collectibles and guns.
  - Store your home inventory in a secure place at another location, such as your workplace, a safe deposit box, a relative’s house or online.
  - Annually review and update your home inventory, including your pictures/videos. Also update your inventory when you buy new items.
  - Keep receipts with your home inventory for all repairs and new items you buy, for proof if you file a claim.

- Maintain your home.
  - A homeowners policy isn’t a maintenance contract. It insures against damage from perils such as fire, wind and hail; it doesn’t pay to repair items that simply wear out, like rotted porch railings. You’re responsible for
the upkeep of your home, such as repairing your roof when it begins to leak or cleaning your chimney flue so it doesn’t catch fire.

**Filing a Claim**

Read your policy—it’s your guide to the types of losses that may or may not be covered. How often you file a claim and the types of claims you file often affect your premium and whether your insurer will renew your policy. If the cost to repair the damage is not much more than your deductible, you might want to pay for the repairs without filing a claim.

Most insurance companies report your homeowners claims to private nationwide claim databases (such as the Comprehensive Loss Underwriting Exchange, better known as CLUE). Insurance companies use these databases to see the claims you’ve submitted in the past.

To file a claim, contact your insurance agent or company as soon as possible. Ask about forms or documents you’ll need to support your claim. You’re also required to protect your home from further damage. For example, you might need to board it up or clean up water from a backed-up drain.

The insurance company will assign a claims adjuster to assess the damages and determine the payment. These adjusters may be employees of the company or they may be independent contractors. You should cooperate with the adjuster’s investigation of your claim. The adjuster will probably want to meet with you at your house to inspect the damage. Jot down notes and keep track of the dates of any conversations you have with your insurance agent or adjuster.

If there are disagreements between you, the insurer and the claims adjuster, first try to resolve them with your insurer. Don’t feel rushed or pushed to agree with something you aren’t comfortable with. It might help to have your contractor meet with you and the insurance adjuster.

If you and the insurer still disagree about the value of the claim, check your policy for an appraisal clause. Another option is to hire an attorney or a public adjuster.

Public adjusters aren’t attorneys or government employees—they’re freelance adjusters that charge you a fee. Not all states allow public adjusters, but those that do require them to be licensed and to follow certain guidelines. If you have questions about the use of public adjusters, contact your state insurance department.
If you have trouble with or questions about your claim, you also may contact your state insurance department for help. Your state insurance department has consumer services personnel who can help you work with your insurer to resolve disagreements.

**Losing Your Insurance**

There’s a big difference between an insurance company cancelling your policy and not renewing it.

**Cancellation** means either you or your insurance company stops the coverage before the policy’s normal expiration date (which is usually 12 months after the policy starts). You always can cancel your policy for any reason. When you’re a new policyholder, there’s a limited period of time (typically 60 days) in which your insurance company can cancel your policy for any reason. After that, it can cancel you only if you don’t pay your premium, if you’ve lied on your application or if your risk has changed substantially.

If your insurance company cancels your policy, it must give you notice. The number of days varies by state. If you or the insurer cancels your policy, the company may refund a portion of your premium.

**Non-renewal** means the company refuses to renew your policy after it expires. Insurance companies generally have the right to not renew your policy. If your company chooses not to renew your policy, it must give you notice; the number of days (typically 30 days before the renewal date) varies by state. You may ask the insurer for the reason. You also may choose not to renew your policy.

**What to Do if You Can’t Find Insurance**

Contact your state insurance department to ask if your state has a FAIR Plan, wind pool, or other residual market mechanism information or market assistance program available. See below for information about contacting your insurance department.

**For More Information**

- If you can’t find insurance, consumer rights information, premium comparisons or complaint handling information, visit your state insurance department’s website. The department will have some information posted on the website, plus contact information if you have other questions. To find the website address of your state department, visit the National Association of Insurance Commissioners (NAIC) website at [www.naic.org/state_web_map.htm](http://www.naic.org/state_web_map.htm) and select your state on the map.
- Visit the NAIC websites for consumers: [www.InsureUonline.org](http://www.InsureUonline.org) or [www.naic.org](http://www.naic.org).
- Access your free annual credit report: Visit [www.annualcreditreport.com](http://www.annualcreditreport.com) or call 877-322-8228.
A Shopping Tool for
Homeowners Insurance

Pending adoption by the Property and Casualty Insurance (C) Committee, April 10, 2017
Pending adoption by the Executive (EX) Committee and Plenary, April 11, 2017

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I need homeowners’ insurance. What do I need to do?

You probably know that homeowners insurance coverage and premiums vary by insurance company. You want homeowners’ insurance that meets your needs, whether you’re buying insurance for the first time or shopping to get better coverage than you have now. You also want to get the best price you can for the coverage you need. Informed shoppers are more likely to get the best possible coverage at the best possible price. Before you shop you need to know where to look for insurance, what questions to ask and what information you need.

The information in this guide will help you be an informed shopper. It will help you understand the type of coverage you would like to buy. It also will help you understand the types of information you’ll need to get a quote for that coverage. Quotes are estimates of what your premium will be for a particular coverage with a particular insurer. It’s a good idea to get at least three quotes before you buy insurance.

Don’t worry if you don’t have all of the suggested information; pull together what you can and an agent or insurance company representative may be able to help you with the rest. The suggested questions to ask an agent or insurance company will help you be sure you get the coverage you want.

Once you’re ready, you can contact an agent or an insurance company directly. Look online or in your local phonebook. Some insurers don’t use agents and deal with customers directly online or via toll-free numbers. Some agents represent more than one insurance company. You should contact more than one agent or insurance company. A great resource to find an agent or insurance company is to ask your family and friends for recommendations.

This guide will prepare you to buy homeowners’ insurance so you get the coverage you want and can afford. What’s in this guide:

- The information an agent or insurance company will need from you.
- Coverage descriptions to help you choose the best coverage for you.
- Basic insurance terms.
- Questions to ask about coverage.
- Keys to understanding your declarations page and your coverage.
- Other consumer information and resources.
The Information an Agent Will Need from You

You’ll need a lot of information to get a premium quote. You may be asked for your date of birth, social security number, contact information, marital status and information about your job. You also may be asked about others living with you and about your current insurance coverage and claims history.

You’ll also be asked a number of questions about the home you want to insure. With the answers, the agent or insurance company representative can give you an estimate of the cost to rebuild your home. If you get more than one quote, you’ll also get more than one estimate of the cost to rebuild. Although not a guarantee, current estimates can help you avoid being underinsured.

You should choose a coverage limit that is based on the estimated cost to rebuild your home - not its purchase price or current market value. Your mortgage lender will want you to have at least enough insurance to pay off your loan.

Insuring your home for less than the cost to rebuild it means you may have to pay thousands of dollars out of pocket to rebuild your home if it’s destroyed. That’s why it’s so important to be sure your insurance policy provides enough coverage.

Below are some questions you may be asked; use this worksheet to write your answers. Don’t worry if you don’t have all of the answers. Insurers also may use outside sources to get other information about you, such as a credit based insurance score or a CLUE (Comprehensive Loss Underwriting Exchange) report.

Information about You (the “Insured”):

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>How long have you lived in the home?</td>
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<tr>
<td>Does anyone in the home smoke?</td>
<td></td>
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<tr>
<td>Do you run a business from your home?</td>
<td></td>
</tr>
<tr>
<td>What kind of business do you have?</td>
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<tr>
<td>Will anyone live with you who isn’t related?</td>
<td></td>
</tr>
<tr>
<td>How many dogs do you have and what breed(s)?</td>
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</tr>
<tr>
<td>Do you have any exotic pets or other animals?</td>
<td></td>
</tr>
</tbody>
</table>

Insurance Information:

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you have homeowners or renters insurance now?</td>
<td>□ YES  □ NO</td>
</tr>
<tr>
<td>Have you had homeowners or renters insurance in the past?</td>
<td>□ YES  □ NO</td>
</tr>
<tr>
<td>With which homeowners insurance company (if applicable)?</td>
<td></td>
</tr>
<tr>
<td>Policy Number (if applicable):</td>
<td></td>
</tr>
<tr>
<td>Policy Expiration Date:</td>
<td></td>
</tr>
<tr>
<td>How many years have you been insured?</td>
<td></td>
</tr>
<tr>
<td>Do you have auto insurance?</td>
<td>□ YES  □ NO</td>
</tr>
</tbody>
</table>

Information about the Home (the “Dwelling Structure”) to Be Insured:

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year Home Was Built:</td>
<td></td>
</tr>
<tr>
<td>Year You Bought Home:</td>
<td></td>
</tr>
<tr>
<td>If there is a mortgage on the home, who is the lender?</td>
<td></td>
</tr>
<tr>
<td>Name:</td>
<td></td>
</tr>
<tr>
<td>Address:</td>
<td></td>
</tr>
<tr>
<td>City/State/Zip:</td>
<td></td>
</tr>
<tr>
<td>If there is a second mortgage or home equity loan, who is the lender?</td>
<td></td>
</tr>
<tr>
<td>Name:</td>
<td></td>
</tr>
<tr>
<td>Address:</td>
<td></td>
</tr>
<tr>
<td>City/State/Zip:</td>
<td></td>
</tr>
</tbody>
</table>

TIP:
Your home appraisal or real estate listing may have some of this information.
Information about the Home (the “ Dwelling Structure” ) to Be Insured (continued):

Square feet of living area in the home: ____________________________

<table>
<thead>
<tr>
<th>Roof type:</th>
<th>Approximate age of roof:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Style of home (ranch, two story):</th>
<th>Approximate age of roof:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Flooring (hardwood, tile, carpet):</th>
<th>Approximate age of roof:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exterior (brick, siding, stucco):</th>
<th>Approximate age of roof:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Kitchen finishes (custom cabinets, granite counters):</th>
<th>Approximate age of roof:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bath finishes (marble, Jacuzzi tub, heated floors):</th>
<th>Approximate age of roof:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Are there swimming pools, trampolines or playscapes on the property?  □ YES □ NO

TIP: A way to estimate the cost to rebuild your home is to call a local builder or real estate agent and ask for the average new construction cost per square foot in your community for a similar property.

<table>
<thead>
<tr>
<th>Home Systems:</th>
<th>Approximate age of system:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Plumbing</th>
<th>Electrical</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Heating</th>
<th>Air conditioning</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Septic system</th>
<th>Well</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sump pump</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supplemental Heating Sources:</th>
<th>Number</th>
<th>Fuel Source</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fireplaces</th>
<th>Heating stoves</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distance to the fire department:</th>
<th>Distance to fire hydrant or other water source:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Protective Devices</th>
<th>Age or Service Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smoke detector</td>
<td></td>
</tr>
<tr>
<td>Carbon monoxide detector</td>
<td></td>
</tr>
<tr>
<td>Deadbolt locks</td>
<td></td>
</tr>
<tr>
<td>Alarm</td>
<td></td>
</tr>
<tr>
<td>Security system</td>
<td></td>
</tr>
</tbody>
</table>

Information about Your Personal Property (the “Contents”):

Do you have an appraisal?

TIP: To help you keep track of your personal property and valuables, check out the NAIC’s Home Inventory Smart Phone App:

<table>
<thead>
<tr>
<th>Valuable collectibles and personal property</th>
<th>Approximate Value</th>
<th>Do you have an appraisal?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jewelry</td>
<td></td>
<td>□ YES □ NO</td>
</tr>
<tr>
<td>Guns/Firearms</td>
<td></td>
<td>□ YES □ NO</td>
</tr>
<tr>
<td>Furs</td>
<td></td>
<td>□ YES □ NO</td>
</tr>
<tr>
<td>Antiques</td>
<td></td>
<td>□ YES □ NO</td>
</tr>
<tr>
<td>Artwork</td>
<td></td>
<td>□ YES □ NO</td>
</tr>
<tr>
<td>Music instruments</td>
<td></td>
<td>□ YES □ NO</td>
</tr>
<tr>
<td>Photography equipment</td>
<td></td>
<td>□ YES □ NO</td>
</tr>
<tr>
<td>Computer equipment</td>
<td></td>
<td>□ YES □ NO</td>
</tr>
<tr>
<td>Yard/Garden equipment</td>
<td></td>
<td>□ YES □ NO</td>
</tr>
<tr>
<td>Sports/Leisure equipment</td>
<td></td>
<td>□ YES □ NO</td>
</tr>
<tr>
<td>Other valuable collectibles</td>
<td></td>
<td>□ YES □ NO</td>
</tr>
</tbody>
</table>
# Target Your Coverage!

Use this worksheet to compare offers from insurance companies

<table>
<thead>
<tr>
<th>(See the Basic Insurance Terms section for definitions)</th>
<th>Fill in company name (above) and amounts (below) to compare policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwelling Limits</td>
<td>□ ACV □ RCV □ ACV □ RCV □ ACV □ RCV</td>
</tr>
<tr>
<td>Personal Property Limits</td>
<td>□ ACV □ RCV □ ACV □ RCV □ ACV □ RCV</td>
</tr>
<tr>
<td>Personal Liability Protection</td>
<td></td>
</tr>
<tr>
<td>Medical Payments</td>
<td></td>
</tr>
<tr>
<td>Ordinance or Law Coverage</td>
<td></td>
</tr>
<tr>
<td>Additional Living (Loss of Use) Expenses</td>
<td></td>
</tr>
<tr>
<td>Deductible(s):</td>
<td>□ Flat dollar deductible? □ Percentage deductible? □ Hurricane, Wind/Hail deductible? □ Separate deductible for roof?</td>
</tr>
<tr>
<td>Compare the coverages - check ☑ what each company offers (below)</td>
<td><strong>(These are the most common policies. Ask your agent about other options)</strong></td>
</tr>
<tr>
<td>Basic Form Homeowners Policy (HO-1)</td>
<td></td>
</tr>
<tr>
<td>Broad Form Homeowners Policy (HO-2)</td>
<td></td>
</tr>
<tr>
<td>Special Form Homeowners Policy (HO-3)</td>
<td></td>
</tr>
<tr>
<td>Comprehensive Policy (HO-5)</td>
<td></td>
</tr>
<tr>
<td>Modified Coverage Form (HO-8) (for older homes)</td>
<td></td>
</tr>
<tr>
<td>Other Policy Form</td>
<td></td>
</tr>
<tr>
<td>Optional and Increased Limits of Coverage (ask for a quote)</td>
<td></td>
</tr>
<tr>
<td>Mold, sewer, drain, sump pump backup</td>
<td></td>
</tr>
<tr>
<td>Jewelry and firearms</td>
<td></td>
</tr>
<tr>
<td>Art, collectibles and antiques</td>
<td></td>
</tr>
<tr>
<td>Ordinance or law endorsement</td>
<td></td>
</tr>
<tr>
<td>Equipment breakdown</td>
<td></td>
</tr>
<tr>
<td>Other coverage</td>
<td></td>
</tr>
<tr>
<td>Other coverage</td>
<td></td>
</tr>
<tr>
<td>Other coverage</td>
<td></td>
</tr>
<tr>
<td>Annual Premium – by Company</td>
<td></td>
</tr>
<tr>
<td>© Premium</td>
<td></td>
</tr>
<tr>
<td>Separate policies for what’s <strong>NOT</strong> covered (ask for a quote)</td>
<td></td>
</tr>
<tr>
<td>Flood Insurance</td>
<td></td>
</tr>
<tr>
<td>Earthquake Insurance</td>
<td></td>
</tr>
<tr>
<td>Umbrella Liability Insurance</td>
<td></td>
</tr>
</tbody>
</table>
Basic Insurance Terms

Below are common insurance terms with basic explanations of what each term means. Remember, each insurance company may define these terms differently in an insurance policy. Ask your agent about differences in definitions.

Types of Homeowners’ Insurance Policies

**Basic Policy Form** – Covers your home and personal property, but only if damage or loss is caused by fire, smoke, wind, hail, lightning, explosion, vehicles, civil unrest, theft or vandalism. This policy is sometimes called the HO-1 policy form. It’s the most basic homeowners insurance coverage and costs less than coverage under other policy forms. This policy covers your home and personal property for their Actual Cash Value.

**Broad Form Policy** – Covers your home and property, but only if damage or loss is due to perils the policy specifically lists. This policy is sometimes called the HO-2 policy form or named peril policy form. It covers slightly more than the Basic Policy Form. This policy covers your home for its Replacement Cost Value and your personal property for its Actual Cash Value.

**Special Form Policy** – Covers your home against all perils except those the policy specifically lists as exclusions. It also covers your personal property but only if damage or loss is due to perils the policy specifically lists. This policy is sometimes called the HO-3 policy form or special cause of loss form. It’s the most common type of homeowners insurance coverage and covers more than the Basic Policy Form but less than the Comprehensive Policy. This policy covers your home for its Replacement Cost Value and your personal property for its Actual Cash Value.

**Comprehensive Policy** – Covers your home and personal property against all perils except those the policy specifically lists as exclusions. This policy is sometimes called the HO-5, premier or open peril policy form. It covers more than any of the policy forms but may cost more. This policy covers your home and personal property for their Replacement Cost Value.

**Modified Coverage Form Policy** – Covers your home and personal property but only if damage or loss is due to perils specifically listed in the policy. This policy is sometimes called the HO-8 policy form. It’s for older homes, where the cost to rebuild is greater than the market value. It’s similar to the Basic Policy Form but covers less than the Broad Form Policy and Comprehensive Policy. This policy covers your home and personal property for their Actual Cash Value.

Other Insurance Terms

**Actual Cash Value (ACV)** – The value of your home or personal property considering its age and wear and tear (depreciation). Actual Cash Value coverage pays you for your loss, but often doesn’t pay enough to fully replace or repair the damage.

**Deductible** - The money you have to pay out-of-pocket on a claim before the policy pays the loss. Deductibles can be a dollar amount or a percentage; the declarations page may identify your policy’s deductibles. Your policy will explain how the deductibles work.

**Depreciation** – The decrease in home or property value due to age and wear and tear.

**Equipment Breakdown Coverage** – Coverage that pays to repair or replace a home system that breaks down such as a water well pump, hot water heater and central air or heating systems.

**Exclusion** - A part of an insurance policy that takes away coverage for certain losses or personal property. For example, damage from floods, earthquakes and mold are common exclusions in homeowners insurance policies.

**Limits** – The maximum amount an insurance company will pay if or when an insured event happens.

**Ordinance or Law Coverage** – A type of coverage that pays the extra cost to rebuild your home to meet new or updated building codes or ordinances that didn’t exist when your home was first built. It’s also called Building Code Upgrade Coverage.

**Peril** - The cause of a loss. A few examples are wind, fire and theft.

**Personal Liability Protection** – A part of an insurance policy or a separate policy that covers your financial loss (including your legal costs if you’re sued) if someone makes a claim against you and you’re legally responsible for bodily injuries or damages to someone else’s property.

**Replacement Cost Value (RCV)** – The cost to rebuild your home or repair damages using materials of a like kind and quality. This is different from your home’s market value, which includes the price of land and depends on the real estate market.

**Umbrella Liability Insurance** – A separate insurance policy that increases your liability coverage above the levels in your homeowners, automobile or other liability insurance coverage. This type of insurance coverage usually is sold with policy limits of $1 million or more.
The Difference between Replacement Cost and Actual Cash Value

Knowing what a policy covers, or doesn’t cover, is an important part of shopping for homeowners insurance. It’s also important to understand how a claim will be paid if you have a loss.

There’s a big difference in how a claim will be paid if the policy covers your home or personal property for its Actual Cash Value or its Replacement Cost Value. Policies that pay claims based on Replacement Cost Value give you more protection than policies that pay based on Actual Cash Value, but the premiums also will likely be more. Below is information to help you understand the differences so you can buy the coverage you want.

Your Home (also called “ Dwelling Structure”)

(The levels of coverage are listed in order of the least to the most coverage.)

ACTUAL CASH VALUE COVERAGE pays the costs to repair or replace the damaged or destroyed home, minus a deduction reflecting the home’s age and wear and tear (depreciation). If your home is completely destroyed, this coverage pays the fair market value of the home at the time of loss. In either case, this coverage only pays for costs up to the limits set in your policy. Actual Cash Value coverage pays you for your loss, but often doesn’t pay enough to fully replace or repair the damage to your home.

There are different types of replacement cost coverage. Many policies cap the amount of the coverage. Many policies pay only the home’s Actual Cash Value until you begin or complete repairs or reconstruction.

FUNCTIONAL REPLACEMENT COST COVERAGE pays the cost to repair or replace the damaged or destroyed home with similar kind and quality materials. An example of “similar kind and quality” would be replacing damaged plaster walls with (less expensive) drywall. Functional replacement cost provides less coverage than replacement cost, but the premiums are lower than other types of replacement cost coverage.

REPLACEMENT COST COVERAGE pays the cost to repair or replace the damaged or destroyed home, with materials of like kind and quality. An example of “like kind and quality” would be damaged plaster walls repaired or replaced with plaster. Many policies pay only the home’s Actual Cash Value until you begin or complete repairs or reconstruction. Replacement Cost coverage only pays replacement costs up to the limits set in your policy.

EXTENDED REPLACEMENT COST COVERAGE pays the cost to repair or replace the damaged or destroyed home, without a deduction for depreciation. Extended Replacement Cost Coverage provides coverage above the dwelling limits in your policy, for the damage caused to your home, up to a set percentage or a set dollar amount.

GUARANTEED REPLACEMENT COST COVERAGE pays the full cost to repair or replace the damaged or destroyed home for a covered peril – even if it costs more than the limits shown on the policy declarations page. Ask if there’s a cap on the coverage. Very few insurers offer this coverage.

Your Personal Property (also called “Contents”)

Almost all policies include specific dollar limits on certain personal property that is particularly valuable, such as jewelry, art, silverware, antiques, computers or firearms. Often, you can buy more coverage for these types of property, but you may need to itemize or list out the property for the insurance company. Ask your agent or insurer if you have questions about covering any valuable property you have.

ACTUAL CASH VALUE COVERAGE pays the fair market value of the item at the time of loss. This value usually will be the cost to repair or replace the personal property, less depreciation. As with your home, Actual Cash Value coverage pays you for your loss, but often doesn’t pay enough to fully replace or repair the damage to your property.

REPLACEMENT COST COVERAGE pays the cost to repair or replace damaged or destroyed personal property with like kind and quality, without a deduction for depreciation. Many policies only pay the Actual Cash Value of the personal property until you actually repair or replace the personal property. If you don’t repair or replace the personal property, the insurance company may only pay you its Actual Cash Value.
Ask Your Agent about Insurance Options

Questions about Coverage

- Can you help me estimate what it would cost to repair or rebuild my home if it were damaged or destroyed?
- Will the coverage limits for my home or personal property automatically increase over time with inflation? If not, what do I need to do to make sure my home is insured for the right amount?
- What doesn’t this policy cover?
- Does this policy cover:
  - Water damage from my sewer, drains or sump pump backup?
  - Damage from mold, wind, flood, sinkholes, mine subsidence or earthquakes?
  - Food spoilage and other damages from a power outage?
  - Equipment breakdown?
  - Damage from deterioration – foundation settling, wear and tear?

  If not, can I buy this coverage?
- If I rent a room or my home to someone through a service like Airbnb or Vacation Rentals By Owner (VRBO), would this policy cover damage a renter does?

Questions about How Claims Are Paid

- If my home is damaged, will this policy pay to rebuild my home the way it was before the damage?
- Is there just one deductible in this policy or is there more than one deductible? Is the deductible a flat dollar amount, a percent of coverage or damage or a combination of both types?
- I have an older home and repair would require using obsolete or vintage materials. How will this policy pay to repair or replace my home?
- When I have a claim, how will my claim be settled – will I receive the full replacement cost upfront or only after I begin or complete repairs or replacement?
- If I will receive the Actual Cash Value of my damaged property, how is that value decided?
- How does this policy cover my roof – are there any limits of coverage for my roof?
- Will my home be covered if I rent it to someone else?
- If I’m away from my home for a long period of time, how does that impact my insurance coverage?

Questions about How My Personal Property is Covered

- Can I buy more coverage (increase the policy limits) for my personal property? Does this policy cover my personal property which is stored away from my home?
- My child is away at college. Will this policy cover their personal property while they’re at school?
- Are there any sublimits on some kinds of personal property such as jewelry, antiques or guns?
  - Can I buy extra coverage or increase my limits?
- Do I need to have an appraisal for any of my personal property?
- Should I have an inventory list of my personal property?
- If I rent a room or my home to someone, through a service like Airbnb or VRBO, would this policy cover damage a renter does to my personal property?
Questions about Other Coverages

- What does my liability coverage protect me against?
- Does my liability coverage also cover my children while they’re away at school?
- Does this policy cover damage to my trees?
- Does this policy cover me if I run a business from my home, such as a daycare? Do I need additional liability coverage?
- Does this policy pay for any additional living expenses I may have if I can’t live in my home after it has been damaged or destroyed?
- How does the policy cover increased costs to rebuild my home, such as to meet new building codes?
- If I rent a room or my home to someone, through a service like Airbnb or VRBO, would this policy cover my liability if the renter is injured while in my home?

Questions About Discounts, Rating and Service

- What discounts are available through the insurance company?
- Am I eligible for coverage with the insurance company if:
  - I had a prior homeowners claim with another insurance company;
  - The home I’m buying had damage and a claim filed by a previous owner;
  - I’ve had any auto claims;
  - I have a dog;
  - I have a swimming pool, trampoline or solar panels;
  - I have a wood burning stove or heating oil tank?
- Will you or the insurer visit my home and inspect or photograph it before or after insuring it?
- Does the company look at my occupation, education or credit-based insurance scores to determine my premium?
- How much can I save by increasing my deductible?
- Is there anything I can repair or improve in my home to lower my premiums?
- Does the company require me to use preferred contractors for repairs?
You’ve reviewed your options. You’ve chosen an agent and an insurance company and bought an insurance policy. Once you buy insurance, you’ll receive a policy. Read the policy and ask your agent about anything you don’t understand. Keep your policy in a safe place and know the name of your insurance company. Here’s a quick tip on how to read your insurance declarations page to check that you’ve received the coverage you wanted.

Understanding your declarations page

A declarations page provides specific policy details. Know how to read this page to better understand your coverage.

Policy limits:
The most you will be paid for claim

Your Insurance Company
3535 Second St.
Company Town, USA 54321

Homeowners Policy <SAMPLE>

Automatic renewal: If policy period is shown as 12 months, this policy will be renewed automatically subject to premiums, rules and forms in effect for each succeeding policy period. If policy is terminated, we will give you and Mortgagee/Lienholder written notice in compliance with policy provisions or as required by law.

Covérages & property

<table>
<thead>
<tr>
<th>SECTION I</th>
<th>Liability limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Dwelling</td>
<td>$250,000</td>
</tr>
<tr>
<td>B Other structures (detached garage)</td>
<td>$30,000</td>
</tr>
<tr>
<td>C Personal property</td>
<td>$150,000</td>
</tr>
<tr>
<td>D Loss of use</td>
<td>Actual loss sustained</td>
</tr>
<tr>
<td>E Personal liability (each occurrence)</td>
<td>$300,000</td>
</tr>
<tr>
<td>F Medical payments to others (each person)</td>
<td>$2,000</td>
</tr>
</tbody>
</table>

Loss of settlement provisions (see policy)

A1: Replacement cost – Similar construction
B1: Limited replacement cost – Coverage B

Forms, options and endorsements

Replacement cost coverage: XX.XXXX
Mold, fungus, wet rot, dry rot or bacteria: XX.XXXX
Ordinance or law coverage: 10% of Coverage A: XX.XXXX
Earthquake excl. masonry veneer: XX.XXXX
Sewer, water backup coverage: $10,000/$500 deductible: XX.XXXX
Increase dwelling up to $50,000: Option X
Jewelry and furs: $5,000 each: Option Y

Deductibles – Section I

| Earthquake | 10% |
| Hurricane/wind | 10% |
| Other losses | $500 |

Other deductibles that apply to your policy will be listed here.

Policy premium

| Earthquake premium | $1,000 |

Discounts applied

Home/Auto
Home protection (burglar and fire alarms, smoke detectors)
Claim record/Customer longevity
Age of customer

Your policy consists of this page, any endorsements and the policy form. Keep together.

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Other Consumer Information and Resources:

There is much more information available about homeowners’ insurance. If you still have questions or want more information about homeowners’ or other types of insurance, you can:

- Talk with your insurance agent or insurer representative. They will help you navigate the insurance shopping process and the insurer’s process to make a claim. If you have questions or problems with your insurance coverage, call your agent or insurance company.
- Visit insurance companies’ websites. Many companies’ websites have information about homeowners insurance coverage.
- Contact your state department of insurance. Most departments have toll-free numbers you can call and talk with insurance department staff who can answer general questions and give you more information. Look in your local phone book for the department of insurance.
- Visit your state department of insurance website. Most state insurance department websites have consumer information. Some state insurance departments post information about consumer complaints filed against insurance companies and agents. To find the website of your state department, visit the National Association of Insurance Commissioners (NAIC) website at [www.naic.org/state_web_map.htm](http://www.naic.org/state_web_map.htm) and select your state on the map.

The National Association of Insurance Commissioners (NAIC) also has a number of online resources available for consumers about homeowners insurance as well as other types of insurance. You can find the NAIC’s Consumer Resources webpage at: [www.naic.org/consumer_home.htm](http://www.naic.org/consumer_home.htm).

In addition to consumer news and alerts about insurance, the NAIC’s Consumer Resources include:

- **A Consumer's Guide to Home Insurance.** A comprehensive consumer guide about homeowners insurance, which provides a more detailed review of homeowners’ insurance coverage, why you need it, how it works, how your premiums are determined and your responsibilities as a policyholder: [http://www.naic.org/documents/consumer_guide_home.pdf](http://www.naic.org/documents/consumer_guide_home.pdf).
- **A Consumer’s Guide to Earthquake Insurance.** This is a detailed consumer guide about earthquake insurance, which explains what earthquake insurance is, what areas of the country can be affected by earthquakes, how claims are paid and disaster mitigation tips: [http://www.naic.org/documents/consumer_guide_earthquake.pdf](http://www.naic.org/documents/consumer_guide_earthquake.pdf).
- **NAIC Insure U Website – Creating a Home Inventory.** A home inventory can be invaluable to help make sure you buy enough coverage to protect you if you need to file a claim. Visit this webpage to download a smart phone app so you can easily put together a home inventory: [http://www.insureuonline.org/home_inventory_page.htm](http://www.insureuonline.org/home_inventory_page.htm).
- **The Consumer Information Source.** Do you want know more about the insurance companies you’re comparing? This website gives you access to information about insurance companies including information about consumer complaints against insurance companies. [https://eapps.naic.org/cis/](https://eapps.naic.org/cis/).

Most homeowners insurance policies do NOT cover damage from floods. To cover your home and personal property for damage caused by flooding, you need to buy a flood insurance policy. Ask your agent about flood insurance coverage. You also can review information at the National Flood Insurance Program website [www.floodsmart.gov](http://www.floodsmart.gov).
Report of the
Market Regulation and Consumer Affairs (D) Committee

The Market Regulation and Consumer Affairs (D) Committee met April 10, 2017. During this meeting, the Committee:

1. Adopted its March 6 minutes, which included the following action:
   a. Adopted its 2016 Fall National Meeting minutes.
   b. Adopted revised Producer Licensing (D) Task Force charges.
   c. Appointed the Market Conduct Annual Statement Blanks (D) Working Group and the Pre-Dispute Mandatory Arbitration Clauses (D) Working Group.
   d. Discussed the Voluntary Market Regulation Certification Program.

2. Adopted a two-year pilot program for the Voluntary Market Regulation Certification Program. The Certification Program generally sets forth market conduct standards regarding state statutory authorities, staffing resources and qualifications; and interstate collaboration through participation in NAIC market regulation working groups and use of NAIC market information systems. The pilot program is designed to address any outstanding concerns expressed by some of the NAIC members. The pilot program seeks 12 jurisdictions to volunteer for 2017, with an additional six jurisdictions to volunteer in 2018. Volunteer jurisdictions will receive up to $5,000 annually for market conduct staff to attend NAIC meetings.

3. Adopted revisions to Chapter 25—Conducting the Advisory Organization Examination of the Market Regulation Handbook, which includes adding a section on acceptance of the examination report by participating examination states.

4. Adopted revisions to the Comprehensive Annual Analysis (CAA) information request. These revisions primarily focus on the addition of instructions for companies completing the CAA form, which is used to keep state insurance regulators informed of changes in a company’s business during the past yearly reporting cycle.


6. Appointed three new working groups under the Producer Licensing (D) Task Force: the Uniformity (D) Working Group; the Uniform Education (D) Working Group; and the Independent Adjuster Licensing (D) Working Group.

7. Disbanded the Privacy Disclosures (D) Working Group pending the NAIC membership’s adoption of revisions to the Privacy of Consumer Financial and Health Information Regulation (#672). The proposed revisions are being considered for adoption by the Executive (EX) Committee and Plenary on April 11.

8. Adopted edits and clarifications for the life Market Conduct Annual Statement data elements and definitions.

9. Adopted the reports of its task forces and working groups: Antifraud (D) Task Force; Market Information Systems (D) Task Force; Producer Licensing (D) Task Force, Market Regulation Certification (D) Working Group; Market Conduct Examination Standards (D) Working Group; Market Actions (D) Working Group; Market Analysis Procedures (D) Working Group; Market Conduct Annual Statement (D) Working Group, Pre-Dispute Mandatory Arbitration Clauses (D) Working Group; Privacy Disclosures (D) Working Group, and Auto Insurance (C/D) Study Group.

10. Heard a presentation from John Finston (CA) and Amy Bach (United Policyholders) on the unanimous California Supreme Court decision upholding the authority of Commissioner Dave Jones (CA) to enact replacement cost regulation. The regulation sets forth requirements and standards regarding how an insurance company determines replacement cost coverage limits.

11. Received comments from Commissioner Stephen W. Robertson (IN) regarding insurers’ use of cell phone tower data to identify the location of claimants, including the potential for this data to be inaccurate and negatively impact insurance consumers during the claims settlement process.
12. Received an update on technical revisions to the Market Regulation and Consumer Affairs (D) Committee’s 2017 charges to reflect that the Big Data Working Group no longer reports to this Committee. Additionally, the reference to the International Insurance Relations (EX) Leadership Group was changed to reference the International Insurance Relations (G) Committee.
PRIVACY OF CONSUMER FINANCIAL AND HEALTH INFORMATION REGULATION

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ARTICLE I. GENERAL PROVISIONS

Section 1. Authority

This regulation is promulgated pursuant to the authority granted by Sections [insert applicable sections] of the Insurance Law.

Section 2. Purpose and Scope

A. Purpose. This regulation governs the treatment of nonpublic personal health information and nonpublic personal financial information about individuals by all licensees of the state insurance department. This regulation:

(1) Requires a licensee to provide notice to individuals about its privacy policies and practices;

(2) Describes the conditions under which a licensee may disclose nonpublic personal health information and nonpublic personal financial information about individuals to affiliates and nonaffiliated third parties; and

(3) Provides methods for individuals to prevent a licensee from disclosing that information.

B. Scope. This regulation applies to:

(1) Nonpublic personal financial information about individuals who obtain or are claimants or beneficiaries of products or services primarily for personal, family or household purposes from licensees. This regulation does not apply to information about companies or about individuals who obtain products or services for business, commercial or agricultural purposes; and

(2) All nonpublic personal health information.

C. Compliance. A licensee domiciled in this state that is in compliance with this regulation in a state that has not enacted laws or regulations that meet the requirements of Title V of the Gramm-Leach-Bliley Act (PL 102-106) may nonetheless be deemed to be in compliance with Title V of the Gramm-Leach-Bliley Act in the other state.

Drafting Note: Subsection C is intended to give licensees some guidance for complying with Title V of the Gramm-Leach-Bliley Act in those states that do not have laws or regulations that meet GLBA’s privacy requirements.

Section 3. Rule of Construction

The examples in this regulation, and the sample clauses in Appendix A, and the Federal Model Privacy Form in Appendix B of this regulation are not exclusive. Compliance with an example, or use of a sample clause, or the Federal Privacy Model Form, to the extent applicable, constitutes compliance with this regulation.

Licensees may rely on use of the Federal Privacy Form in Appendix B, consistent with the attached instructions, as a safe harbor of compliance with the privacy notice content requirements of this regulation.

Use of the Federal Model Privacy Form is not required. Licensees may continue to use other types of privacy notices, including notices that contain the examples in this regulation and/or the sample clauses in Appendix A, provided that such notices accurately describe the Licensee’s privacy practices and otherwise meet the notice content requirements of this regulation. However, while Licensees may continue to use privacy notices that contain the examples in this regulation and/or the sample clauses in Appendix A, Licensees may not rely on use of privacy notices with the sample clauses in Appendix A as a safe harbor of compliance with the notice content requirements of this regulation after July 1, 2019.

Drafting Note: Safe harbor of compliance with this regulation for use of sample clauses in Appendix A sunsets on July 1, 2019.
Section 4. Definitions

As used in this regulation, unless the context requires otherwise:

A. “Affiliate” means a company that controls, is controlled by or is under common control with another company.

B. (1) “Clear and conspicuous” means that a notice is reasonably understandable and designed to call attention to the nature and significance of the information in the notice.

(2) Examples.

(a) Reasonably understandable. A licensee makes its notice reasonably understandable if it:

(i) Presents the information in the notice in clear, concise sentences, paragraphs and sections;

(ii) Uses short explanatory sentences or bullet lists whenever possible;

(iii) Uses definite, concrete, everyday words and active voice whenever possible;

(iv) Avoids multiple negatives;

(v) Avoids legal and highly technical business terminology whenever possible; and

(vi) Avoids explanations that are imprecise and readily subject to different interpretations.

(b) Designed to call attention. A licensee designs its notice to call attention to the nature and significance of the information in it if the licensee:

(i) Uses a plain-language heading to call attention to the notice;

(ii) Uses a typeface and type size that are easy to read;

(iii) Provides wide margins and ample line spacing;

(iv) Uses boldface or italics for key words; and

(v) In a form that combines the licensee’s notice with other information, uses distinctive type size, style, and graphic devices, such as shading or sidebars.

(c) Notices on web sites. If a licensee provides a notice on a web page, the licensee designs its notice to call attention to the nature and significance of the information in it if the licensee uses text or visual cues to encourage scrolling down the page if necessary to view the entire notice and ensure that other elements on the web site (such as text, graphics, hyperlinks or sound) do not distract attention from the notice, and the licensee either:

(i) Places the notice on a screen that consumers frequently access, such as a page on which transactions are conducted; or

(ii) Places a link on a screen that consumers frequently access, such as a page on which transactions are conducted, that connects directly to the notice and is labeled appropriately to convey the importance, nature and relevance of the notice.
C. “Collect” means to obtain information that the licensee organizes or can retrieve by the name of an individual or by identifying number, symbol or other identifying particular assigned to the individual, irrespective of the source of the underlying information.

D. “Commissioner” means the insurance commissioner of the state.

Drafting Note: Use the title of the chief insurance regulatory official wherever the term “commissioner” appears. If the jurisdiction of certain health licensees, such as health maintenance organizations, lies with some state agency other than the insurance department, or if there is dual regulation, a state should add language referencing that agency to ensure the appropriate coordination of responsibilities.

E. “Company” means a corporation, limited liability company, business trust, general or limited partnership, association, sole proprietorship or similar organization.

F. (1) “Consumer” means an individual who seeks to obtain, obtains or has obtained an insurance product or service from a licensee that is to be used primarily for personal, family or household purposes, and about whom the licensee has nonpublic personal information, or that individual’s legal representative.

(2) Examples.

(a) An individual who provides nonpublic personal information to a licensee in connection with obtaining or seeking to obtain financial, investment or economic advisory services relating to an insurance product or service is a consumer regardless of whether the licensee establishes an ongoing advisory relationship.

(b) An applicant for insurance prior to the inception of insurance coverage is a licensee’s consumer.

(c) An individual who is a consumer of another financial institution is not a licensee’s consumer solely because the licensee is acting as agent for, or provides processing or other services to, that financial institution.

(d) An individual is a licensee’s consumer if:

(i) (I) The individual is a beneficiary of a life insurance policy underwritten by the licensee;

(II) The individual is a claimant under an insurance policy issued by the licensee;

(III) The individual is an insured or an annuitant under an insurance policy or an annuity, respectively, issued by the licensee; or

(IV) The individual is a mortgagor of a mortgage covered under a mortgage insurance policy; and

(ii) The licensee discloses nonpublic personal financial information about the individual to a nonaffiliated third party other than as permitted under Sections 15, 16 and 17 of this regulation.

(e) Provided that the licensee provides the initial, annual and revised notices under Section 10 of this regulation to the plan sponsor, group or blanket insurance policyholder or group annuity contractholder, or workers’ compensation policyholder, and further provided that the licensee does not disclose to a nonaffiliated third party nonpublic personal financial information about an individual described in Item (i), (ii) or (iii), other than as permitted under Sections 15, 16 and 17 of this regulation, such an individual is not the consumer of the licensee solely because he or she is:
(i) A participant or a beneficiary of an employee benefit plan that the licensee administers or sponsors or for which the licensee acts as a trustee, insurer or fiduciary;

(ii) Covered under a group or blanket insurance policy or group annuity contract issued by the licensee; or

(iii) A claimant covered by a workers’ compensation plan.

**Drafting Note:** In states where the workers’ compensation self-insurance or workers’ compensation state fund coverage is outside the commissioner’s jurisdiction, regulators may wish to urge the applicable agency or agencies to promulgate a regulation similar to this regulation in order to ensure parity in treatment of workers’ compensation plans and to ensure that all workers covered by such plans have privacy protections.

(f) (i) The individuals described in Subparagraph (e)(i) through (iii) of this paragraph are consumers of a licensee if the licensee does not meet all the conditions of Subparagraph (e).

(ii) In no event shall the individuals, solely by virtue of the status described in Subparagraph (e)(i) through (iii) above, be deemed to be customers for purposes of this regulation.

(g) An individual is not a licensee’s consumer solely because he or she is a beneficiary of a trust for which the licensee is a trustee.

(h) An individual is not a licensee’s consumer solely because he or she has designated the licensee as trustee for a trust.

G. “Consumer reporting agency” has the same meaning as in Section 603(f) of the federal Fair Credit Reporting Act (15 U.S.C. 1681a(f)).

H. “Control” means:

(1) Ownership, control or power to vote twenty-five percent (25%) or more of the outstanding shares of any class of voting security of the company, directly or indirectly, or acting through one or more other persons;

(2) Control in any manner over the election of a majority of the directors, trustees or general partners (or individuals exercising similar functions) of the company; or

(3) The power to exercise, directly or indirectly, a controlling influence over the management or policies of the company, as the commissioner determines.

I. “Customer” means a consumer who has a customer relationship with a licensee.

J. (1) “Customer relationship” means a continuing relationship between a consumer and a licensee under which the licensee provides one or more insurance products or services to the consumer that are to be used primarily for personal, family or household purposes.

(2) Examples.

(a) A consumer has a continuing relationship with a licensee if:

(i) The consumer is a current policyholder of an insurance product issued by or through the licensee; or

(ii) The consumer obtains financial, investment or economic advisory services relating to an insurance product or service from the licensee for a fee.
A consumer does not have a continuing relationship with a licensee if:

(i) The consumer applies for insurance but does not purchase the insurance;

(ii) The licensee sells the consumer airline travel insurance in an isolated transaction;

(iii) The individual is no longer a current policyholder of an insurance product or no longer obtains insurance services with or through the licensee;

(iv) The consumer is a beneficiary or claimant under a policy and has submitted a claim under a policy choosing a settlement option involving an ongoing relationship with the licensee;

(v) The consumer is a beneficiary or a claimant under a policy and has submitted a claim under that policy choosing a lump sum settlement option;

(vi) The customer’s policy is lapsed, expired or otherwise inactive or dormant under the licensee’s business practices, and the licensee has not communicated with the customer about the relationship for a period of twelve (12) consecutive months, other than annual privacy notices, material required by law or regulation, communication at the direction of a state or federal authority, or promotional materials;

(vii) The individual is an insured or an annuitant under an insurance policy or annuity, respectively, but is not the policyholder or owner of the insurance policy or annuity; or

(viii) For the purposes of this regulation, the individual’s last known address according to the licensee’s records is deemed invalid. An address of record is deemed invalid if mail sent to that address by the licensee has been returned by the postal authorities as undeliverable and if subsequent attempts by the licensee to obtain a current valid address for the individual have been unsuccessful.

K. (1) “Financial institution” means any institution the business of which is engaging in activities that are financial in nature or incidental to such financial activities as described in Section 4(k) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(k)).

(2) Financial institution does not include:

(a) Any person or entity with respect to any financial activity that is subject to the jurisdiction of the Commodity Futures Trading Commission under the Commodity Exchange Act (7 U.S.C. 1 et seq.);

(b) The Federal Agricultural Mortgage Corporation or any entity charged and operating under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.); or

(c) Institutions chartered by Congress specifically to engage in securitizations, secondary market sales (including sales of servicing rights) or similar transactions related to a transaction of a consumer, as long as the institutions do not sell or transfer nonpublic personal information to a nonaffiliated third party.

L. (1) “Financial product or service” means a product or service that a financial holding company could offer by engaging in an activity that is financial in nature or incidental to such a financial activity under Section 4(k) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(k)).

(2) Financial service includes a financial institution’s evaluation or brokerage of information that the financial institution collects in connection with a request or an application from a consumer for a financial product or service.
“Health care” means:

(1) Preventive, diagnostic, therapeutic, rehabilitative, maintenance or palliative care, services, procedures, tests or counseling that:

(a) Relates to the physical, mental or behavioral condition of an individual; or

(b) Affects the structure or function of the human body or any part of the human body, including the banking of blood, sperm, organs or any other tissue; or

(2) Prescribing, dispensing or furnishing to an individual drugs or biologicals, or medical devices or health care equipment and supplies.

“Health care provider” means a physician or other health care practitioner licensed, accredited or certified to perform specified health services consistent with state law, or a health care facility.

“Health information” means any information or data except age or gender, whether oral or recorded in any form or medium, created by or derived from a health care provider or the consumer that relates to:

(1) The past, present or future physical, mental or behavioral health or condition of an individual;

(2) The provision of health care to an individual; or

(3) Payment for the provision of health care to an individual.

“Insurance product or service” means any product or service that is offered by a licensee pursuant to the insurance laws of this state.

Insurance service includes a licensee's evaluation, brokerage or distribution of information that the licensee collects in connection with a request or an application from a consumer for an insurance product or service.

“Licensee” means all licensed insurers, producers and other persons licensed or required to be licensed, or authorized or required to be authorized, or registered or required to be registered pursuant to the Insurance Law of this state, [and health maintenance organizations holding a certificate of authority pursuant to Section [insert section] of this state’s Public Health Law].

Drafting Note: Add bracketed language if HMOs are licensed under other than insurance statutes, and cite appropriate state law.

(2) A licensee is not subject to the notice and opt out requirements for nonpublic personal financial information set forth in Articles I, II, III and IV of this regulation if the licensee is an employee, agent or other representative of another licensee (“the principal”) and:

(a) The principal otherwise complies with, and provides the notices required by, the provisions of this regulation; and

(b) The licensee does not disclose any nonpublic personal information to any person other than the principal or its affiliates in a manner permitted by this regulation.

(3) (a) Subject to Subparagraph (b), “licensee” shall also include an unauthorized insurer that accepts business placed through a licensed excess lines broker in this state, but only in regard to the excess lines placements placed pursuant to Section [insert section] of this state’s laws.

(b) An excess lines broker or excess lines insurer shall be deemed to be in compliance with the notice and opt out requirements for nonpublic personal financial information set forth in Articles I, II, III and IV of this regulation provided:
(i) The broker or insurer does not disclose nonpublic personal information of a consumer or a customer to nonaffiliated third parties for any purpose, including joint servicing or marketing under Section 15 of this regulation, except as permitted by Section 16 or 17 of this regulation; and

(ii) The broker or insurer delivers a notice to the consumer at the time a customer relationship is established on which the following is printed in 16-point type:

**PRIVACY NOTICE**

“Neither the U.S. brokers that handled this insurance nor the insurers that have underwritten this insurance will disclose nonpublic personal information concerning the buyer to nonaffiliates of the brokers or insurers except as permitted by law.”

**Drafting Note:** References to “excess lines broker” and “excess lines insurer” should be changed as necessary to correspond with the applicable terms used in each state.

R. (1) “Nonaffiliated third party” means any person except:

(a) A licensee’s affiliate; or

(b) A person employed jointly by a licensee and any company that is not the licensee’s affiliate (but nonaffiliated third party includes the other company that jointly employs the person).

(2) Nonaffiliated third party includes any company that is an affiliate solely by virtue of the direct or indirect ownership or control of the company by the licensee or its affiliate in conducting merchant banking or investment banking activities of the type described in Section 4(k)(4)(H) or insurance company investment activities of the type described in Section 4(k)(4)(I) of the federal Bank Holding Company Act (12 U.S.C. 1843(k)(4)(H) and (I)).

S. “Nonpublic personal information” means nonpublic personal financial information and nonpublic personal health information.

T. (1) “Nonpublic personal financial information” means:

(a) Personally identifiable financial information; and

(b) Any list, description or other grouping of consumers (and publicly available information pertaining to them) that is derived using any personally identifiable financial information that is not publicly available.

(2) Nonpublic personal financial information does not include:

(a) Health information;

(b) Publicly available information, except as included on a list described in Subsection T(1)(b) of this section; or

(c) Any list, description or other grouping of consumers (and publicly available information pertaining to them) that is derived without using any personally identifiable financial information that is not publicly available.

(3) Examples of lists.

(a) Nonpublic personal financial information includes any list of individuals’ names and street addresses that is derived in whole or in part using personally identifiable financial information that is not publicly available, such as account numbers.
(b) Nonpublic personal financial information does not include any list of individuals’ names and addresses that contains only publicly available information, is not derived in whole or in part using personally identifiable financial information that is not publicly available, and is not disclosed in a manner that indicates that any of the individuals on the list is a consumer of a financial institution.

U. “Nonpublic personal health information” means health information:

(1) That identifies an individual who is the subject of the information; or

(2) With respect to which there is a reasonable basis to believe that the information could be used to identify an individual.

V. (1) “Personally identifiable financial information” means any information:

(a) A consumer provides to a licensee to obtain an insurance product or service from the licensee;

(b) About a consumer resulting from a transaction involving an insurance product or service between a licensee and a consumer; or

(c) The licensee otherwise obtains about a consumer in connection with providing an insurance product or service to that consumer.

(2) Examples.

(a) Information included. Personally identifiable financial information includes:

(i) Information a consumer provides to a licensee on an application to obtain an insurance product or service;

(ii) Account balance information and payment history;

(iii) The fact that an individual is or has been one of the licensee’s customers or has obtained an insurance product or service from the licensee;

(iv) Any information about the licensee’s consumer if it is disclosed in a manner that indicates that the individual is or has been the licensee’s consumer;

(v) Any information that a consumer provides to a licensee or that the licensee or its agent otherwise obtains in connection with collecting on a loan or servicing a loan;

(vi) Any information the licensee collects through an Internet cookie (an information-collecting device from a web server); and

(vii) Information from a consumer report.

(b) Information not included. Personally identifiable financial information does not include:

(i) Health information;

(ii) A list of names and addresses of customers of an entity that is not a financial institution; and

(iii) Information that does not identify a consumer, such as aggregate information or blind data that does not contain personal identifiers such as account numbers, names or addresses.
“Publicly available information” means any information that a licensee has a reasonable basis to believe is lawfully made available to the general public from:

(a) Federal, state or local government records;
(b) Widely distributed media; or
(c) Disclosures to the general public that are required to be made by federal, state or local law.

Reasonable basis. A licensee has a reasonable basis to believe that information is lawfully made available to the general public if the licensee has taken steps to determine:

(a) That the information is of the type that is available to the general public; and
(b) Whether an individual can direct that the information not be made available to the general public and, if so, that the licensee’s consumer has not done so.

Examples.

(a) Government records. Publicly available information in government records includes information in government real estate records and security interest filings.

(b) Widely distributed media. Publicly available information from widely distributed media includes information from a telephone book, a television or radio program, a newspaper or a web site that is available to the general public on an unrestricted basis. A web site is not restricted merely because an Internet service provider or a site operator requires a fee or a password, so long as access is available to the general public.

(c) Reasonable basis.

(i) A licensee has a reasonable basis to believe that mortgage information is lawfully made available to the general public if the licensee has determined that the information is of the type included on the public record in the jurisdiction where the mortgage would be recorded.

(ii) A licensee has a reasonable basis to believe that an individual’s telephone number is lawfully made available to the general public if the licensee has located the telephone number in the telephone book or the consumer has informed you that the telephone number is not unlisted.
ARTICLE II. PRIVACY AND OPT OUT NOTICES FOR FINANCIAL INFORMATION

Section 5. Initial Privacy Notice to Consumers Required

A. Initial notice requirement. A licensee shall provide a clear and conspicuous notice that accurately reflects its privacy policies and practices to:

(1) Customer. An individual who becomes the licensee’s customer, not later than when the licensee establishes a customer relationship, except as provided in Subsection E of this section; and

(2) Consumer. A consumer, before the licensee discloses any nonpublic personal financial information about the consumer to any nonaffiliated third party, if the licensee makes a disclosure other than as authorized by Sections 16 and 17.

B. When initial notice to a consumer is not required. A licensee is not required to provide an initial notice to a consumer under Subsection A(2) of this section if:

(1) The licensee does not disclose any nonpublic personal financial information about the consumer to any nonaffiliated third party, other than as authorized by Sections 16 and 17, and the licensee does not have a customer relationship with the consumer; or

(2) A notice has been provided by an affiliated licensee, as long as the notice clearly identifies all licensees to whom the notice applies and is accurate with respect to the licensee and the other institutions.

C. When the licensee establishes a customer relationship.

(1) General rule. A licensee establishes a customer relationship at the time the licensee and the consumer enter into a continuing relationship.

(2) Examples of establishing customer relationship. A licensee establishes a customer relationship when the consumer:

(a) Becomes a policyholder of a licensee that is an insurer when the insurer delivers an insurance policy or contract to the consumer, or in the case of a licensee that is an insurance producer or insurance broker, obtains insurance through that licensee; or

(b) Agrees to obtain financial, economic or investment advisory services relating to insurance products or services for a fee from the licensee.

D. Existing customers. When an existing customer obtains a new insurance product or service from a licensee that is to be used primarily for personal, family or household purposes, the licensee satisfies the initial notice requirements of Subsection A of this section as follows:

(1) The licensee may provide a revised policy notice, under Section 9, that covers the customer’s new insurance product or service; or

(2) If the initial, revised or annual notice that the licensee most recently provided to that customer was accurate with respect to the new insurance product or service, the licensee does not need to provide a new privacy notice under Subsection A of this section.

E. Exceptions to allow subsequent delivery of notice.

(1) A licensee may provide the initial notice required by Subsection A(1) of this section within a reasonable time after the licensee establishes a customer relationship if:

(a) Establishing the customer relationship is not at the customer’s election; or
(b) Providing notice not later than when the licensee establishes a customer relationship would substantially delay the customer’s transaction and the customer agrees to receive the notice at a later time.

(2) Examples of exceptions.

(a) Not at customer’s election. Establishing a customer relationship is not at the customer’s election if a licensee acquires or is assigned a customer’s policy from another financial institution or residual market mechanism and the customer does not have a choice about the licensee’s acquisition or assignment.

(b) Substantial delay of customer’s transaction. Providing notice not later than when a licensee establishes a customer relationship would substantially delay the customer’s transaction when the licensee and the individual agree over the telephone to enter into a customer relationship involving prompt delivery of the insurance product or service.

(c) No substantial delay of customer’s transaction. Providing notice not later than when a licensee establishes a customer relationship would not substantially delay the customer’s transaction when the relationship is initiated in person at the licensee’s office or through other means by which the customer may view the notice, such as on a web site.

F. Delivery. When a licensee is required to deliver an initial privacy notice by this section, the licensee shall deliver it according to Section 11. If the licensee uses a short-form initial notice for non-customers according to Section 7D, the licensee may deliver its privacy notice according to Section 7D(3).

Section 6. Annual Privacy Notice to Customers Required

A. (1) General rule. A licensee shall provide a clear and conspicuous notice to customers that accurately reflects its privacy policies and practices not less than annually during the continuation of the customer relationship. Annually means at least once in any period of twelve (12) consecutive months during which that relationship exists. A licensee may define the twelve-consecutive-month period, but the licensee shall apply it to the customer on a consistent basis.

(2) Example. A licensee provides a notice annually if it defines the twelve-consecutive-month period as a calendar year and provides the annual notice to the customer once in each calendar year following the calendar year in which the licensee provided the initial notice. For example, if a customer opens an account on any day of year 1, the licensee shall provide an annual notice to that customer by December 31 of year 2.

B. (1) Exception to general rule. A licensee that provides nonpublic personal information to nonaffiliated third parties only in accordance with Sections 15, 16, or 17 and has not changed its policies and practices with regard to disclosing nonpublic personal information from the policies and practices that were disclosed in the most recent disclosure sent to consumers in accordance with this section or Section 5 shall not be required to provide an annual disclosure under this section until such time as the licensee fails to comply with any criteria described in this paragraph.

BC. (1) Termination of customer relationship. A licensee is not required to provide an annual notice to a former customer. A former customer is an individual with whom a licensee no longer has a continuing relationship.

(2) Examples.

(a) A licensee no longer has a continuing relationship with an individual if the individual no longer is a current policyholder of an insurance product or no longer obtains insurance services with or through the licensee.
A licensee no longer has a continuing relationship with an individual if the individual’s policy is lapsed, expired or otherwise inactive or dormant under the licensee’s business practices, and the licensee has not communicated with the customer about the relationship for a period of twelve (12) consecutive months, other than to provide annual privacy notices, material required by law or regulation, or promotional materials.

For the purposes of this regulation, a licensee no longer has a continuing relationship with an individual if the individual’s last known address according to the licensee’s records is deemed invalid. An address of record is deemed invalid if mail sent to that address by the licensee has been returned by the postal authorities as undeliverable and if subsequent attempts by the licensee to obtain a current valid address for the individual have been unsuccessful.

A licensee no longer has a continuing relationship with a customer in the case of providing real estate settlement services, at the time the customer completes execution of all documents related to the real estate closing, payment for those services has been received, or the licensee has completed all of its responsibilities with respect to the settlement, including filing documents on the public record, whichever is later.

Delivery. When a licensee is required by this section to deliver an annual privacy notice, the licensee shall deliver it according to Section 11.

Section 7. Information to be Included in Privacy Notices

A. General rule. The initial, annual and revised privacy notices that a licensee provides under Sections 5, 6 and 9 shall include each of the following items of information, in addition to any other information the licensee wishes to provide, that applies to the licensee and to the consumers to whom the licensee sends its privacy notice:

1. The categories of nonpublic personal financial information that the licensee collects;

2. The categories of nonpublic personal financial information that the licensee discloses;

3. The categories of affiliates and nonaffiliated third parties to whom the licensee discloses nonpublic personal financial information, other than those parties to whom the licensee discloses information under Sections 16 and 17;

4. The categories of nonpublic personal financial information about the licensee’s former customers that the licensee discloses and the categories of affiliates and nonaffiliated third parties to whom the licensee discloses nonpublic personal financial information about the licensee’s former customers, other than those parties to whom the licensee discloses information under Sections 16 and 17;

5. If a licensee discloses nonpublic personal financial information to a nonaffiliated third party under Section 15 (and no other exception in Sections 16 and 17 applies to that disclosure), a separate description of the categories of information the licensee discloses and the categories of third parties with whom the licensee has contracted;

6. An explanation of the consumer’s right under Section 12A to opt out of the disclosure of nonpublic personal financial information to nonaffiliated third parties, including the methods by which the consumer may exercise that right at that time;

7. Any disclosures that the licensee makes under Section 603(d)(2)(A)(iii) of the federal Fair Credit Reporting Act (15 U.S.C. 1681a(d)(2)(A)(iii)) (that is, notices regarding the ability to opt out of disclosures of information among affiliates);

8. The licensee’s policies and practices with respect to protecting the confidentiality and security of nonpublic personal information; and
Any disclosure that the licensee makes under Subsection B of this section.

B. Description of parties subject to exceptions. If a licensee discloses nonpublic personal financial information as authorized under Sections 16 and 17, the licensee is not required to list those exceptions in the initial or annual privacy notices required by Sections 5 and 6. When describing the categories of parties to whom disclosure is made, the licensee is required to state only that it makes disclosures to other affiliated or nonaffiliated third parties, as applicable, as permitted by law.

C. Examples.

(1) Categories of nonpublic personal financial information that the licensee collects. A licensee satisfies the requirement to categorize the nonpublic personal financial information it collects if the licensee categorizes it according to the source of the information, as applicable:

(a) Information from the consumer;

(b) Information about the consumer’s transactions with the licensee or its affiliates;

(c) Information about the consumer’s transactions with nonaffiliated third parties; and

(d) Information from a consumer reporting agency.

(2) Categories of nonpublic personal financial information a licensee discloses.

(a) A licensee satisfies the requirement to categorize nonpublic personal financial information it discloses if the licensee categorizes the information according to source, as described in Paragraph (1), as applicable, and provides a few examples to illustrate the types of information in each category. These might include:

(i) Information from the consumer, including application information, such as assets and income and identifying information, such as name, address and social security number;

(ii) Transaction information, such as information about balances, payment history and parties to the transaction; and

(iii) Information from consumer reports, such as a consumer’s creditworthiness and credit history.

(b) A licensee does not adequately categorize the information that it discloses if the licensee uses only general terms, such as transaction information about the consumer.

(c) If a licensee reserves the right to disclose all of the nonpublic personal financial information about consumers that it collects, the licensee may simply state that fact without describing the categories or examples of nonpublic personal information that the licensee discloses.

(3) Categories of affiliates and nonaffiliated third parties to whom the licensee discloses.

(a) A licensee satisfies the requirement to categorize the affiliates and nonaffiliated third parties to which the licensee discloses nonpublic personal financial information about consumers if the licensee identifies the types of businesses in which they engage.

(b) Types of businesses may be described by general terms only if the licensee uses a few illustrative examples of significant lines of business. For example, a licensee may use the term financial products or services if it includes appropriate examples of significant lines of businesses, such as life insurer, automobile insurer, consumer banking or securities brokerage.
A licensee also may categorize the affiliates and nonaffiliated third parties to which it discloses nonpublic personal financial information about consumers using more detailed categories.

Disclosures under exception for service providers and joint marketers. If a licensee discloses nonpublic personal financial information under the exception in Section 15 to a nonaffiliated third party to market products or services that it offers alone or jointly with another financial institution, the licensee satisfies the disclosure requirement of Subsection A(5) of this section if it:

(a) Lists the categories of nonpublic personal financial information it discloses, using the same categories and examples the licensee used to meet the requirements of Subsection A(2) of this section, as applicable; and

(b) States whether the third party is:

(i) A service provider that performs marketing services on the licensee’s behalf or on behalf of the licensee and another financial institution; or

(ii) A financial institution with whom the licensee has a joint marketing agreement.

Simplified notices. If a licensee does not disclose, and does not wish to reserve the right to disclose, nonpublic personal financial information about customers or former customers to affiliates or nonaffiliated third parties except as authorized under Sections 16 and 17, the licensee may simply state that fact, in addition to the information it shall provide under Subsections A(1), A(8), A(9) and Subsection B of this section.

Confidentiality and security. A licensee describes its policies and practices with respect to protecting the confidentiality and security of nonpublic personal financial information if it does both of the following:

(a) Describes in general terms who is authorized to have access to the information; and

(b) States whether the licensee has security practices and procedures in place to ensure the confidentiality of the information in accordance with the licensee’s policy. The licensee is not required to describe technical information about the safeguards it uses.

D. Short-form initial notice with opt out notice for non-customers.

A licensee may satisfy the initial notice requirements in Sections 5A(2) and 8C for a consumer who is not a customer by providing a short-form initial notice at the same time as the licensee delivers an opt out notice as required in Section 8.

A short-form initial notice shall:

(a) Be clear and conspicuous;

(b) State that the licensee’s privacy notice is available upon request; and

(c) Explain a reasonable means by which the consumer may obtain that notice.

The licensee shall deliver its short-form initial notice according to Section 10. The licensee is not required to deliver its privacy notice with its short-form initial notice. The licensee instead may simply provide the consumer a reasonable means to obtain its privacy notice. If a consumer who receives the licensee’s short-form notice requests the licensee’s privacy notice, the licensee shall deliver its privacy notice according to Section 11.

Examples of obtaining privacy notice. The licensee provides a reasonable means by which a consumer may obtain a copy of its privacy notice if the licensee:
(a) Provides a toll-free telephone number that the consumer may call to request the notice; or

(b) For a consumer who conducts business in person at the licensee’s office, maintains copies of the notice on hand that the licensee provides to the consumer immediately upon request.

E. Future disclosures. The licensee’s notice may include:

(1) Categories of nonpublic personal financial information that the licensee reserves the right to disclose in the future, but does not currently disclose; and

(2) Categories of affiliates or nonaffiliated third parties to whom the licensee reserves the right in the future to disclose, but to whom the licensee does not currently disclose, nonpublic personal financial information.

F. Sample eClauses and Federal Model Privacy Form. Sample clauses illustrating some of the notice content required by this section and the Federal Model Privacy Form are included in Appendix A and Appendix B, respectively, of this regulation.

Section 8. Form of Opt Out Notice to Consumers and Opt Out Methods

A. (1) Form of opt out notice. If a licensee is required to provide an opt out notice under Section 12A, it shall provide a clear and conspicuous notice to each of its consumers that accurately explains the right to opt out under that section. The notice shall state:

(a) That the licensee discloses or reserves the right to disclose nonpublic personal financial information about its consumer to a nonaffiliated third party;

(b) That the consumer has the right to opt out of that disclosure; and

(c) A reasonable means by which the consumer may exercise the opt out right.

(2) Examples.

(a) Adequate opt out notice. A licensee provides adequate notice that the consumer can opt out of the disclosure of nonpublic personal financial information to a nonaffiliated third party if the licensee:

(i) Identifies all of the categories of nonpublic personal financial information that it discloses or reserves the right to disclose, and all of the categories of nonaffiliated third parties to which the licensee discloses the information, as described in Section 7A(2) and (3), and states that the consumer can opt out of the disclosure of that information; and

(ii) Identifies the insurance products or services that the consumer obtains from the licensee, either singly or jointly, to which the opt out direction would apply.

(b) Reasonable opt out means. A licensee provides a reasonable means to exercise an opt out right if it:

(i) Designates check-off boxes in a prominent position on the relevant forms with the opt out notice;

(ii) Includes a reply form together with the opt out notice;

(iii) Provides an electronic means to opt out, such as a form that can be sent via electronic mail or a process at the licensee’s web site, if the consumer agrees to the electronic delivery of information; or
(iv) Provides a toll-free telephone number that consumers may call to opt out.

(c) Unreasonable opt out means. A licensee does not provide a reasonable means of opting out if:

(i) The only means of opting out is for the consumer to write his or her own letter to exercise that opt out right; or

(ii) The only means of opting out as described in any notice subsequent to the initial notice is to use a check-off box that the licensee provided with the initial notice but did not include with the subsequent notice.

(d) Specific opt out means. A licensee may require each consumer to opt out through a specific means, as long as that means is reasonable for that consumer.

B. Same form as initial notice permitted. A licensee may provide the opt out notice together with or on the same written or electronic form as the initial notice the licensee provides in accordance with Section 5.

C. Initial notice required when opt out notice delivered subsequent to initial notice. If a licensee provides the opt out notice later than required for the initial notice in accordance with Section 5, the licensee shall also include a copy of the initial notice with the opt out notice in writing or, if the consumer agrees, electronically.

D. Joint relationships.

(1) If two (2) or more consumers jointly obtain an insurance product or service from a licensee, the licensee may provide a single opt out notice. The licensee’s opt out notice shall explain how the licensee will treat an opt out direction by a joint consumer (as explained in Paragraph (5) of this subsection).

(2) Any of the joint consumers may exercise the right to opt out. The licensee may either:

(a) Treat an opt out direction by a joint consumer as applying to all of the associated joint consumers; or

(b) Permit each joint consumer to opt out separately.

(3) If a licensee permits each joint consumer to opt out separately, the licensee shall permit one of the joint consumers to opt out on behalf of all of the joint consumers.

(4) A licensee may not require all joint consumers to opt out before it implements any opt out direction.

(5) Example. If John and Mary are both named policyholders on a homeowner’s insurance policy issued by a licensee and the licensee sends policy statements to John’s address, the licensee may do any of the following, but it shall explain in its opt out notice which opt out policy the licensee will follow:

(a) Send a single opt out notice to John’s address, but the licensee shall accept an opt out direction from either John or Mary.

(b) Treat an opt out direction by either John or Mary as applying to the entire policy. If the licensee does so and John opts out, the licensee may not require Mary to opt out as well before implementing John’s opt out direction.

(c) Permit John and Mary to make different opt out directions. If the licensee does so:

(i) It shall permit John and Mary to opt out for each other;
(ii) If both opt out, the licensee shall permit both of them to notify it in a single response (such as on a form or through a telephone call); and

(iii) If John opts out and Mary does not, the licensee may only disclose nonpublic personal financial information about Mary, but not about John and not about John and Mary jointly.

E. Time to comply with opt out. A licensee shall comply with a consumer’s opt out direction as soon as reasonably practicable after the licensee receives it.

F. Continuing right to opt out. A consumer may exercise the right to opt out at any time.

G. Duration of consumer’s opt out direction.

(1) A consumer’s direction to opt out under this section is effective until the consumer revokes it in writing or, if the consumer agrees, electronically.

(2) When a customer relationship terminates, the customer’s opt out direction continues to apply to the nonpublic personal financial information that the licensee collected during or related to that relationship. If the individual subsequently establishes a new customer relationship with the licensee, the opt out direction that applied to the former relationship does not apply to the new relationship.

H. Delivery. When a licensee is required to deliver an opt out notice by this section, the licensee shall deliver it according to Section 11.

Section 9. Revised Privacy Notices

A. General rule. Except as otherwise authorized in this regulation, a licensee shall not, directly or through an affiliate, disclose any nonpublic personal financial information about a consumer to a nonaffiliated third party other than as described in the initial notice that the licensee provided to that consumer under Section 5, unless:

(1) The licensee has provided to the consumer a clear and conspicuous revised notice that accurately describes its policies and practices;

(2) The licensee has provided to the consumer a new opt out notice;

(3) The licensee has given the consumer a reasonable opportunity, before the licensee discloses the information to the nonaffiliated third party, to opt out of the disclosure; and

(4) The consumer does not opt out.

B. Examples.

(1) Except as otherwise permitted by Sections 15, 16 and 17, a licensee shall provide a revised notice before it:

(a) Discloses a new category of nonpublic personal financial information to any nonaffiliated third party;

(b) Discloses nonpublic personal financial information to a new category of nonaffiliated third party; or

(c) Discloses nonpublic personal financial information about a former customer to a nonaffiliated third party, if that former customer has not had the opportunity to exercise an opt out right regarding that disclosure.

(2) A revised notice is not required if the licensee discloses nonpublic personal financial information to a new nonaffiliated third party that the licensee adequately described in its prior notice.
C. Delivery. When a licensee is required to deliver a revised privacy notice by this section, the licensee shall deliver it according to Section 11.

Section 10. Privacy Notices to Group Policyholders

Unless a licensee is providing privacy notices directly to covered individuals described in Section 4F(2)(e)(i), (ii) or (iii), a licensee shall provide initial, annual and revised notices to the plan sponsor, group or blanket insurance policyholder or group annuity contractholder, or workers’ compensation policyholder, in the manner described in Sections 5 through 9 of this regulation, describing the licensee’s privacy practices with respect to nonpublic personal information about individuals covered under the policies, contracts or plans.

Section 11. Delivery

A. How to provide notices. A licensee shall provide any notices that this regulation requires so that each consumer can reasonably be expected to receive actual notice in writing or, if the consumer agrees, electronically.

B. (1) Examples of reasonable expectation of actual notice. A licensee may reasonably expect that a consumer will receive actual notice if the licensee:

   (a) Hand-delivers a printed copy of the notice to the consumer;

   (b) Mails a printed copy of the notice to the last known address of the consumer separately, or in a policy, billing or other written communication;

   (c) For a consumer who conducts transactions electronically, posts the notice on the electronic site and requires the consumer to acknowledge receipt of the notice as a necessary step to obtaining a particular insurance product or service;

   (d) For an isolated transaction with a consumer, such as the licensee providing an insurance quote or selling the consumer travel insurance, posts the notice and requires the consumer to acknowledge receipt of the notice as a necessary step to obtaining the particular insurance product or service.

(2) Examples of unreasonable expectation of actual notice. A licensee may not, however, reasonably expect that a consumer will receive actual notice of its privacy policies and practices if it:

   (a) Only posts a sign in its office or generally publishes advertisements of its privacy policies and practices;

   (b) Sends the notice via electronic mail to a consumer who does not obtain an insurance product or service from the licensee electronically.

C. Annual notices only. A licensee may reasonably expect that a customer will receive actual notice of the licensee’s annual privacy notice if:

(1) The customer uses the licensee’s web site to access insurance products and services electronically and agrees to receive notices at the web site and the licensee posts its current privacy notice continuously in a clear and conspicuous manner on the web site; or

(2) The customer has requested that the licensee refrain from sending any information regarding the customer relationship, and the licensee’s current privacy notice remains available to the customer upon request.

D. Oral description of notice insufficient. A licensee may not provide any notice required by this regulation solely by orally explaining the notice, either in person or over the telephone.

E. Retention or accessibility of notices for customers.
For customers only, a licensee shall provide the initial notice required by Section 5A(1), the annual notice required by Section 6A, and the revised notice required by Section 9 so that the customer can retain them or obtain them later in writing or, if the customer agrees, electronically.

Examples of retention or accessibility. A licensee provides a privacy notice to the customer so that the customer can retain it or obtain it later if the licensee:

(a) Hand-delivers a printed copy of the notice to the customer;
(b) Mails a printed copy of the notice to the last known address of the customer; or
(c) Makes its current privacy notice available on a web site (or a link to another web site) for the customer who obtains an insurance product or service electronically and agrees to receive the notice at the web site.

F. Joint notice with other financial institutions. A licensee may provide a joint notice from the licensee and one or more of its affiliates or other financial institutions, as identified in the notice, as long as the notice is accurate with respect to the licensee and the other institutions. A licensee also may provide a notice on behalf of another financial institution.

G. Joint relationships. If two (2) or more consumers jointly obtain an insurance product or service from a licensee, the licensee may satisfy the initial, annual and revised notice requirements of Sections 5A, 6A and 9A, respectively, by providing one notice to those consumers jointly.
ARTICLE III. LIMITS ON DISCLOSURES OF FINANCIAL INFORMATION

Section 12. Limits on Disclosure of Nonpublic Personal Financial Information to Nonaffiliated Third Parties

A. (1) Conditions for disclosure. Except as otherwise authorized in this regulation, a licensee may not, directly or through any affiliate, disclose any nonpublic personal financial information about a consumer to a nonaffiliated third party unless:

(a) The licensee has provided to the consumer an initial notice as required under Section 5;
(b) The licensee has provided to the consumer an opt out notice as required in Section 8;
(c) The licensee has given the consumer a reasonable opportunity, before it discloses the information to the nonaffiliated third party, to opt out of the disclosure; and
(d) The consumer does not opt out.

(2) Opt out definition. Opt out means a direction by the consumer that the licensee not disclose nonpublic personal financial information about that consumer to a nonaffiliated third party, other than as permitted by Sections 15, 16 and 17.

(3) Examples of reasonable opportunity to opt out. A licensee provides a consumer with a reasonable opportunity to opt out if:

(a) By mail. The licensee mails the notices required in Paragraph (1) of this subsection to the consumer and allows the consumer to opt out by mailing a form, calling a toll-free telephone number or any other reasonable means within thirty (30) days from the date the licensee mailed the notices.

(b) By electronic means. A customer opens an on-line account with a licensee and agrees to receive the notices required in Paragraph (1) of this subsection electronically, and the licensee allows the customer to opt out by any reasonable means within thirty (30) days after the date that the customer acknowledges receipt of the notices in conjunction with opening the account.

(c) Isolated transaction with consumer. For an isolated transaction such as providing the consumer with an insurance quote, a licensee provides the consumer with a reasonable opportunity to opt out if the licensee provides the notices required in Paragraph (1) of this subsection at the time of the transaction and requests that the consumer decide, as a necessary part of the transaction, whether to opt out before completing the transaction.

B. Application of opt out to all consumers and all nonpublic personal financial information.

(1) A licensee shall comply with this section, regardless of whether the licensee and the consumer have established a customer relationship.

(2) Unless a licensee complies with this section, the licensee may not, directly or through any affiliate, disclose any nonpublic personal financial information about a consumer that the licensee has collected, regardless of whether the licensee collected it before or after receiving the direction to opt out from the consumer.

C. Partial opt out. A licensee may allow a consumer to select certain nonpublic personal financial information or certain nonaffiliated third parties with respect to which the consumer wishes to opt out.
Section 13. Limits on Redisclosure and Reuse of Nonpublic Personal Financial Information

A. (1) Information the licensee receives under an exception. If a licensee receives nonpublic personal financial information from a nonaffiliated financial institution under an exception in Sections 16 or 17 of this regulation, the licensee’s disclosure and use of that information is limited as follows:

(a) The licensee may disclose the information to the affiliates of the financial institution from which the licensee received the information;

(b) The licensee may disclose the information to its affiliates, but the licensee’s affiliates may, in turn, disclose and use the information only to the extent that the licensee may disclose and use the information; and

(c) The licensee may disclose and use the information pursuant to an exception in Sections 16 or 17 of this regulation, in the ordinary course of business to carry out the activity covered by the exception under which the licensee received the information.

(2) Example. If a licensee receives information from a nonaffiliated financial institution for claims settlement purposes, the licensee may disclose the information for fraud prevention, or in response to a properly authorized subpoena. The licensee may not disclose that information to a third party for marketing purposes or use that information for its own marketing purposes.

B. (1) Information a licensee receives outside of an exception. If a licensee receives nonpublic personal financial information from a nonaffiliated financial institution other than under an exception in Sections 16 or 17 of this regulation, the licensee may disclose the information only:

(a) To the affiliates of the financial institution from which the licensee received the information;

(b) To its affiliates, but its affiliates may, in turn, disclose the information only to the extent that the licensee may disclose the information; and

(c) To any other person, if the disclosure would be lawful if made directly to that person by the financial institution from which the licensee received the information.

(2) Example. If a licensee obtains a customer list from a nonaffiliated financial institution outside of the exceptions in Sections 16 or 17:

(a) The licensee may use that list for its own purposes; and

(b) The licensee may disclose that list to another nonaffiliated third party only if the financial institution from which the licensee purchased the list could have lawfully disclosed the list to that third party. That is, the licensee may disclose the list in accordance with the privacy policy of the financial institution from which the licensee received the list, as limited by the opt out direction of each consumer whose nonpublic personal financial information the licensee intends to disclose, and the licensee may disclose the list in accordance with an exception in Sections 16 or 17, such as to the licensee’s attorneys or accountants.

C. Information a licensee discloses under an exception. If a licensee discloses nonpublic personal financial information to a nonaffiliated third party under an exception in Sections 16 or 17 of this regulation, the third party may disclose and use that information only as follows:

(1) The third party may disclose the information to the licensee’s affiliates;

(2) The third party may disclose the information to its affiliates, but its affiliates may, in turn, disclose and use the information only to the extent that the third party may disclose and use the information; and
(3) The third party may disclose and use the information pursuant to an exception in Sections 16 or 17 in the ordinary course of business to carry out the activity covered by the exception under which it received the information.

D. Information a licensee discloses outside of an exception. If a licensee discloses nonpublic personal financial information to a nonaffiliated third party other than under an exception in Sections 16 or 17 of this regulation, the third party may disclose the information only:

(1) To the licensee’s affiliates;

(2) To the third party's affiliates, but the third party's affiliates, in turn, may disclose the information only to the extent the third party can disclose the information; and

(3) To any other person, if the disclosure would be lawful if the licensee made it directly to that person.

Section 14. Limits on Sharing Account Number Information for Marketing Purposes

A. General prohibition on disclosure of account numbers. A licensee shall not, directly or through an affiliate, disclose, other than to a consumer reporting agency, a policy number or similar form of access number or access code for a consumer’s policy or transaction account to any nonaffiliated third party for use in telemarketing, direct mail marketing or other marketing through electronic mail to the consumer.

B. Exceptions. Subsection A of this section does not apply if a licensee discloses a policy number or similar form of access number or access code:

(1) To the licensee’s service provider solely in order to perform marketing for the licensee’s own products or services, as long as the service provider is not authorized to directly initiate charges to the account;

(2) To a licensee who is a producer solely in order to perform marketing for the licensee’s own products or services; or

(3) To a participant in an affinity or similar program where the participants in the program are identified to the customer when the customer enters into the program.

C. Examples.

(1) Policy number. A policy number, or similar form of access number or access code, does not include a number or code in an encrypted form, as long as the licensee does not provide the recipient with a means to decode the number or code.

(2) Policy or transaction account. For the purposes of this section, a policy or transaction account is an account other than a deposit account or a credit card account. A policy or transaction account does not include an account to which third parties cannot initiate charges.
ARTICLE IV. EXCEPTIONS TO LIMITS ON DISCLOSURES OF
FINANCIAL INFORMATION

Section 15. Exception to Opt Out Requirements for Disclosure of Nonpublic Personal Financial Information for Service Providers and Joint Marketing

A. General rule.

(1) The opt out requirements in Sections 8 and 12 do not apply when a licensee provides nonpublic personal financial information to a nonaffiliated third party to perform services for the licensee or functions on the licensee’s behalf, if the licensee:

(a) Provides the initial notice in accordance with Section 5; and

(b) Enters into a contractual agreement with the third party that prohibits the third party from disclosing or using the information other than to carry out the purposes for which the licensee disclosed the information, including use under an exception in Sections 16 or 17 in the ordinary course of business to carry out those purposes.

(2) Example. If a licensee discloses nonpublic personal financial information under this section to a financial institution with which the licensee performs joint marketing, the licensee’s contractual agreement with that institution meets the requirements of Paragraph (1)(b) of this subsection if it prohibits the institution from disclosing or using the nonpublic personal financial information except as necessary to carry out the joint marketing or under an exception in Sections 16 or 17 in the ordinary course of business to carry out that joint marketing.

B. Service may include joint marketing. The services a nonaffiliated third party performs for a licensee under Subsection A of this section may include marketing of the licensee’s own products or services or marketing of financial products or services offered pursuant to joint agreements between the licensee and one or more financial institutions.

C. Definition of “joint agreement.” For purposes of this section, “joint agreement” means a written contract pursuant to which a licensee and one or more financial institutions jointly offer, endorse or sponsor a financial product or service.

Section 16. Exceptions to Notice and Opt Out Requirements for Disclosure of Nonpublic Personal Financial Information for Processing and Servicing Transactions

A. Exceptions for processing transactions at consumer’s request. The requirements for initial notice in Section 5A(2), the opt out in Sections 8 and 12, and service providers and joint marketing in Section 15 do not apply if the licensee discloses nonpublic personal financial information as necessary to effect, administer or enforce a transaction that a consumer requests or authorizes, or in connection with:

(1) Servicing or processing an insurance product or service that a consumer requests or authorizes;

(2) Maintaining or servicing the consumer’s account with a licensee, or with another entity as part of a private label credit card program or other extension of credit on behalf of such entity;

(3) A proposed or actual securitization, secondary market sale (including sales of servicing rights) or similar transaction related to a transaction of the consumer; or

(4) Reinsurance or stop loss or excess loss insurance.

B. “Necessary to effect, administer or enforce a transaction” means that the disclosure is:

(1) Required, or is one of the lawful or appropriate methods, to enforce the licensee’s rights or the rights of other persons engaged in carrying out the financial transaction or providing the product or service; or
(2) Required, or is a usual, appropriate or acceptable method:

(a) To carry out the transaction or the product or service business of which the transaction is a part, and record, service or maintain the consumer’s account in the ordinary course of providing the insurance product or service;

(b) To administer or service benefits or claims relating to the transaction or the product or service business of which it is a part;

(c) To provide a confirmation, statement or other record of the transaction, or information on the status or value of the insurance product or service to the consumer or the consumer’s agent or broker;

(d) To accrue or recognize incentives or bonuses associated with the transaction that are provided by a licensee or any other party;

(e) To underwrite insurance at the consumer’s request or for any of the following purposes as they relate to a consumer’s insurance: account administration, reporting, investigating or preventing fraud or material misrepresentation, processing premium payments, processing insurance claims, administering insurance benefits (including utilization review activities), participating in research projects or as otherwise required or specifically permitted by federal or state law; or

(f) In connection with:

(i) The authorization, settlement, billing, processing, clearing, transferring, reconciling or collection of amounts charged, debited or otherwise paid using a debit, credit or other payment card, check or account number, or by other payment means;

(ii) The transfer of receivables, accounts or interests therein; or

(iii) The audit of debit, credit or other payment information.

Section 17. Other Exceptions to Notice and Opt Out Requirements for Disclosure of Nonpublic Personal Financial Information

A. Exceptions to opt out requirements. The requirements for initial notice to consumers in Section 5A(2), the opt out in Sections 8 and 12, and service providers and joint marketing in Section 15 do not apply when a licensee discloses nonpublic personal financial information:

(1) With the consent or at the direction of the consumer, provided that the consumer has not revoked the consent or direction;

(2) (a) To protect the confidentiality or security of a licensee’s records pertaining to the consumer, service, product or transaction;

(b) To protect against or prevent actual or potential fraud or unauthorized transactions;

(c) For required institutional risk control or for resolving consumer disputes or inquiries;

(d) To persons holding a legal or beneficial interest relating to the consumer; or

(e) To persons acting in a fiduciary or representative capacity on behalf of the consumer;

(3) To provide information to insurance rate advisory organizations, guaranty funds or agencies, agencies that are rating a licensee, persons that are assessing the licensee’s compliance with industry standards, and the licensee’s attorneys, accountants and auditors;
(4) To the extent specifically permitted or required under other provisions of law and in accordance with the federal Right to Financial Privacy Act of 1978 (12 U.S.C. 3401 et seq.), to law enforcement agencies (including the Federal Reserve Board, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, Office of Thrift Supervision, National Credit Union Administration, the Securities and Exchange Commission, the Secretary of the Treasury, with respect to 31 U.S.C. Chapter 53, Subchapter II (Records and Reports on Monetary Instruments and Transactions) and 12 U.S.C. Chapter 21 (Financial Recordkeeping), a state insurance authority, and the Federal Trade Commission), self-regulatory organizations or for an investigation on a matter related to public safety;

(5) (a) To a consumer reporting agency in accordance with the federal Fair Credit Reporting Act (15 U.S.C. 1681 et seq.); or

(b) From a consumer report reported by a consumer reporting agency;

(6) In connection with a proposed or actual sale, merger, transfer or exchange of all or a portion of a business or operating unit if the disclosure of nonpublic personal financial information concerns solely consumers of the business or unit;

(7) (a) To comply with federal, state or local laws, rules and other applicable legal requirements;

(b) To comply with a properly authorized civil, criminal or regulatory investigation, or subpoena or summons by federal, state or local authorities; or

(c) To respond to judicial process or government regulatory authorities having jurisdiction over a licensee for examination, compliance or other purposes as authorized by law; or

(8) For purposes related to the replacement of a group benefit plan, a group health plan, a group welfare plan or a workers’ compensation plan.

B. Example of revocation of consent. A consumer may revoke consent by subsequently exercising the right to opt out of future disclosures of nonpublic personal information as permitted under Section 8F.

Drafting Note: Because the notice requirements of this regulation could be a financial burden on a company in liquidation or receivership and negatively impact the ability of the liquidator or receiver to pay claims, regulators may want to consider adding an additional exception providing that licensees in liquidation or receivership are not subject to the notice provisions of this regulation.
ARTICLE V. RULES FOR HEALTH INFORMATION

Section 18. When Authorization Required for Disclosure of Nonpublic Personal Health Information
A. A licensee shall not disclose nonpublic personal health information about a consumer or customer unless an authorization is obtained from the consumer or customer whose nonpublic personal health information is sought to be disclosed.
B. Nothing in this section shall prohibit, restrict or require an authorization for the disclosure of nonpublic personal health information by a licensee for the performance of the following insurance functions by or on behalf of the licensee: claims administration; claims adjustment and management; detection, investigation or reporting of actual or potential fraud, misrepresentation or criminal activity; underwriting; policy placement or issuance; loss control; ratemaking and guaranty fund functions; reinsurance and excess loss insurance; risk management; case management; disease management; quality assurance; quality improvement; performance evaluation; provider credentialing verification; utilization review; peer review activities; actuarial, scientific, medical or public policy research; grievance procedures; internal administration of compliance, managerial, and information systems; policyholder service functions; auditing; reporting; database security; administration of consumer disputes and inquiries; external accreditation standards; the replacement of a group benefit plan or workers compensation policy or program; activities in connection with a sale, merger, transfer or exchange of all or part of a business or operating unit; any activity that permits disclosure without authorization pursuant to the federal Health Insurance Portability and Accountability Act privacy rules promulgated by the U.S. Department of Health and Human Services; disclosure that is required, or is one of the lawful or appropriate methods, to enforce the licensee’s rights or the rights of other persons engaged in carrying out a transaction or providing a product or service that a consumer requests or authorizes; and any activity otherwise permitted by law, required pursuant to governmental reporting authority, or to comply with legal process. Additional insurance functions may be added with the approval of the commissioner to the extent they are necessary for appropriate performance of insurance functions and are fair and reasonable to the interest of consumers.

Section 19. Authorizations
A. A valid authorization to disclose nonpublic personal health information pursuant to this Article V shall be in written or electronic form and shall contain all of the following:
(1) The identity of the consumer or customer who is the subject of the nonpublic personal health information;
(2) A general description of the types of nonpublic personal health information to be disclosed;
(3) General descriptions of the parties to whom the licensee discloses nonpublic personal health information, the purpose of the disclosure and how the information will be used;
(4) The signature of the consumer or customer who is the subject of the nonpublic personal health information or the individual who is legally empowered to grant authority and the date signed; and
(5) Notice of the length of time for which the authorization is valid and that the consumer or customer may revoke the authorization at any time and the procedure for making a revocation.
B. An authorization for the purposes of this Article V shall specify a length of time for which the authorization shall remain valid, which in no event shall be for more than twenty-four (24) months.
C. A consumer or customer who is the subject of nonpublic personal health information may revoke an authorization provided pursuant to this Article V at any time, subject to the rights of an individual who acted in reliance on the authorization prior to notice of the revocation.
D. A licensee shall retain the authorization or a copy thereof in the record of the individual who is the subject of nonpublic personal health information.

**Section 20. Authorization Request Delivery**

A request for authorization and an authorization form may be delivered to a consumer or a customer as part of an opt-out notice pursuant to Section 11, provided that the request and the authorization form are clear and conspicuous. An authorization form is not required to be delivered to the consumer or customer or included in any other notices unless the licensee intends to disclose protected health information pursuant to Section 18A.

**Section 21. Relationship to Federal Rules**

Irrespective of whether a licensee is subject to the federal Health Insurance Portability and Accountability Act privacy rule as promulgated by the U.S. Department of Health and Human Services [insert cite] (the “federal rule”), if a licensee complies with all requirements of the federal rule except for its effective date provision, the licensee shall not be subject to the provisions of this Article V.

**Drafting Note:** The drafters note that the effective date of this regulation is July 1, 2001. The HHS regulation is anticipated to be promulgated in late 2000, thereby becoming effective in late 2002. As of July 1, 2001, if the licensee is in compliance with all requirements of the HHS regulation except its effective date provision, the licensee is not subject to the provisions of this article. If the licensee comes into compliance with the HHS regulation after that date, the licensee is no longer subject to the provisions of this article as of the date the licensee comes into compliance with the HHS regulation.

**Section 22. Relationship to State Laws**

Nothing in this article shall preempt or supercede existing state law related to medical records, health or insurance information privacy.
ARTICLE VI. ADDITIONAL PROVISIONS

Section 23. Protection of Fair Credit Reporting Act

Nothing in this regulation shall be construed to modify, limit or supersede the operation of the federal Fair Credit Reporting Act (15 U.S.C. 1681 et seq.), and no inference shall be drawn on the basis of the provisions of this regulation regarding whether information is transaction or experience information under Section 603 of that Act.

Section 24. Nondiscrimination

A. A licensee shall not unfairly discriminate against any consumer or customer because that consumer or customer has opted out from the disclosure of his or her nonpublic personal financial information pursuant to the provisions of this regulation.

B. A licensee shall not unfairly discriminate against a consumer or customer because that consumer or customer has not granted authorization for the disclosure of his or her nonpublic personal health information pursuant to the provisions of this regulation.

Section 25. Violation

Drafting Note: Cite state unfair trade practices act or other applicable state law.

Section 26. Severability

If any section or portion of a section of this regulation or its applicability to any person or circumstance is held invalid by a court, the remainder of the regulation or the applicability of the provision to other persons or circumstances shall not be affected.

Section 27. Effective Date

A. Effective date. This regulation is effective November 13, 2000. In order to provide sufficient time for licensees to establish policies and systems to comply with the requirements of this regulation, the commissioner has extended the time for compliance with this regulation until July 1, 2001.

B. (1) Notice requirement for consumers who are the licensee’s customers on the compliance date. By July 1, 2001, a licensee shall provide an initial notice, as required by Section 5, to consumers who are the licensee’s customers on July 1, 2001.

(2) Example. A licensee provides an initial notice to consumers who are its customers on July 1, 2001, if, by that date, the licensee has established a system for providing an initial notice to all new customers and has mailed the initial notice to all the licensee’s existing customers.

C. Two-year grandfathering of service agreements. Until July 1, 2002, a contract that a licensee has entered into with a nonaffiliated third party to perform services for the licensee or functions on the licensee’s behalf satisfies the provisions of Section 15A(1)(b) of this regulation, even if the contract does not include a requirement that the third party maintain the confidentiality of nonpublic personal information, as long as the licensee entered into the agreement on or before July 1, 2000.
APPENDIX A – SAMPLE CLAUSES

Licensees, including a group of financial holding company affiliates that use a common privacy notice, may use the following sample clauses, if the clause is accurate for each institution that uses the notice. (Note that disclosure of certain information, such as assets, income and information from a consumer reporting agency, may give rise to obligations under the federal Fair Credit Reporting Act, such as a requirement to permit a consumer to opt out of disclosures to affiliates or designation as a consumer reporting agency if disclosures are made to nonaffiliated third parties.)

A-1–Categories of information a licensee collects (all institutions)

A licensee may use this clause, as applicable, to meet the requirement of Section 7A(1) to describe the categories of nonpublic personal information the licensee collects.

Sample Clause A-1:

We collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications or other forms;
- Information about your transactions with us, our affiliates or others; and
- Information we receive from a consumer reporting agency.

Drafting Note: The safe harbor of compliance for use of sample clause A-1 expires on July 1, 2019.

A-2–Categories of information a licensee discloses (institutions that disclose outside of the exceptions)

A licensee may use one of these clauses, as applicable, to meet the requirement of Section 7A(2) to describe the categories of nonpublic personal information the licensee discloses. The licensee may use these clauses if it discloses nonpublic personal information other than as permitted by the exceptions in Sections 15, 16 and 17.

Sample Clause A-2, Alternative 1:

We may disclose the following kinds of nonpublic personal information about you:

- Information we receive from you on applications or other forms, such as [provide illustrative examples, such as “your name, address, social security number, assets, income, and beneficiaries”];
- Information about your transactions with us, our affiliates or others, such as [provide illustrative examples, such as “your policy coverage, premiums, and payment history”]; and
- Information we receive from a consumer reporting agency, such as [provide illustrative examples, such as “your creditworthiness and credit history”].

Drafting Note: The safe harbor of compliance for use of sample clause A-2, Alternative 1 expires on July 1, 2019.

Sample Clause A-2, Alternative 2:

We may disclose all of the information that we collect, as described [describe location in the notice, such as “above” or “below”].

Drafting Note: The safe harbor of compliance for use of sample clause A-2, Alternative 2 expires on July 1, 2019.

A-3–Categories of information a licensee discloses and parties to whom the licensee discloses (institutions that do not disclose outside of the exceptions)

A licensee may use this clause, as applicable, to meet the requirements of Sections 7A(2), (3), and (4) to describe the categories of nonpublic personal information about customers and former customers that the licensee discloses and the categories of affiliates and nonaffiliated third parties to whom the licensee discloses. A licensee may use this clause if the licensee does not disclose nonpublic personal information to any party, other than as permitted by the exceptions in Sections 16 and 17.
Sample Clause A-3:

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law.

Drafting Note: The safe harbor of compliance for use of sample clause A-3 expires on July 1, 2019.

A-4–Categories of parties to whom a licensee discloses (institutions that disclose outside of the exceptions)
A licensee may use this clause, as applicable, to meet the requirement of Section 7A(3) to describe the categories of affiliates and nonaffiliated third parties to whom the licensee discloses nonpublic personal information. This clause may be used if the licensee discloses nonpublic personal information other than as permitted by the exceptions in Sections 15, 16 and 17, as well as when permitted by the exceptions in Sections 16 and 17.

Sample Clause A-4:

We may disclose nonpublic personal information about you to the following types of third parties:

• Financial service providers, such as [provide illustrative examples, such as “life insurers, automobile insurers, mortgage bankers, securities broker-dealers, and insurance agents”];

• Non-financial companies, such as [provide illustrative examples, such as “retailers, direct marketers, airlines, and publishers”]; and

• Others, such as [provide illustrative examples, such as “non-profit organizations”].

We may also disclose nonpublic personal information about you to nonaffiliated third parties as permitted by law.

Drafting Note: The safe harbor of compliance for use of sample clause A-4 expires on July 1, 2019.

A-5–Service provider/joint marketing exception
A licensee may use one of these clauses, as applicable, to meet the requirements of Section 7A(5) related to the exception for service providers and joint marketers in Section 15. If a licensee discloses nonpublic personal information under this exception, the licensee shall describe the categories of nonpublic personal information the licensee discloses and the categories of third parties with which the licensee has contracted.

Sample Clause A-5, Alternative 1:

We may disclose the following information to companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements:

• Information we receive from you on applications or other forms, such as [provide illustrative examples, such as “your name, address, social security number, assets, income, and beneficiaries”];

• Information about your transactions with us, our affiliates or others, such as [provide illustrative examples, such as “your policy coverage, premium, and payment history”]; and

• Information we receive from a consumer reporting agency, such as [provide illustrative examples, such as “your creditworthiness and credit history”].

Drafting Note: The safe harbor of compliance for use of sample clause A-5, Alternative 1 expires on July 1, 2019.

Sample Clause A-5, Alternative 2:

We may disclose all of the information we collect, as described [describe location in the notice, such as “above” or “below”] to companies that perform marketing services on our behalf or to other financial institutions with whom we have joint marketing agreements.

Drafting Note: The safe harbor of compliance for use of sample clause A-5, Alternative 2 expires on July 1, 2019.

A-6–Explanation of opt out right (institutions that disclose outside of the exceptions)
A licensee may use this clause, as applicable, to meet the requirement of Section 7A(6) to provide an explanation of the consumer’s right to opt out of the disclosure of nonpublic personal information to nonaffiliated third parties, including the method(s) by which the consumer may exercise that right. The licensee may use this clause if the licensee discloses nonpublic personal information other than as permitted by the exceptions in Sections 15, 16 and 17.

Sample Clause A-6:

If you prefer that we not disclose nonpublic personal information about you to nonaffiliated third parties, you may opt out of those disclosures, that is, you may direct us not to make those disclosures (other than disclosures permitted by law). If you wish to opt out of disclosures to nonaffiliated third parties, you may [describe a reasonable means of opting out, such as “call the following toll-free number: (insert number)].

Drafting Note: The safe harbor of compliance for use of sample clause A-6 expires on July 1, 2019.

A-7–Confidentiality and security (all institutions)
A licensee may use this clause, as applicable, to meet the requirement of Section 7A(8) to describe its policies and practices with respect to protecting the confidentiality and security of nonpublic personal information.

Sample Clause A-7:

We restrict access to nonpublic personal information about you to [provide an appropriate description, such as “those employees who need to know that information to provide products or services to you”]. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Drafting Note: The safe harbor of compliance for use of sample clause A-7 expires on July 1, 2019.
APPENDIX B – FEDERAL MODEL PRIVACY FORM

Licensees, including a group of financial holding company affiliates that use a common privacy notice, may use the Federal Model Privacy Form, if the Form is accurate for each institution that uses the Form. (Note that disclosure of certain information, such as assets, income and information from a consumer reporting agency, may give rise to obligations under the federal Fair Credit Reporting Act, such as a requirement to permit a consumer to opt of disclosures to affiliates or designation as a consumer reporting agency if disclosures are made to nonaffiliated third parties.)

A. General Instructions

1. How the Model Privacy Form is used.

   (a) The Model Form may be used, at the option of a “licensee”), including a group of licensees or other financial institutions that use a common privacy notice, to meet the content requirements of the privacy notice and opt-out notice set forth in [insert citation for sections of statute or regulation sections that parallel Sections 7 and 8 of the NAIC Privacy of Consumer Financial and Health Information Regulation].

   (b) The Model Form is a standardized form, including page layout, content, format, style, pagination, and shading. Licensees seeking to obtain the safe harbor through use of the Model Form may modify it only as described in these Instructions.

   (c) Note that disclosure of certain information, such as assets, income, and information from a consumer reporting agency, may give rise to obligations under the federal Fair Credit Reporting Act (FCRA), codified at 15 U.S.C. §§ 1681-1681x, such as a requirement to permit a consumer to opt out of disclosures to affiliates, or designation as a consumer reporting agency if disclosures are made to nonaffiliated third parties.

   (d) The word “customer” may be replaced by the word “member,” whenever it appears in the Model Form, as appropriate.

2. The Contents of the Model Privacy Form

The Model Form consists of two pages, which may be printed on both sides of a single sheet of paper or may appear on two separate pages. Where a licensee provides a long list of licensees or financial institutions at the end of the Model Form in accordance with Instruction B3(a)(i), or provides additional information in accordance with Instruction B3(c) and such list or additional information exceeds the space available on Page Two of the Model Form, such list or additional information may extend to a third page.

(a) Page One. The first page consists of the following components:

   (1) Date last revised (upper right-hand corner)
   (2) Title
   (3) Key frame (Why? What? How?)
   (4) Disclosure table (“Reasons we can share your personal information”) (5) “To limit our sharing” box, as needed, for the licensee’s opt-out information
   (6) “Questions” box, for customer service contact information
   (7) Mail-in opt-out form, as needed

(b) Page Two. The second page consists of the following components:

   (1) Heading (Page 2)
   (2) Frequently Asked Questions (“Who we are” and “What we do”)
   (3) Definitions
   (4) “Other important information” box, as needed

3. The Format of the Model Privacy Form.
The format of the Model Form may be modified only as described below.

(a) **Easily readable type font.** Licensees that use the Model Form must use an easily readable type font. While a number of factors together produce easily readable font, licensees are required to use a minimum of 10-point font (unless otherwise expressly permitted in these Instructions) and sufficient spacing between lines.

(b) **Logo.** A licensee may include a corporate logo on any page of the notice, so long as it does not interfere with the readability of the Model Form or the space constraints of each page.

(c) **Page size and orientation.** Each page of the Model Form must be printed in portrait orientation, the size of which must be sufficient to meet the layout and minimum font size requirements, with sufficient white space on the top, bottom, and sides of the content.

(d) **Color.** The Model Form must be printed on white or light color paper (such as cream) with black or other contrasting ink color. Spot color may be used to achieve visual interest, so long as the color contrast is distinctive and the color does not detract from the readability of the Model Form. Logos may also be printed in color.

(e) **Languages.** The Model Form may be translated into languages other than English.

B. **Information Required in the Model Privacy Form**

The information in the Model Form may be modified only as described below:

1. **Name of licensee or group of affiliated licensees or institutions providing the notice**

   Insert the name of the licensee providing the notice, or a common identity of the affiliated licensees or financial institutions jointly providing the notice on the form, wherever [name of licensee] appears.

2. **Page One**

   (a) **Last revised date.** The licensee must insert in the upper right-hand corner the date on which the notice was last revised. The information shall appear in minimum 8-point font as “rev. [month/year]” using either the name or number of the month, such as “rev. July 2016” or “rev. 7/16.”

   (b) **General instructions for the “What?” box**

      (i) The bulleted list identifies the types of personal information that the licensee collects and shares. All licensees must use the term “Social Security number” in the first bullet.

      (ii) A licensee must use five (5) of the following terms, to complete the bulleted list: income; account balances; payment history; transaction history; transaction or loss history; credit history; credit scores; assets; investment experience; credit-based insurance scores; insurance claim history; medical information; overdraft history; purchase history; account transactions; risk tolerance; medical-related debts; credit card or other debt; mortgage rates and payments; retirement assets; checking account information; employment information; wire transfer instructions.

   (c) **General instructions for the disclosure table.** The left column lists reasons for sharing or using personal information. Each reason correlates to a specific legal provision described in Paragraph 2(d) of this Instruction. In the middle column, each licensee must provide a “Yes” or “No” response that accurately reflects its information-sharing policies and practices with respect to the reason listed on the left. In the right column, each licensee must provide in each box one of the following three (3) responses, as applicable, that reflects whether a consumer can limit
such sharing:

“Yes,” if it is required to or voluntarily provides an opt-out; “No,” if it does not provide an opt-out; or

“We don’t share,” if it answers “No” in the middle column.

Only the sixth row (“For our affiliates to market to you”) may be omitted at the option of the licensee. See Paragraph 2(d)(6) of this instruction.

(d) Specific disclosures and corresponding legal provisions

(i) For our everyday business purposes. This reason incorporates sharing information under [insert citation for sections of statute or regulation sections that parallel Sections 16 and 17 of NAIC model Privacy of Consumer Financial and Health Regulation] and with service providers pursuant to [insert citation for section of statute or regulation that parallels Section 15 of NAIC Privacy of Consumer Financial and Health Regulation] other than the disclosures described in Paragraphs 2(d)(ii) or 2(d)(iii) of this instruction.

(ii) For our marketing purposes. This reason incorporates sharing information with service providers by a licensee for its own marketing pursuant to [insert citation for section of statute or regulation that parallels Section 15 of NAIC Privacy of Consumer Financial and Health Regulation]. A licensee that shares for this reason may choose to provide an opt-out.

(iii) For joint marketing with other financial companies. This reason incorporates sharing information under joint marketing agreements between 2 or more licensees or financial institutions and with any service provider used in conjunction with such agreement pursuant to [insert citation for section of statute or regulation that parallels Section 15 of NAIC Privacy of Consumer Financial and Health Regulation]. A licensee that shares for this reason may choose to provide an opt-out.

(iv) For our affiliates’ everyday business purposes – information about transactions and experiences. This reason incorporates sharing information specified in Sections 603(d)(2)(A)(i) and (ii) of the FCRA. A licensee that shares information for this reason may choose to provide an opt-out.

(v) For our affiliates’ everyday business purposes – information about creditworthiness. This reason incorporates sharing information pursuant to Section 603(d)(2)(A)(iii) of the FCRA. A licensee that shares information for this reason must provide an opt-out.

(vi) For our affiliates to market to you. This reason incorporates sharing information specified in Section 624 of the FCRA. This reason may be omitted from the disclosure table when: the licensee does not have affiliates (or does not disclose personal information to its affiliates); the licensee’s affiliates do not use personal information in a manner that requires an opt-out; or the licensee provides the affiliate marketing notice separately. Licensees that include this reason must provide an opt-out of indefinite duration. A licensee that is required to provide an affiliate marketing opt-out, but does not include that opt-out in the model form under this part, must comply with section 624 of the FCRA and [insert citation for statute or regulation that parallels NAIC Privacy of Consumer Financial and Health Information Regulation], with respect to the initial notice and opt-out and any subsequent renewal notice and opt-out. A licensee not required to provide an opt-out under this subparagraph may elect to include this reason in the model form.
(vii) For nonaffiliates to market to you. This reason incorporates sharing described in [insert citation for sections of statute or regulation sections that parallel Sections 8 and 12(A) of NAIC Privacy of Consumer Financial and Health Information Regulation]. A licensee that shares personal information for this reason must provide an opt-out.

(e) To limit our sharing. A licensee must include this section of the Model Form only if it provides an opt-out. The word “choice” may be written in either the singular or plural, as appropriate. Licensees must select one or more of the applicable opt-out methods described: telephone, such as by a toll-free number; a web site; or use of a mail-in opt-out form. Licensees may include the word “toll-free” before telephone, as appropriate. A licensee that allows consumers to opt out online must provide either a specific web address that takes consumers directly to the opt-out page or a general web address that provides a clear and conspicuous direct link to the opt-out page. The opt-out choices made available to the consumer who contacts the licensee through these methods must correspond accurately to the “Yes” responses in the third column of the disclosure table. In the part entitled “Please note,” licensees may insert a number that is 30 days or greater in the space marked “[30].” Instructions on voluntary or state privacy law opt-out information are in Paragraph 2(g)(v) of these Instructions.

(f) Questions box. Customer service contact information must be inserted as appropriate where [phone number] or [web site] appear. Licensees may elect to provide either a phone number, such as a toll-free number, or a web address, or both. Licensees may include the words “toll-free” before the telephone number, as appropriate.

(g) Mail-in opt-out form. Licensees must include this mail-in form only if they state in the “To limit our sharing” box that consumers can opt out by mail. The mail-in form must provide opt-out options that correspond accurately to the “Yes” responses in the third column of the disclosure table. Licensees that require consumers to provide only name and address may omit the section identified as “[account #].” Licensees that require additional or different information, such as a random opt-out number or a truncated account number to implement an opt-out election should modify the “[account #]” reference accordingly. This includes licensees that require customers with multiple accounts to identify each account to which the opt-out should apply. A licensee must enter its opt-out mailing address in the far right of this form (see version 3); or below the form (see version 4). The reverse side of the mail-in opt-out form must not include any content of the model form.

(i) Joint accountholder. Only licensees that provide their joint accountholders the choice to opt out for only one accountholder, in accordance with Paragraph 3(a)(5) of these Instructions, must include in the far left column of the mail-in form the following statement:

If you have a joint account, your choice(s) will apply to everyone on your account unless you mark below.

❑ Apply my choice(s) only to me.

The word “choice” may be written in either the singular or plural, as appropriate. Licensees that provide insurance products or services, provide this option, and elect to use the model form may substitute the word “policy” for “account” in this statement. Licensees that do not provide this option may eliminate this left column from the mail-in form.

(ii) FCRA Section 603(d)(2)(A)(iii) opt-out. If the licensee shares personal information pursuant to Section 603(d)(2)(A)(iii) of the FCRA, it must include in the mail-in opt-out form the following statement:

❑ Do not share information about my creditworthiness with your affiliates for their everyday business purposes.
(iii) FCRA Section 624 opt-out. If the licensee uses Section of the FCRA, in accord with paragraph 2(d)(6) of these Instructions, it must include in the mail-in opt-out form the following statement:

☐ Do not allow your affiliates to use my personal information to market to me.

(iv) Nonaffiliate opt-out. If the licensee shares personal information pursuant to [insert citation for section of statute or regulation that parallels Section 12(A) of NAIC Privacy of Consumer Financial and Health Information Regulation], it must include in the mail-in opt-out form the following statement:

☐ Do not share my personal information with nonaffiliates to market their products and services to me.

(v) Additional opt-outs. Licensees that use the disclosure table to provide opt-out options beyond those required by Federal law must provide those opt-outs in this section of the Model Form. A licensee that chooses to offer an opt-out for its own marketing in the mail-in opt-out form must include one of the two following statements:

☐ Do not share my personal information to market to me, or

☐ Do not use my personal information to market to me.

A licensee that chooses to offer an opt-out for joint marketing must include the following statement:

☐ Do not share my personal information with other financial institutions to jointly market to me.

(h) Barcodes. A licensee may elect to include a barcode and/or “tagline” (an internal identifier) in 6-point type at the bottom of page one, as needed for information internal to the licensee, so long as these do not interfere with the clarity or text of the form.

3. Page Two

(a) General Instructions for the Questions. Certain Questions on the Model Form may be customized as follows:

(i) “Who is providing this notice?” This question may be omitted where only one licensee provides the Model Form and that licensee is clearly identified in the title on Page One. Two or more licensees or financial institutions that jointly provide the Model Form must use this question to identify themselves as required by [insert citation for section of statute or regulation that parallels Section 11(F) of NAIC model Privacy of Consumer Financial and Health Information Regulation]. Where the list of licensees or financial institutions exceeds four (4) lines, the licensee must describe in the response to this question the general types of licensees or financial institutions jointly providing the notice and must separately identify those licensees or financial institutions, in minimum 8-point font, directly following the “Other important information” box, or, if that box is not included in the licensee’s form, directly following the “Definitions.” The list may appear in a multi-column format.

(ii) “How does [name of licensee] protect my personal information?” The licensee may only provide additional information pertaining to its safeguards practices following the designated response to this question. Such information may include information about the licensee’s use of cookies or other measures it uses to safeguard personal information. Licensees are limited to a maximum of 30 additional words.
(iii) "How does [name of licensee] collect my personal information?" Licensees must use five (5) of the following terms to complete the bulleted list for this question: open an account; deposit money; pay your bills; apply for a loan; use your credit or debit card; seek financial or tax advice; apply for insurance; pay insurance premiums; file an insurance claim; seek advice about your investments; buy securities from us; sell securities to us; direct us to buy securities; direct us to sell your securities; make deposits or withdrawals from your account; enter into an investment advisory contract; give us your income information; provide employment information; give us your employment history; tell us about your investment or retirement portfolio; tell us about your investment or retirement earnings; apply for financing; apply for a lease; provide account information; give us your contact information; pay us by check; give us your wage statements; provide your mortgage information; make a wire transfer; tell us who receives the money; tell us where to send the money; show your government-issued ID; show your driver's license; order a commodity futures or option trade.

Licensees that collect personal information from their affiliates and/or credit bureaus must include the following statement after the bulleted list: “We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.” Licensees that do not collect personal information from their affiliates or credit bureaus but do collect information from other companies must include the following statement instead: “We also collect your personal information from other companies.” Only licensees that do not collect any personal information from affiliates, credit bureaus, or other companies can omit both statements.

(iv) "Why can’t I limit all sharing?" Licensees that describe state privacy law provisions in the “Other important information” box must use the bracketed sentence: “See below for more on your rights under state law.” Other licensees must omit this sentence.

(v) "What happens when I limit sharing for an account I hold jointly with someone else?" Only licensees that provide opt-out options must use this question. Other licensees must omit this question. Licensees must choose one of the following two statements to respond to this question: “Your choices will apply to everyone on your account.” or “Your choices will apply to everyone on your account—unless you tell us otherwise.” Licensees may substitute the word “policy” for “account” in these statements.

(b) General Instructions for the Definitions. The licensee must customize the space below the responses to the three definitions in this section. This specific information must be in italicized lettering to set off the information from the standardized definitions.

(i) Affiliates. As required by [insert citation for section of statute or regulation that parallels Section 7(A)(3) of NAIC Privacy of Consumer Financial and Health Information Regulation], where [affiliate information] appears, the licensee must:

(a) If it has no affiliates, state: “[name of licensee] has no affiliates“;

(b) If it has affiliates but does not share personal information with them, state: “[name of licensee] does not share with our affiliates”; or

(c) If it shares with its affiliates, state, as applicable: “Our affiliates include companies with a [common corporate identity of licensee] name; financial companies such as [insert illustrative list of companies]; nonfinancial companies, such as [insert illustrative list of companies]; and others, such as [insert illustrative list]."
(ii) Nonaffiliates. As required by [insert citation for section of statute or regulation that parallels Section 7(C)(3) of NAIC Privacy of Consumer Financial and Health Information Regulation], where [nonaffiliate information] appears, the licensee must:

(a) If it does not share with nonaffiliated third parties, state: “[name of licensee] does not share with nonaffiliates so they can market to you”; or

(b) If it shares with nonaffiliated third parties, state, as applicable: “Nonaffiliates we share with can include [list categories of companies such as mortgage companies, insurance companies, direct marketing companies, and nonprofit organizations].”

(iii) Joint Marketing. As required by [insert citation for section of statute or regulation that parallels Section 15 of NAIC Privacy of Consumer Financial and Health Information Regulation], where [joint marketing] appears, the licensee must:

(a) If it does not engage in joint marketing, state: “[name of licensee] doesn’t jointly market”; or

(b) If it shares personal information for joint marketing, state, as applicable: “Our joint marketing partners include [list categories of companies such as credit card companies].”

(c) General instructions for the “Other important information” box. This box is optional. The space provided for information in this box is not limited, and an additional page may be used if necessary. Only the following types of information can appear in this box:

(i) State and/or international privacy law information; and/or

(ii) A form by which the consumer may acknowledge receipt of the notice.

Chronological Summary of Actions (all references are to the Proceedings of the NAIC)

2000 Proc. 3rd Quarter 7, 10, 14-36, 904 (adopted).
PROJECT HISTORY

PRIVACY OF CONSUMER FINANCIAL AND HEALTH INFORMATION REGULATION (#672)

1. Description of the Project, Issues Addressed, etc.

This project was to: 1) review the Privacy of Consumer Financial and Health Information Regulation (#672) to determine what, if any, changes should be made to the model regulation to be more consistent with the amendments to Regulation P (Privacy of Consumer Financial Information), which create an alternative electronic delivery option of privacy notices by financial institutions to consumers; and 2) review the sample privacy notices of Model #672, which provide a safe harbor of compliance with state privacy notice requirements, to determine what, if any, changes should be made to the sample privacy notices to be more consistent with the privacy model notice form issued by federal regulatory agencies for use by financial institutions as a safe harbor of compliance with the privacy notification requirements of the federal Gramm-Leach-Bliley Act (GLBA).

2. Name of Group Responsible for Drafting the Model and States Participating

The Privacy Disclosures (D) Working Group was responsible for reviewing all pertinent documents and determining if any changes to Model #672 were needed. The states participating were Washington (chair), Colorado (vice chair), California, Connecticut, Maine, Maryland, Massachusetts, Missouri, Ohio, Oklahoma, Pennsylvania, Vermont, Virginia and West Virginia.

3. Project Authorized by What Charge and Date First Given to the Group

When this Working Group was created in 2015, this project was authorized by the following charges: “Review the Privacy of Consumer Financial and Health Information Regulation (#672) to determine what, if any, changes should be made to the model regulation to be more consistent with the amendments to Regulation P (Privacy of Consumer Financial Information), which create an alternative electronic delivery option of privacy notices by financial institutions to consumers, and to review the sample privacy notices of the Privacy of Consumer Financial and Health Information Regulation (#672), which provide a safe harbor of compliance with state privacy notice requirements, to determine what, if any, changes should be made to the sample privacy notices to be more consistent with the privacy model notice form issued by federal regulatory agencies for use by financial institutions as a safe harbor of compliance with the privacy notification requirements of the federal Gramm-Leach-Bliley Act.”

4. A General Description of the Drafting Process (e.g., drafted by a subgroup, interested parties, the full group, etc.). Include any parties outside the members that participated.

After soliciting input from regulators, industry and consumer subject matter experts, NAIC staff worked with the Working Group chair to draft proposed revisions to Model #672.

5. A General Description of the Due Process (e.g., exposure periods, public hearings or any other means by which widespread input from industry, consumers and legislators was solicited)

Background
The issue of privacy disclosures and the development of disclosures had been discussed by various working groups at the NAIC since 2004. The following process describes the discussion, which has occurred since 2015 when the Privacy Disclosures (D) Working Group was given its charges.

August 2015 (NAIC 2015 Summer National Meeting)
The Working Group chair provided a briefing on past activities. The Working Group discussed the electronic delivery of privacy notices and the sample privacy notices in Model #672.

November 2015 (NAIC 2015 Fall National Meeting)
Brenda J. Cude (University of Georgia) and Sonja Larkin-Thorne (Consumer Advocate) gave a presentation and recommended: 1) the NAIC GLBA Notices Bulletin, adopted by the NAIC in 2010, be archived; 2) the sample privacy notices in Model #672 be sunset and replaced with the federal model privacy form; and 3) establish electronic delivery of privacy notices as the default delivery method when no delivery method is selected by a
consumer. Industry comments on the consumer recommendations were made by Robbie Meyer (American Council of Life Insurers—ACLI).

April 2016 (NAIC 2016 Spring National Meeting)
Following a 30-day exposure period of proposed revisions to Model #672, the Working Group discussed comments received from industry, insurance regulators and consumer representatives. In response to the federal Fixing America’s Surface Transportation Act (FAST Act), which was enacted into law on Dec. 4, 2015, the proposed revisions to Model #672 included amendments to Section 6 to eliminate the requirement for financial institutions to provide annual privacy notices if certain conditions are met. This was done to be consistent with the FAST Act, which included an amendment to the GLBA to eliminate the requirements for financial institutions to provide annual privacy notices if certain conditions were met.

The Working Group adopted revisions to Section 6 of Model #672 at this meeting. At the same time, the Working Group adopted an NAIC Model Bulletin to address the FAST Act amendments to the GLBA annual privacy notice requirements. This bulletin was adopted for potential issuance by a state to clarify that a “licensee” subject to the GLBA annual privacy notice requirements is no longer required to provide an annual privacy notice if certain conditions are met.

The Market Regulation and Consumer Affairs (D) Committee adopted the bulletin at this national meeting. The Market Regulation and Consumer (D) Committee did not adopt the revisions to Section 6 of Model #672 since the Working Group was continuing to make further revisions to the model.

August 2016 (Open Conference Call)
The Working Group discussed the process for the NAIC Executive (EX) Committee and Plenary to adopt the NAIC GLBA Privacy Notices Bulletin during the NAIC Summer National Meeting. The Working Group decided to continue meeting in a series of conference calls going forward rather than meeting at national meetings.

September and October 2016 (Open Conference Calls)
The Working Group discussed revisions to Model #672, which would replace the sample privacy notices in Model #672 with the federal model privacy form.

November 2016 (Open Conference Call)
After a 30-day exposure period, the Working Group had an extended period of negotiating and wordsmithing between regulators, industry and consumer representatives during the November call.

The Working Group adopted revisions to replace the sample privacy notices, which provide a safe harbor of compliance with the privacy notice content requirements, with the Federal Model Privacy Form. The federal model privacy form was issued by federal regulatory agencies for use by financial institutions, such as banks and security investment companies, as a safe harbor of compliance with the privacy notification requirements of GLBA. As part of this adoption, the Working Group added Appendix B, which provides instructions on the use of the federal model privacy form.

December 2016 (NAIC 2016 Fall National Meeting)
During the 2016 Fall National Meeting, the Market Regulation and Consumer Affairs (D) Committee adopted the revisions to Model 672.

6. A Discussion of the Significant Issues (items of some controversy raised during the due process and the group’s response)
The revisions accomplish the following:

- Eliminate the requirement for financial institutions to provide annual privacy notices if certain conditions are met.
- Sunset the safe harbor of compliance with the privacy notice content requirements for the existing sample privacy notice clauses 18 months from Jan. 1, 2018 (by July 1, 2019).
- Create a new safe harbor of compliance with the privacy notice content requirements by replacing the existing sample privacy notice clauses with the federal model privacy form.
- Allow additional variations of the federal model privacy form, but without an explicit safe harbor of compliance.
Items of some controversy were whether to sunset the use of the sample clauses in the model as a safe harbor; whether to require and sunset as a safe harbor the use of the federal model privacy form; and the amount of transition time for the revisions to the model to become effective. Also of some controversy was the lack of uniformity, specifically the different versions of the model in effect in states.

7. Any Other Important Information (e.g., amending an accreditation standard)

None.
Report of
Financial Condition (E) Committee

The Financial Condition (E) Committee met April 10, 2017. During this meeting, the Committee:

1. Adopted its 2016 Fall National Meeting minutes.

2. Adopted its March 1 minutes, which included adoption of a proposed membership for the Valuation Analysis (E) Working Group.

3. Adopted the reports of the following task forces and working groups: Accounting Practices and Procedures (E) Task Force; Capital Adequacy (E) Task Force; Examination Oversight (E) Task Force; Receivership and Insolvency (E) Task Force; Reinsurance (E) Task Force; Risk Retention Group (E) Task Force; Valuation of Securities (E) Task Force; Group Solvency Issues (E) Working Group; Mortgage Guaranty Insurance (E) Working Group; National Treatment and Coordination (E) Working Group; Risk-Focused Surveillance (E) Working Group; and Variable Annuities Issues (E) Working Group.

4. Received and discussed a summary of recommendations to the Financial Condition (E) Committee from the 2016 Workers’ Compensation Large Deductible Study.

5. Adopted proposed editorial changes to the Charges of the Valuation Analysis (E) Working Group.

Note: Items adopted within the Financial Condition (E) Committee’s task force and working group reports that are considered technical, non-controversial and not significant by NAIC standards (i.e., they do not include model laws, model regulations, model guidelines or items considered to be controversial) will be considered for adoption by the Executive (EX) Committee and Plenary through the Financial Condition (E) Committee’s technical changes report process. Pursuant to this process, which was adopted by the NAIC in 2009, a listing of the various technical changes will be sent to the NAIC members shortly after completion of the Summer National Meeting, and the members will have 10 days to comment with respect to those items. If no objections are received with respect to a particular item, the technical changes will be considered adopted by the NAIC membership and effective immediately.
Introduction

The Financial Regulation Standards and Accreditation (F) Committee met April 7, 2017. The meeting was held in a regulator-to-regulator session pursuant to paragraph 7 (consideration of individual state insurance department’s compliance with NAIC financial regulation standards) of the NAIC Policy Statement on Open Meetings. During this meeting, the Committee discussed state-specific accreditation issues and voted to award continued accreditation to the insurance departments of Iowa, Nevada, and Puerto Rico.

The Financial Regulation Standards and Accreditation (F) Committee met April 8, 2017. During this meeting, the Committee:

1. Adopted its 2016 Fall National Meeting minutes.
2. Adopted immediately by reference revisions made during 2016 to NAIC publications that are required for accreditation purposes (e.g., the Accounting Practices and Procedures Manual) that were deemed insignificant.
3. Discussed the 2016 revisions to the Life and Health Insurance Guaranty Association Model Act (#520), noting that the Part A: Laws and Regulations Accreditation Standards only require a regulatory framework and not specific elements within Model #520. Therefore, the 2016 revisions are considered acceptable but not required by an insurance department to maintain compliance with the accreditation standards.
4. Discussed the Corporate Governance Annual Disclosure Model Act (#305) and the Corporate Governance Annual Disclosure Model Regulation (#306) as possible additions to the accreditation standards and considered the comment letters received. The Committee plans to vote on this item at the 2017 Summer National Meeting.
5. Discussed the 2014 revisions to the Annual Financial Reporting Model Regulation (#205) as a possible addition to the accreditation standards and considered the comment letters received. The Committee plans to vote on this item at the 2017 Summer National Meeting.
6. Discussed the 2014 revisions to the Insurance Holding Company System Regulatory Act (#440) as a possible addition to the accreditation standards and considered the comment letters received. The Committee plans to vote on this item, including determining which jurisdictions should be required to comply with Model #440, at the 2017 Summer National Meeting.
8. Exposed the recommendation from the Reinsurance (E) Task Force to adopt the Term and Universal Life Insurance Reserve Financing Model Regulation (#787) and the 2016 revisions to the Credit for Reinsurance Model Law (#785) as accreditation requirements for a 30-day public comment period and adopted a recommendation to waive the normal timeline for adoption of these models as an accreditation standard. Model #787 and revised Model #785 would replace Actuarial Guideline XLVIII—Actuarial Opinion and Memorandum Requirements for the Reinsurance of Policies Required to be Valued under Sections 6 and 7 of the NAIC Valuation of Life Insurance Policies Model Regulation (AG 48) and establish requirements regarding the reinsurance of XXX/AXXX policies.

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Report of the
International Insurance Relations (G) Committee

The International Insurance Relations (G) Committee met April 8, 2017. During this meeting, the Committee:

1. Adopted its March 30 minutes, which included the following action:
   a. Adopted its 2017 revised charges.

2. Adopted the reports of its working groups. The report from the ComFrame Development and Analysis (G) Working Group addressed the current status of the International Association of Insurance Supervisors (IAIS) development of its global insurance capital standard (ICS), as well as the consultation process on revised Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) material. The report from the International Regulatory Cooperation (G) Working Group included an update on the NAIC International Fellows Program, various NAIC technical assistance programs, and recent bilateral meetings and dialogues.

3. Heard an update on the Organisation for Economic Co-operation and Development (OECD), including plans for and issues to be discussed at the June meeting of the Insurance and Private Pensions Committee (IPPC) in Paris.

4. Heard an update on regional supervisory cooperation activities. For the Asian region, activities included the seventh insurance regulatory dialogue between the NAIC and the Financial Services Agency (FSA) of Japan in Tokyo and participation in the Asian Forum of Insurance Regulators in Singapore. For the Latin American region, the NAIC will participate in the annual conference of the Association of Latin American Insurance Supervisors (ASSAL) in Santiago, Chile, as well as hold a bilateral meeting with the ASSAL’s Executive Committee. For Europe, a meeting with the European Insurance and Occupational Pensions Authority (EIOPA) will be held in May in Washington, DC, on the sidelines of the NAIC International Forum. An update on the covered agreement between the U.S. and the European Union (EU) also was provided.

5. Heard an update on work at the IAIS.
   a. With regard to standard-setting, Commissioner Katharine L. Wade (CT) noted that a number of revised IAIS Insurance Core Principles (ICPs) and the draft ComFrame material was released for public consultation in early March with a comment deadline of June 1. The NAIC has begun its internal process to review and draft initial comments on the consultation material. She also provided an update on the IAIS ICS and its plans for enhanced field testing of version 1.0.
   b. With regard to financial stability, Director Peter L. Hartt (NJ) said that in March, the IAIS began the process of its fifth assessment of globally systemically important insurers (G-SIIs) with responses due back from the relevant firms by the first week of May. He noted that the IAIS has formed a new group, the Systemic Risk Assessment Task Force, with a mandate to develop a holistic framework on systemic risk assessment and measurement, including looking into the development of an activities-based approach to systemic risk assessment.
   c. With regard to the implementation of standards, Commissioner Ted Nickel (WI) offered updates on the various workstreams of the IAIS Implementation Committee, including a review of the coordinated implementation framework and work on proposals on how to enhance the IAIS implementation assessment program. He also provided an updated on the IAIS Multilateral Memorandum of Understanding (MMoU) and areas of focus in 2017.

6. Heard a presentation from MetLife and Allianz on an activities-based approach to systemic risk assessment.
Reflects technical changes adopted by the NAIC/Consumer Board of Trustees on Nov. 17, 2014.

Chairman’s Final Redline Draft of Edits Adopted by the NAIC/Consumer Board of Trustees on Dec. 28, 2016.

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. To be appointed as consumer representatives, applicants must show a commitment to and experience with consumer advocacy regarding insurance issues. In most instances, a qualified consumer representatives represent consumer organization is a national, state, or local organization that serves to protect the interests of consumers and that can provide 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 representing a consumer perspective. In some instances, however, individuals may qualify to serve as consumer representatives as academics who specialize in insurance consumer issues or as individuals who have a history of independent insurance consumer advocacy. One measure of whether an organization or individual represents a consumer perspective is its source of funding. Another measure is the individual’s history and track record of advocating for or representing the interests of insurance consumers.

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. The Board may meet in person or via teleconference to conduct its business. Meetings of the Board are not public meetings.

F. 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. A consumer representative chosen to represent an organization will be removed if the representative ceases to be affiliated with the organization, but a representative in this situation may re-apply to the Board during the annual application period to continue as an individual, independent consumer representative. To apply as an individual,
independent consumer representative, the individual must provide all of the information required by the application, including the conflict of interest statement.

GF. No later than December 15th, by the end of the calendar year prior to the new term, the current Board shall select the NAIC funded and unfunded consumer representatives to serve in the next calendar year. Consumer representatives may apply to be funded by the NAIC or for positions as unfunded representatives. NAIC funded consumer representatives will receive reimbursement from the NAIC for travel expenses incurred to participate in the NAIC meetings in the next calendar year. Unfunded representatives will not receive reimbursement for travel expenses from the NAIC, but are eligible for other benefits, including waiver of the NAIC national meeting registration fees.

Section 3. Consumer Representative Applications

A. By August 31st, NAIC staff shall post the blank consumer representative applications on the NAIC Web site. The consumer representative web page shall include the following information: 1) a statement that the NAIC encourages those individuals representing the public interest and consumer advocacy groups with a commitment to and experience with consumer advocacy, as well as a consumer perspective about regulating insurance, to apply; 2) a statement describing the NAIC and its services to the state insurance departments; 3) a schedule of the NAIC meetings for the following year and their locations; 4) a list of the NAIC committees and their memberships; and 5) an explanation that the role of the consumer representatives at NAIC meetings is to serve as a liaison to the consumer advocacy and community-based organizations and to offer the consumer perspective as it relates to the charges of the NAIC committees.

B. Consumers shall submit applications to the NAIC by October 31st. Late applications will not be considered.

Section 4. Consumer Representative Qualifications

A. Applicants qualified to be designated as NAIC 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 or otherwise demonstrate qualifications to serve as a consumer representative;
4. Submit a copy of their organization’s by-laws reflecting the organization’s purposes to represent consumer interests and promote consumer protection, if they represent a consumer organization;

Describe the applicant’s need for funding with sufficient detail on source of funding and the need for NAIC financial support. Submit an application to the NAIC;
5. Submit the signed NAIC Conflict of Interest Statement; and
6. Commit to participating in NAIC meetings absent exceptional circumstances and notice, and to participating in NAIC conference calls among consumer representatives. Consumer representatives will only be considered for reappointment if they in fact attend meetings and participate in meetings and calls.

B. Consumers qualified to be NAIC funded consumer representatives All applicants shall also submit the current budget for their organization, if they represent an organization. Applicants for a funded position must describe the applicant’s need for funding with sufficient detail on the source of funding, and explain the need for NAIC financial support.

C. On a date determined by NAIC leadership, successful applicants shall be notified as soon as the current Board has reached consensus on the number of positions available to be funded and has then selected all of the funded and unfunded consumer representatives for the next year. The current Board will determine if applicants for funded positions who are not selected may be considered for unfunded positions.
Section 5.  Reimbursement of Expenses

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

Section 6.  Designated Consumer Representative Term

Designated consumer representatives shall serve a staggered two-year term, and the Board will have staggered two-year appointments. 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 (EX) 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.
State Implementation Reporting of NAIC-Adopted Model Laws and Regulations

**Life Insurance and Annuities (A) Committee**

- **Amendments to the Separate Accounts Funding Guaranteed Minimum Benefits Under Group Contract Model Regulation (#200)**—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2016 Fall National Meeting.

- **Amendments to the Annuity Disclosure Model Regulation (#245)**—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2015 Spring National Meeting. NAIC staff are not aware of any state activity regarding this model.

- **Amendments to the Suitability in Annuity Transactions Model Regulation (#275)**—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2015 Spring National Meeting. It appears three states have adopted the 2015 amendments.

- **Amendments to the Advertisements of Life Insurance and Annuities Model Regulation (#570)**—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2015 Spring National Meeting. NAIC staff are not aware of any state activity regarding this model.

- **Amendments to the Life Insurance and Annuities Replacement Model Regulation (#613)**—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2015 Spring National Meeting. NAIC staff are not aware of any state activity regarding this model.

- **Amendments to the Synthetic Guaranteed Investment Contracts Model Regulation (#695)**—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2015 Spring National Meeting. NAIC staff are not aware of any state activity regarding this model.

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

- **Amendments to the Health Insurance Reserves Model Regulation (#10) (Group Long-Term Disability Valuation Table)**—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2014 Spring National Meeting. Florida and New York have enacted the amendments to implement the 2012 Group Long-Term Disability Valuation Table.

- **Amendments to the Health Insurance Reserves Model Regulation (#10) (Individual Disability Income Table)**—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2016 Summer National Meeting. NAIC staff are not aware of any state activity regarding this model.

- **Individual Market Health Insurance Coverage Model Act (#26) (falls under the September 2008 federal law exemption to the Executive (EX) Committee approval requirement)**—These revisions were adopted by the Executive (EX) Committee and Plenary in December 2014. NAIC staff are not aware of any state activity regarding this model.

- **Amendments to the Health Benefit Plan Network Access and Adequacy Model Act (#74) (falls under the September 2008 federal law exemption to the Executive (EX) Committee approval requirement)**—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2015 Fall National Meeting. It appears that three states have enacted parts of the model. A few states have introduced legislation during their 2017 legislative sessions concerning network adequacy requirements. Most of the legislation introduced relates to so-called “surprise bills,” situations where consumers received a bill from a non-network provider related to health care services received in an in-network facility.

- **Small Group Market Health Insurance Coverage Model Regulation (#126) (falls under the September 2008 federal law exemption to the Executive (EX) Committee approval requirement)**—These revisions were adopted by the Executive (EX) Committee and Plenary via conference call in December 2014. NAIC staff are not aware of any state activity regarding this model.
Amendments to the Long-Term Care Insurance Model Act (#640)—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2016 Fall National Meeting. Due to the recent adoption of the revisions, NAIC staff is unaware of any state activity related to these model revisions.

Amendments to the Long-Term Care Insurance Model Regulation (#641)—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2014 Summer National Meeting. It appears that three states have enacted the revisions to this model. NAIC staff are not aware of any additional state activity related to these model revisions.

Amendments to the Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651)—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2016 Summer National Meeting. NAIC staff are not aware of any state activity regarding these model revisions.

Financial Condition (E) Committee

Amendments to the Annual Financial Reporting Model Regulation (#205)—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2014 Summer National Meeting. It appears nine states have enacted laws consistent with provisions of the model, and an additional four states are considering enacting the provisions.

Amendments to the Corporate Governance Annual Disclosure Model Act (#305)—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2014 Fall National Meeting. It appears 14 states have enacted laws consistent with provisions of the model, and an additional five states are considering enacting the provisions.

Amendments to the Corporate Governance Annual Disclosure Model Regulation (#306)—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2014 Fall National Meeting. It appears six states have enacted laws consistent with provisions of the model, and an additional state is considering enacting the provisions.

Amendments to the Insurance Holding Company System Regulatory Act (#440)—These revisions were adopted by the Executive (EX) Committee and Plenary in December 2014. It appears 15 states have enacted laws consistent with provisions of the model, and an additional six states are considering enacting the provisions.

Amendments to the Life and Health Insurance Guaranty Association Model Act (#520)—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2016 Fall National Meeting. NAIC staff are not aware of any state activity regarding this model.

Amendments to the Credit for Reinsurance Model Law (#785)—These revisions were adopted by the Executive (EX) Committee and Plenary in November 2011. It appears that 31 states have enacted laws consistent with provisions of the model. Additional revisions to this model were adopted by the Executive (EX) Committee and Plenary in January 2016. NAIC staff have been advised that nine states have enacted these revisions, with an additional three states planning to consider enacting the 2016 revisions.

Amendments to the Term and Universal Life Insurance Reserve Financing Model Regulation (#787)—These revisions were adopted by the Executive (EX) Committee and Plenary at the 2016 Fall National Meeting. NAIC staff are not aware of any state activity regarding this model.
UPDATE ON THE INTERSTATE INSURANCE COMPACT

MISSION: The Interstate Insurance Product Regulation Compact (“Insurance Compact”) and its Commission are significant examples of the ongoing state-based modernization efforts to continually improve the system of insurance regulation for insurance companies doing business in more than one state. The Insurance Compact enhances the efficiency and effectiveness of the way insurance products are filed, reviewed and approved in the United States. The Insurance Compact’s streamlined processes provide uniformity and speed-to-market for the insurance industry, thus affording consumers quicker access to more competitive insurance products. By promoting uniformity through application of national product standards embedded with strong consumer protections, the Insurance Compact is meeting the demands of consumers, industry and regulators in the ever-changing, global financial marketplace.

BACKGROUND: The Insurance Compact has been adopted by 44 States and Puerto Rico to date, representing 75% of the premium volume nationwide. The Insurance Compact established a multi-state public entity, the Commission, which serves as an instrumentality of the Member States. The Insurance Compact is the central point of electronic filing for asset-based insurance products, including individual and group life insurance, annuities, disability income, and long-term care insurance. By leveraging the insurance regulatory expertise of the states, the Insurance Compact is able to employ one set of uniform standards with the highest level of consumer protection on a national level through the Insurance Compact’s collective framework. The Insurance Compact, funded by filing fees, implements its modernization goals without impinging on state budgets.

STATUS: In June 2007, the Insurance Compact became operational and received its first filings within one year of its establishment. The Insurance Compact has defined speed-to-market by providing final disposition in less than 60 days. Companies of all sizes – large, medium, and small – utilize the Insurance Compact’s electronic filing platform to submit product filings using the adopted Uniform Standards. There are 100 Uniform Standards in individual and group life and disability income, and individual annuity and long-term care product lines adopted and available for filing use. The Insurance Compact continues to experience significant growth in the number of registered companies and product filing submissions year over year.

KEY MILESTONES/PLANS:

- **June 2006:** Inaugural Meeting of the IIPRC in Washington, DC
- **December 2006:** First Uniform Life Standards Adopted by Members
- **Summer 2007:** Operations Initiated On-Target/First Insurer Filing Approval
- **January 2008:** Uniform Standards for Individual Annuities in Effect
- **December 2010:** Uniform Standards for Individual Long-Term Care Insurance in Effect
- **January 2012:** Uniform Standards for Individual Disability Income in Effect
- **January 2013:** Uniform Standards for Employer Group Term Life Insurance in Effect
- **December 2014:** IIPRC Office Implements SERFF Filing Access for Web-Based Public Access
- **June 2016:** Group Disability Income Uniform Standards in Effect for Filing Use
- **Summer 2016:** Five-Year Review of Individual Long-Term Care Uniform Standards
- **July 2017:** Connecticut Becomes Effective for Filing