
National Meeting Preview

TO: NAIC Members, State Insurance Regulators and Interested Parties
FROM: NAIC Committee Support Staff
DATE: October 5, 2018 (See Nov. 9 update for Executive Committee and Plenary)
SUBJECT: Preview of NAIC Committee and Task Force Activities for the Fall National Meeting in San Francisco, California.

The NAIC appreciates your active involvement and input. Our open meetings policy ensures the broadest access possible, while reserving the right to close a meeting for specific purposes as outlined in the NAIC Policy Statement on Open Meetings. To make your meeting experience as valuable as possible, we present this information to help you plan your schedule and make travel arrangements.

The *Preview* highlights key actions planned by the NAIC membership during its upcoming national meeting. The information should only be used as a general reference. These sessions are subject to change to reflect developments between the time this was written and the start of the national meeting.

Important Note: Before making travel arrangements to attend a national meeting, we strongly encourage you to check the detailed program agenda posted on the NAIC website at www.naic.org/meetings_events.htm for the most current dates and times of all meeting sessions, as well as any events prior to or after the national meeting.

SPECIAL MEETINGS AND/OR EVENTS

CIPR PROGRAM: *Rising Health Care Costs, Key Drivers and Potential Solutions*

Please plan to join the NAIC Center for Insurance Policy and Research (CIPR) for its upcoming fall program, “Rising Health Care Costs, Key Drivers and Potential Solutions” The program is tentatively scheduled for 3:00 – 5:00 p.m., Saturday, Nov. 17, followed immediately by a reception.

With health care expenditures in the U.S. growing at a faster rate than the country’s economy, impacting the finances of the nation, as well as those of households, it is critical to examine the factors driving this rise in costs. Of particular importance is the study of utilization of services and unit prices as the two components of health care spending in order to better guide effective reform efforts.

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This program will showcase a panel of distinguished health care experts and thought leaders from academia, the industry and the regulatory community. The program will start with a presentation on the current state of U.S. health care, followed by a panel discussion on the key factors driving U.S. health care costs at levels unsustainable in the long run and explore solutions for achieving improved outcomes, quality of care and cost management.

REGULARLY SCHEDULED MEETINGS

The **EXECUTIVE (EX) COMMITTEE** will consider adoption of the report of the joint meeting of the **Executive (EX) Committee** and the **Internal Administration (EX1) Subcommittee**, its 2019 proposed charges, as well as the reports of its task forces. The Committee may consider adoption of model law development requests that are currently pending with sponsoring letter committees. The Committee will receive progress reports regarding work on NAIC models currently under development and hear updates from the Interstate Insurance Product Regulation Commission (Compact) and the National Insurance Producer Registry (NIPR). A draft agenda and materials for this meeting will be made available for review on the “Meetings and Events” page on the NAIC website at www.naic.org/meetings_events.htm.

The NAIC has abbreviated the Executive (EX) Committee and Plenary agenda to accommodate 2019 Officer Elections. EX/Plenary will convene by conference call—Dec. 19 at 2:00 p.m. EST to consider unfinished business.

During the joint meeting of the **Executive (EX) Committee and Plenary**, NAIC members will consider adoption of reports from the **Executive (EX) Committee** and its seven standing committees, as well as the minutes from the Summer National Meeting. Progress reports will be provided on the states’ implementation efforts on NAIC-adopted model laws, regulations and/or amendments. Members also will consider adoption of: 1) interim meeting minutes; 2) 2019 proposed committee charges; 3) 2019 proposed budget; 4) 2019 Generally Recognized Expense Tables (GRET) (*pending adoption by the Life Insurance and Annuities (A) Committee, Oct. 24*); 5) Limited Long-Term Care Insurance Model Act and Long-Term Care Insurance Model Regulation (*pending adoption by the Health Insurance and Managed Care (B) Committee, Oct. 2*); 6) Travel Insurance Model Act; 7) Bulletin Regarding Arbitration Clauses and Choice-of-Law/Choice of Venue; and 8) producer licensing applications.

Please Note: An NAIC model law, regulation, bulletin, white paper or other pertinent item for review and discussion by the **Executive (EX) Committee and Plenary** may be added to its agenda for consideration at any time prior to the Fall National Meeting.

The **FINANCIAL STABILITY (EX) TASK FORCE** will: 1) consider adoption of the report of the **Liquidity Assessment (EX) Subgroup**, including progress toward achieving its deliverables related to liquidity stress testing; and 2) receive an update from the **Receivership and Insolvency (E) Task Force** on its work to address the Task Force’s referral letter to undertake analysis relevant to the Macroprudential Initiative.

The **INNOVATION AND TECHNOLOGY (EX) TASK FORCE** will consider adoption of the reports of the **Big Data (EX) Working Group** and the **Speed to Market (EX) Working Group**, including progress on their charges and a report on cybersecurity initiatives. The Task Force will also hear updates on: 1) various workstreams discussed during the Summer National Meeting, including legal research

on anti-rebating, cancellation/renewal practices and e-signature issues; 2) publishing state innovation and technology contacts; and 3) gathering information related to state processes and procedures around dialoguing with and handling innovative new products and services using big data and/or technology. The Task Force will hear presentations from innovators and key players in the InsurTech space, and an update will be provided on opportunities offered in October related to gain further exposure and share knowledge regarding innovation and technology. The **Speed to Market (EX) Working Group** will not meet at the Fall National Meeting. The **Big Data (EX) Working Group** will discuss the use of data for accelerated underwriting in life insurance and hear a report from the Casualty Actuarial and Statistical (C) Task Force regarding its work on the *Product Filing Review Handbook* to include best practices for the review of predictive models and analytics.

The **INFORMATION SYSTEMS (EX1) TASK FORCE** will receive project status reports for more than 20 active projects. The Task Force will also receive an Information Technology (IT) Operational Summary Report on key NAIC-supported state-based technology initiatives, including: 1) Product Updates; 2) Innovation and New Technology; 3) Service and Support; 4) Data Collection Metrics; 5) Team; 6) Project Portfolio Summary; 7) Process Improvements; and 8) Technology Adoption and System Usage. The Task Force will then adjourn into regulator-to-regulator session pursuant to paragraph 4 (internal or administrative matters of the NAIC or any NAIC member) of the NAIC Policy Statement on Open Meetings.

The **LIFE INSURANCE AND ANNUITIES (A) COMMITTEE** will consider adoption of its task force and working group reports. The **Annuity Disclosure (A) Working Group** will not meet at the Fall National Meeting, but it plans to meet via conference call to continue discussion regarding its charge to review and revise, as necessary, Section 6—Standards for Illustrations of the *Annuity Disclosure Model Regulation* (#245) to take into account disclosures necessary to inform consumers in light of the innovations in products currently in the marketplace. The **Annuity Suitability (A) Working Group** plans to meet at the Fall National Meeting to continue its discussion on potential revisions to the *Suitability in Annuity Transactions Model Regulation* (#275). The **Life Insurance Online Guide (A) Working Group (f.k.a. Life Insurance Buyer's Guide (A) Working Group)** will not meet at the Fall National Meeting but plans to meet via conference call to work on an online resource on life insurance. The **Life Insurance Illustration Issues (A) Working Group** will not meet at the Fall National Meeting, but it plans to meet via conference call to continue discussions regarding the development of a one- to two-page policy overview document to fulfill its charge to enhance the consumer readability and understandability of 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 the *Life Insurance Disclosure Model Regulation* (#580). The **Model Law Review (A) Subgroup** will not meet at the Fall National Meeting.

The **LIFE ACTUARIAL (A) TASK FORCE** will work on and consider amendments to the *Valuation Manual* (for implementation in 2020). The Task Force will continue development of requirements for principle-based reserving (PBR) and discuss the coordination of the *Valuation Manual* requirements with the requirements of the *Accounting Practices and Procedures Manual* (AP&P Manual). The Task Force will discuss the development of new mortality tables for valuation and minimum nonforfeiture requirements for simplified issue forms of life insurance. Additionally, it will discuss the **Valuation Analysis (E) Working Group's** public report and consider related *Valuation Manual* amendment proposals. The Task Force will consider adoption of its subgroup reports.

The **HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE** will hold two meetings at the Fall National Meeting. The Committee's meetings will focus on cost drivers and state actions related to market stabilization. The Committee also will hear presentations on association health plans (AHPs) in light of recently finalized federal regulations. The Committee also plans to discuss state actions related to AHPs and short-term limited duration plans (STLDPs) be taken or considered in light of recently finalized federal regulations. The Committee will consider adoption of its Summer National Meeting minutes and interim meeting minutes. It also will consider adoption of its task force, working group and subgroup reports. The **Consumer Information (B) Subgroup** will not meet at the Fall National Meeting. The Subgroup will continue its discussions via conference call concerning the development of consumer-based pieces to help with health insurance literacy, including a consumer tool and frequently asked question (FAQ) document. The **CO-OP Solvency and Receivership (B) Subgroup** will not meet at the Fall National Meeting. The Subgroup will continue to meet in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, when necessary. The **Health Care Reform Regulatory Alternatives (B) Working Group** will meet at the Fall National Meeting. During this meeting, the Working Group most likely will continue its discussions of state waiver activities pursuant to Section 1332 of the federal Affordable Care Act (ACA).

The **HEALTH ACTUARIAL (B) TASK FORCE** will discuss actuarial issues related to health care reform and will consider adoption of its working group reports. The **Long-Term Care Actuarial (B) Working Group** will discuss long-term care insurance (LTCI) pricing and valuation issues.

The **REGULATORY FRAMEWORK (B) TASK FORCE** plans to consider adoption of amendments to the *Accident and Sickness Insurance Minimum Standards Model Act* (#170). The Task Force also will consider adoption of its working group and subgroup reports. The **Accident and Sickness Insurance Minimum Standards (B) Subgroup** will not meet at the Fall National Meeting. The Subgroup plans to continue to meet via conference call to consider revisions to the *Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act* (#171). The new **HMO Issues (B) Subgroup** will not meet at the Fall National Meeting. The Subgroup plans to meet via conference call to work on completing its charge based on a referral from the Receivership and Insolvency (E) Task Force as directed by the Regulatory Framework (B) Task Force. The new **Pharmacy Benefit Manager Regulatory Issues (B) Subgroup** will not meet at the Fall National Meeting. The Subgroup plans to meet via conference call after its charges are adopted to begin its work. The **ERISA (B) Working Group** plans to meet at the Fall National Meeting. The Working Group intends to continue its discussions of revisions and possibly consider adoption of the *Health and Welfare Plans Under the Employee Retirement Security Act: Guidelines for State and Federal Regulation* (ERISA Handbook). The Working Group also plans to adjourn into regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, to discuss investigations into specific plans.

The **SENIOR ISSUES (B) TASK FORCE** will continue to: 1) discuss issues relating to LTCI and Medicare supplement insurance (Medigap); 2) work on guidance related to improvements to LTCI rate stabilization standards; 3) discuss LTCI consumer disclosures and partnership plan reporting; 4) receive updates on other topics of interest; and 5) hear a federal legislative update. The Task Force hopes to complete work on updating *A Shopper's Guide to Long-Term Care Insurance* by the end of the year. Depending on the progress on the guide, the Task Force may consider adoption

of the report of the **Long-Term Care Shopper's Guide (B) Working Group**. The Working Group is continuing to revise and update *A Shopper's Guide to Long-Term Care Insurance*.

The **PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE** will consider adoption of its task force and working group reports, as well as receive updates on the status of a pet insurance white paper, the proposed Real Property Lender-Placed Insurance Model Act, and work involving facilitating the growth of the private flood insurance market. The **Auto Insurance (C/D) Working Group** will discuss the status of analysis of auto insurance data received from statistical agents. The **Catastrophe Insurance (C) Working Group** will: 1) consider adoption of its minutes; 2) hear an update regarding federal legislation; 3) receive an update regarding the NAIC *State Disaster Response Plan*; 4) receive an update regarding the claims document that was referred to the Transparency and Readability of Consumer Information (C) Working Group; and 5) discuss private flood insurance initiatives. The **Cannabis Insurance (C) Working Group** will: 1) hear a presentation on the architecture of the cannabis industry and supply chain; 2) hear from the National Cannabis Industry Association (NCIA) and the California Cannabis Industry Association (CCIA); 3) hear from insurers and legal experts on how California has addressed cannabis insurance issues; and 4) discuss the cannabis insurance white paper. The **Climate Change and Global Warming (C) Working Group** will have a panel discussion on innovative resilience financing solutions to reduce insurance risk. Participating in the discussion will be Qualified Ventures, Blue Forest Conservation, The Nature Conservancy and Swiss Re. The **Terrorism Insurance Implementation (C) Working Group** will hear reports related to the collection of terrorism risk insurance data and federal activities. The **Transparency and Readability of Consumer Information (C) Working Group** will not meet at the Fall National Meeting.

The **CASUALTY ACTUARIAL AND STATISTICAL (C) TASK FORCE** will discuss a draft white paper regarding the regulatory review of predictive modeling used in rate filings.

The **TITLE INSURANCE (C) TASK FORCE** will hear presentations from: 1) States Title regarding its licensure and operations; and 2) Rynoh regarding its product designed to provide insurers with escrow account management and financial security tools.

The **WORKERS' COMPENSATION (C) TASK FORCE** will: 1) consider adoption of its minutes; 2) hear an update on air ambulances; and 3) hear an update regarding the NAIC/IAIABC Joint (C) Working Group's efforts to update *An Overview of Workers' Compensation Independent Contractor Regulatory Approaches*. The Working Group is drafting information to include in the paper to discuss the current marketplace contractor. The Task Force will hold a discussion to provide input on the paper.

The **MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE** will: 1) discuss the current status of Market Conduct Annual Statement (MCAS) health filings; 2) hear a brief presentation from Birny Birnbaum (Center for Economic Justice) on the role and importance of data collection for market analysis and market regulation; 3) consider adoption of the its 2019 proposed charges; and 4) consider adoption of its task force and working group reports. The **Market Analysis Procedures (D) Working Group** will receive an update regarding possible options to automate MCAS data analysis and discuss the possible collection of new MCAS lines of business. The **Market Conduct Annual Statement Blanks (D) Working Group**, the **Market Conduct Examination Standards (D) Working Group** and the **Market Regulation Certification (D) Working Group** will not meet at the Fall National Meeting.

The **Antifraud (D) Task Force** will: 1) receive a presentation concerning insurance fraud brought on by natural disasters and catastrophes; 2) hear an update on the Online Fraud Reporting System rewrite; 3) hear an update on the federal legislative and regulatory initiatives that affect insurance as it relates to insurance fraud; and 4) hear updates from interested parties about their recent activities to address insurance fraud.

The **MARKET INFORMATION SYSTEMS (D) TASK FORCE** will: 1) consider adoption of the report of the **Market Information Systems Research and Development (D) Working Group**; and 2) discuss next steps to address its charge to make public data more meaningful and widely available.

The **PRODUCER LICENSING (D) TASK FORCE** will consider adoption of: 1) proposed revisions to the NAIC Continuing Education Reciprocity (CER) Agreement, the Uniform Continuing Education Reciprocity Course Filing Form and Instructions; 2) the reports of the **Producer Licensing Uniformity (D) Working Group** and the **Uniform Education (D) Working Group**; and 3) hear a report from the NIPR Board of Directors.

The **FINANCIAL CONDITION (E) COMMITTEE** will consider adoption of its task force and working group reports. The **Group Capital Calculation (E) Working Group** will continue its discussion related to the development of a group capital calculation using an inventory method. The **Risk-Focused Surveillance (E) Working Group** will discuss the status of its work on state resources and salary guidelines for financial regulators.

The **Accounting Practices and Procedures (E) Task Force** will consider adoption of its working group reports. The **Blanks (E) Working Group** will: 1) consider adoption of proposals previously exposed; 2) consider adoption of its editorial listing; and 3) consider exposure of new agenda items affecting the financial reporting blanks and instructions. The **Statutory Accounting Principles (E) Working Group** will hear comments on exposed items and consider new agenda items affecting statutory accounting principles. Potential topics include: changes in derivative documentation requirements issued by generally accepted accounting principles (GAAP); derivative treatment related to variable annuities; and reinsurance risk transfer, common stock, structured notes and structured settlements, along with proposed new disclosures. The Working Group also may discuss GAAP issuances.

The **Capital Adequacy (E) Task Force** will consider adoption of its working group and subgroup reports. The **Health Risk-Based Capital (E) Working Group** will not meet at the Fall Meeting. The **Investment Risk-Based Capital (E) Working Group** will review the bond proposal and refer it to the Task Force for exposure. The **Life Risk-Based Capital (E) Working Group** will not meet at the Fall Meeting. The **Property and Casualty Risk-Based Capital (E) Working Group** will: 1) consider adoption of minutes; 2) consider adoption of its working agenda; 3) consider adoption of the 2018 catastrophe event lists; 4) consider adoption of 2019 the Underwriting Risk Line 4 Factors proposal; 5) discuss the Factor of Using Aggregate Exceedance Probability Basis (AEP) vs. Occurrence Exceedance Probability Basis (OEP) proposal; 6) discuss the Other Catastrophe Risks for Possible Inclusion in the Property/Casualty Risk-Based Capital (RBC) Formula proposal; 6) hear an update from the American Academy of Actuaries regarding the growth risk methodology; 7) discuss possible changes to the R3 factor related to the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance”; and 8) discuss the potential RBC impacts related to the

new tax law. The **Catastrophe Risk (E) Subgroup** will meet jointly with the Property and Casualty Risk-Based Capital (E) Working Group.

The **EXAMINATION OVERSIGHT (E) TASK FORCE** will consider adoption of the reports of the **Financial Analysis Handbook (E) Working Group**, the **Financial Analysis Research and Development (E) Working Group**, the **Financial Examiners Coordination (E) Working Group**, the **Financial Examiners Handbook (E) Technical Group** and the **IT Examination (E) Working Group**. At the close of the meeting, the Task Force will reconvene in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, to receive reports on exam reports open past 22 months.

The **RECEIVERSHIP AND INSOLVENCY (E) TASK FORCE** will: 1) consider adoption of its minutes; 2) hear federal and international updates; 3) consider adoption of its working group reports; and 4) discuss comments received on the exposure of the *Warrantech* decision and its possible application to liquidations. The **Receivership Large Deductible Workers' Compensation (E) Working Group** will: 1) consider adoption of its minutes; and 2) consider adoption of its report to the Task Force on the results of its study on large deductible workers' compensation receivership laws and practices.

The **REINSURANCE (E) TASK FORCE** will consider adoption of the reports of the **Qualified Jurisdiction (E) Working Group** and the **Reinsurance Financial Analysis (E) Working Group**. The Task Force will also discuss the progress of any other ongoing projects.

The **VALUATION OF SECURITIES (E) TASK FORCE** will consider adoption of its September and October minutes. The Task Force will consider adoption of a new format and organization for the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual). Related to the new P&P Manual format, the Task Force will consider several amendments to revise, update and simplify various topics in the P&P Manual. The following substantive amendments to the P&P Manual will also be considered for adoption: modify Securities Valuation Office notching practices (to implement NAIC designation categories to be used for the granular risk-based-capital framework); identify transactions not eligible for filing exemption; modernize the credit substitution methodology; consider deletion of a special procedure to give notice to capital market actors of an intent to place a security type under regulatory review; conform instructions governing amendment of the P&P Manual to the NAIC Standard Procedures for Amending Manuals/Handbooks recommended/adopted by the former **Governance Review (EX) Task Force**. The Task Force may also consider adoption of a proposal to create uniform guidance for investments in funds that hold bond portfolios, revise guidance for working capital finance investments and discuss a referral from the **Statutory Accounting Principles (E) Working Group** on structured settlements.

The **FINANCIAL REGULATION STANDARDS AND ACCREDITATION (F) COMMITTEE** will consider adoption of a referral from the **ORSA Implementation (E) Subgroup** regarding timing guidelines for the analyses of Own Risk and Solvency Assessment (ORSA) Summary Reports and a referral from the **Risk-Focused Surveillance (E) Working Group** regarding guidelines for department oversight of contractors who perform analysis duties for a state insurance department.

The **INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE** will discuss progress on initiatives of the International Association of Insurance Supervisors (IAIS), including the status of Insurance Core

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Principles (ICPs) revisions, the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame), the global insurance capital standard (ICS), the holistic framework for systemic risk assessment, and standards implementation and assessment issues. The Committee will hear a report on work in progress at the Organisation for Economic Co-operation and Development (OECD). The Committee will also receive updates on ongoing activities to enhance cooperation with international insurance regulators. The Committee will consider adoption of the report of the **ComFrame Development and Analysis (G) Working Group**. The Working Group will discuss progress on ComFrame and the ICS, including the recent public consultations, as well as the ongoing field-testing process.

The **NAIC/CONSUMER LIAISON COMMITTEE** will discuss non-health (property/casualty) insurance issues. The Committee also will discuss new developments in health care insurance.

The **NAIC/AMERICAN INDIAN AND ALASKA NATIVE LIAISON COMMITTEE** will: 1) exchange information and views on issues surrounding the availability of insurance for American Indian and Alaska Native consumers and tribal interests; and 2) discuss best practices for dealing with insurance issues unique to sovereign tribal nations.

The **NAIC/STATE GOVERNMENT LIAISON COMMITTEE** will not meet at the Fall National Meeting.

The **NAIC/INDUSTRY LIAISON COMMITTEE** will not meet at the Fall National Meeting.

The joint meeting of the **COMPACT MANAGEMENT COMMITTEE** and the **COMMISSION** will convene for its annual meeting to receive reports from its committees and the Insurance Compact Office. The meeting will open with a dialogue with the members of the Legislative Committee and a report from the independent Audit Committee. The **Management Committee** and **Commission** will take final action on the proposed 2019 annual budget, Schedule of Fees and Resource Request. At this meeting, the Compact member committees and the Management Committee will be constituted/appointed, and officers will be elected for 2019.