NAIC/INDUSTRY LIAISON COMMITTEE

NAIC/Industry Liaison Committee Aug. 5, 2019, Minutes
Draft Pending Adoption

Draft: 8/16/19

NAIC/Industry Liaison Committee
New York, New York
August 5, 2019

The NAIC/Industry Liaison Committee met in New York, NY, Aug. 5, 2019. The following Liaison Committee members participated: James A. Dodrill, Chair (WV); John G. Franchini, Vice Chair (NM); Jim L. Ridling (AL); Lori K. Wing-Heier represented by Anna Latham (AK); Trinidad Navarro represented by Tanya V. Sherman (DE); Stephen C. Taylor represented by David Christhilf (DC); David Altmaier represented by Erin VanSickle (FL); Dean L. Cameron represented by Geoff Baker (ID); Nancy G. Atkins (KY); James J. Donelon (LA); Mike Chaney represented by Amanda Felder (MS); Chlora Lindley-Myers represented by Jeana Thomas (MO); Bruce R. Ramge represented by Peg Jasa (NE); Glen Mulready (OK); Andrew Stolfi represented by Brian Fordham (OR); Larry Deiter represented by Jill Kruger (SD); Todd E. Kiser represented by Tanji Northrup (UT); Michael S. Pieciak represented by Rosemary Raszka (VT); and Scott A. White represented by Rebecca Nichols (VA). Also participating were: Ken Allen (CA); Weston Trexler (ID); Kika Peña (NM); and Sarah Neil (RI).

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

Commissioner Donelon made a motion, seconded by Commissioner Atkins, to adopt the Liaison Committee’s April 8 minutes *(see NAIC Proceedings – Spring 2019, NAIC/Industry Liaison Committee)*. The motion passed unanimously.

2. **Reaffirmed its Mission Statement for 2020**

Commissioner Atkins made a motion, seconded by Commissioner Donelon, to reaffirm the Liaison Committee’s mission statement for 2020. The motion passed unanimously.

3. **Discussed Supplemental Health Insurance Products**

Charles Piacentini (American Council of Life Insurers—ACLI) and Heather Jerbi (America’s Health Insurance Plans—AHIP) gave a presentation on supplemental health insurance plans. Mr. Piacentini said fixed-indemnity supplemental benefits are being incorrectly lumped into the same category as short-term limited duration (STLD) health insurance. He said supplemental benefit plans are not a substitute for comprehensive major medical coverage. Instead, they are a way for consumers, who are bearing an increasing share of health expenses, to protect their finances in the event of illness or injury. Types of supplemental health insurance include accident-only, critical illness, specified disease and cancer-only. Mr. Piacentini said benefits are paid directly to the covered individual in the event that a qualifying event occurs, such as an accident, hospitalization, or diagnosis of a certain disease. He said policies can be renewed as long as premiums continue to be paid, and these plans were exempted from the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the federal Affordable Care Act (ACA) market reforms because they are not comprehensive medical coverage.

Ms. Jerbi discussed the results of a 2018 AHIP survey detailing consumer satisfaction with such plans. The survey found that consumers were overwhelmingly satisfied with the services and benefits covered by their plans, the affordability of their insurance, and the value received for the premium paid.

Ms. Northrup said the survey results differ from what state insurance regulators are seeing in the states because departments are receiving consumer complaints about these supplemental plans. She asked if there are any industry standards, such as best practices, that guide companies selling these products. Mr. Piacentini said often, these fixed-indemnity supplemental benefits are misunderstood, and producers may sometimes be misrepresenting these plans to consumers. Ms. Northrup said companies need to better educate producers, and these plans are not intended to be bundled.

Mr. Christhilf asked if the survey should have been given to the whole universe of consumers who had purchased these products, rather than limiting it to the consumers who had filed claims and received benefits. Ms. Jerbi replied that this is a valid point and something that AHIP will consider for the future; however, for the 2018 survey, AHIP wanted to assess feedback from consumers who had used the benefits.

Mr. Trexler asked what companies selling these products are doing to ensure that consumers know what they are purchasing and are not confusing these plans with major medical health insurance. Mr. Piacentini responded that carriers are seeking to allow consumers to protect themselves from unexpected out-of-pocket costs without making these products look like something they are not.
Draft Pending Adoption

4. **Discussed Marijuana and the Insurance Industry**

David F. Snyder (American Property Casualty Insurance Association—APCIA) gave a presentation on marijuana and the insurance industry. He discussed legislative developments regarding marijuana, and he noted how quickly the legislative landscape at the state level has been changing. He said as state insurance regulators implement these changes, it is important that they remember that marijuana is still classified as a Schedule 1 drug under the Controlled Substances Act (CSA), which is the same category as heroin, and federal treatment of marijuana varies. He said this legal limbo raises a lot of questions within the insurance industry that need to be answered. He said as more states pass pro-marijuana legislation, it is possible that some may seek to implement coverage mandates, which the APCIA opposes. He said questions also exist around general liability and property insurance, auto insurance, and workers’ compensation. He discussed issues relating to insurance coverage, impairment, auto safety, and reimbursing for medical marijuana. He noted that the APCIA’s members support a federal safe harbor, and they believe additional scientific research is necessary regarding marijuana being used as a medical treatment. He said insurers want to work with state insurance regulators on these issues.

Commissioner Dodrill asked what feedback the APCIA and its members have been receiving from state insurance regulators on these issues. Mr. Snyder responded that the feedback has been that we are in this together, and everyone has been surprised by how quickly the legislative landscape has been changing.

Mr. Allen asked if Mr. Snyder is aware of any challenges or issues that insurers have run into in California, which legalized recreational marijuana in 2018. Mr. Snyder responded that he would take the question back to his members.

5. **Discussed New Auto Repair Practices**

Mr. Snyder gave a presentation on issues surrounding auto repair practices. He said the industry is not perfect; however, less than 1% of personal auto claims see a complaint filed. He said this is due to the states heavily and appropriately regulating the industry. He discussed ambiguity surrounding repair standards, and he said insurers want to see repair standards followed, but often it is not clear what those are because standards and guidelines vary by manufacturer. In addition, some states vary standards based on who is paying for the repair, and a better approach is to apply any repair standards to the repair itself, regardless of who is paying. Mr. Snyder also discussed tariffs, and he said insurers are concerned about the impact of auto part tariffs on consumers and insurers. He said state insurance regulators will see the impact of tariffs in rate filings. He stated that there are additional costs that are not as easily calculated, such as consumers driving damaged, unsafe cars if they are uninsured and cannot afford the cost of repairs. He concluded that insurers are committed to improving the claims process through innovation, and the industry hopes that state insurance regulators will work with them in this endeavor.

Commissioner Dodrill asked for additional information on the impact of innovation on claims processes. Mr. Snyder replied that the most obvious is the ability of insurers to utilize cell phone photos from consumers to rapidly settle claims. He noted that drone images over areas affected by natural catastrophes are another example of innovation.

6. **Discussed the NAIC Credit for Reinsurance Model Act (#785)**

Dennis C. Burke (Reinsurance Association of America—RAA) discussed the RAA’s support for the NAIC’s recently passed amendments to the Credit for Reinsurance Model Law (#785). He reminded state insurance regulators that all states must adopt the updated amendments by September 2022 to avoid federal preemption. He noted that the preemption evaluation will begin on April 1, 2021. He said the RAA and the industry at large stand ready to assist in getting the amendments adopted in the states. He asked that state insurance regulators work with their federal partners to request that the European Union (EU) provide its list of required changes. He noted that the new law is prospective only.

Mr. Snyder voiced his support of Mr. Burke’s remarks.

Having no further business, the NAIC/Industry Liaison Committee adjourned.