The 2019 Summer National Meeting

New York, NY
August 3 – 6, 2019

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Synopsis of the NAIC Committee, Subcommittee and Task Force Meetings
2019 Summer National Meeting
August 3–6, 2019

To: Members of the NAIC and Interested Parties
From: The Staff of the NAIC

Committee Action
NAIC staff have reviewed the committee, subcommittee and task force reports and highlighted the actions taken by the committee groups during the Summer National Meeting in New York, NY. The purpose of this report is to provide NAIC members, state insurance regulators and interested parties with a summary of these meeting reports.

EXECUTIVE (EX) COMMITTEE AND PLENARY (Joint Session)
Aug. 6, 2019
During this meeting, the Executive (EX) Committee:
1. Adopted the report of the joint meeting of the Executive (EX) Committee and Internal Administration (EX1) Subcommittee, which met Aug. 3 and took the following action:
   a. Adopted its June 25 and Spring National Meeting minutes.
   b. Adopted the report of the Audit Committee, which met Aug. 2 and took the following action:
      1. Received an overview of the June 30 financial statements.
      2. Reconfirmed RSM for the 2019 financial audit.
      3. Received an update on the 2019 Service Organization Control (SOC) 1 and SOC 2 reviews and reports.
      4. Received an update on database filing fee payments and approved a charge against the Reserve for Doubtful Accounts.
      5. Received an update on zone financials.
      6. Reaffirmed its 2020 proposed charter.
      7. Received an update on the 2020 budget calendar.
   c. Adopted the report of the Information Systems (EX1) Task Force, which met Aug. 2 and took the following action:
      1. Adopted its 2020 proposed charges, which remain unchanged from 2019.
      2. Received an operational report for the NAIC’s information technology (IT) activities.
      3. Received a portfolio update, which includes 22 active projects and project status reports.
   d. Approved the Subcommittee’s recommendation to invest in a real estate investment trust.
   e. Approved the System for Electronic Rate and Form Filing (SERFF) Data Hosting Fiscal.
   f. Appointed Commissioner Andrew N. Mais (CT) to serve on the International Association of Insurance Supervisors (IAIS) Executive Committee.
   g. Heard a presentation on the status of the Interstate Insurance Product Regulation Commission (Compact) note payable and directed a joint management team to identify/discuss options.
   h. Received an overview on Board oversite of corporate culture.
   i. Received the joint chief executive officer (CEO)/chief operating officer (COO) report.
   j. Received an update on cybersecurity tabletop exercises.
2. Adopted the report of the Executive (EX) Committee, which met June 25 and took the following action:
   c. Received an NAIC Audit Committee report on SOC 1 and SOC 2 audits.
   d. Received an update on State Ahead strategic plan implementation.
   e. Approved a recommendation to contribute to the NAIC Defined Benefit Plan by mid-July.
   f. Approved NAIC Sr. Management’s recommendation to extend the residential mortgage-backed securities (RMBS)/commercial mortgage-backed securities (CMBS) modeling contract with BlackRock Solutions.
   g. Adopted the revised NAIC Consumer Participation Program Plan of Operation.
   h. Adopted a report on the Actuarial Credentials Project and sent a revised definition to the Blanks (E) Working Group.
   i. Approved the recommendation to expose the SERFF Data Hosting Proposal.
   j. Selected the meeting locations for the 2023 spring and summer national meetings: the 2023 Spring National Meeting will be held in Louisville, KY; and the 2023 Summer National Meeting will be held in Seattle, WA.
3. Adopted the reports of its task forces:
c. Innovation and Technology (EX) Task Force. See the Task Force listing for details.
d. Long-Term Care Insurance (EX) Task Force. See the Task Force listing for details.
4. Adopted Requests for NAIC Model Law Development to amend the Health Maintenance Organization Model Act (#430); develop a new pharmacy benefit manager (PBM) model law; and develop a new pet insurance model law.
5. Received a status report on the NAIC State Ahead strategic plan implementation.
6. Received a status report on model law development efforts for amendments to: the Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act (#171); the Annuity Disclosure Model Regulation (#245); the Suitability in Annuity Transactions Model Regulation (#275); the Life Insurance Disclosure Model Regulation (#580) and the Life Insurance Illustrations Model Regulation (#582) Policy Overview Document; the Mortgage Guaranty Insurance Model Act (#630); and the new model, Real Property Lender-Placed Insurance Model Act.
7. Heard reports from NIPR and the Compact.

During this meeting, the Executive (EX) Committee and Plenary:
8. Adopted its June 25 minutes, which included the following action:
   a. Adopted revisions to the Credit for Reinsurance Model Law (#785) and the Credit for Reinsurance Model Regulation (#786) to incorporate the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance” (EU Covered Agreement) and the “Bilateral Agreement Between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance” (UK Covered Agreement), which both become operative 60 months after Sept. 22, 2017.
9. Adopted, by consent, the committee, subcommittee and task force minutes of the Spring National Meeting.
10. Received the reports of its committees:
    a. Life Insurance and Annuities (A) Committee. See the Committee listing for details.
    b. Health Insurance and Managed Care (B) Committee. See the Committee listing for details.
    c. Property and Casualty Insurance (C) Committee. See the Committee listing for details.
    d. Market Regulation and Consumer Affairs (D) Committee. See the Committee listing for details.
    e. Financial Condition (E) Committee. See the Committee listing for details.
    f. Financial Regulation Standards and Accreditation (F) Committee. See the Committee listing for details.
    g. International Insurance Relations (G) Committee. See the Committee listing for details.
15. Adopted the Mental Health Parity Guidance and Data Collection Tool for Mental Health Parity Analysis.
16. Received an update on the states’ implementation of NAIC-adopted model laws and regulations.

EXECUTIVE (EX) COMMITTEE
The Executive (EX) Committee did not hold a separate meeting at the Summer National Meeting but considered its agenda items during the Aug. 6 joint meeting of the Executive (EX) Committee and Plenary. See the Executive (EX) Committee and Plenary (joint session) listing for details.

Financial Stability (EX) Task Force
Aug. 5, 2019
1. Adopted its Spring National Meeting minutes.
2. Adopted the report of the Liquidity Assessment (EX) Subgroup, which met May 10 and took the following action:
   a. Discussed its progress regarding the specific data needs and technical aspects of the liquidity stress test project for large U.S. insurers that are within the scope.
3. Heard an update on Financial Stability Oversight Council (FSOC) developments.
4. Received an update from the Liquidity Assessment (EX) Subgroup on its progress toward achieving its deliverables related to liquidity stress testing. The Subgroup met June 14 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings.
5. Received an update from the Receivership and Insolvency (E) Task Force on its work to address the Financial Stability (EX) Task Force’s referral to undertake analysis relevant to the Macroprudential Surveillance Initiative.
6. Heard an update on leveraged loans.
7. Heard an update on macroprudential surveillance.

Government Relations (EX) Leadership Council
The Government Relations (EX) Leadership Council did not meet at the Summer National Meeting.
Innovation and Technology (EX) Task Force  
**Aug. 5, 2019**
1. Adopted its June 4 minutes, which included the following action:
   a. Adopted its Spring National Meeting minutes.
   b. Heard presentations from the California Department of Insurance (DOI) and the Rhode Island Division of Insurance regarding rebating.
   c. Heard presentations from state insurance regulators and interested parties regarding anti-rebating language in the *Unfair Trade Practices Act* (#880) and discussed next steps.

2. Adopted the report of the Big Data (EX) Working Group, which met Aug. 3 and took the following action:
   a. Adopted its Spring National Meeting minutes.
   b. Heard a presentation from the Insurance Services Office (ISO) on the use of big data in fraud detection and claim settlement. The presentation provided an overview of the ISO’s ClaimSearch system, which contains 1.4 billion records. This system is used by insurance companies to identify potential claims fraud and enhance the claim handling process. The presentation also provided an overview of Verisk Weather, which provides historical weather data and loss exposure analysis for companies. Finally, the presentation provided an overview of ClaimXperience, which is a policyholder collaboration portal used for claims processing.
   c. Heard a presentation from the National Insurance Crime Bureau (NICB) on its efforts to identify fraud in the claim settlement process. The presentation focused on the NICB’s Geospatial Intelligence Center (GIC), which provides aerial imagery to identify post-catastrophe losses, identifies potential fraud and speeds up the claim settlement process.
   d. Received an update on the work of the Casualty Actuarial and Statistical (C) Task Force. The Task Force continues to revise its draft white paper on best practices for the regulatory review of predictive analytics. The Task Force is reviewing these comments and will issue its third draft of the white paper. The Task Force may ask the Big Data (EX) Working Group to review the issues of causality versus statistical correlation and the confidentiality of predictive models.

3. Adopted the report of the Speed to Market (EX) Working Group, which met June 25–26 and took the following action:
   a. Discussed suggestions for 2019 changes to the Life, Accident/Health, Annuity and Credit Uniform Product Coding Matrix (PCM) effective Jan. 1, 2020. The Working Group determined that changes related to existing Types of Insurance (TOIs)/sub-TOIs and the addition of new TOIs/sub-TOIs were not needed, but it did vote to remove references to 2010 dates on Medicare Supplement instructions for all TOIs and sub-TOIs.
   b. Discussed suggestions for 2019 changes to the Property and Casualty Uniform PCM effective Jan. 1, 2020 and adopted two description changes and a sub-TOI under 16.0 Workers’ Compensation.

4. Heard a report from NAIC staff on the Innovation and Technology State Contacts activity during its Aug. 2 meeting.
5. Discussed options for addressing the anti-rebating issues identified as potentially impeding innovation. Commissioner Jon Godfrey (ND) presented North Dakota’s draft guideline for addressing the anti-rebating issue in his state. Denise Matthews (NAIC) reviewed the NAIC’s model law and guideline process, and several interested parties provided comments, including briefing the Task Force members on discussions that took place at the most recent National Conference of Insurance Legislators (NCOIL) on this topic. The Task Force adopted a motion to develop a Request for NAIC Model Law Development to pursue an amendment to Model #880 requesting state insurance regulators and interested parties to submit comments related to the draft North Dakota guideline to Ms. Matthews at dmatthews@naic.org, by Sept. 6.

6. Heard a report from Director Raymond G. Farmer (SC) on cybersecurity initiatives, including a legislative update on adoption of the *Insurance Data Security Model Law* (#668) and an update on recent and upcoming cybersecurity tabletop exercises. An update on data privacy issues was also provided, and the Task Force adopted a recommendation to refer a charge to the Market Regulation and Consumer Affairs (D) Committee to review state insurance privacy protections regarding the collection, use and disclosure of information gathered in connection with insurance transactions.

7. Heard a presentation from Theta Lake on its platform that leverages detections to power a visual and artificial intelligence (AI)-assisted workflow to ease the compliance reporting and review process.
8. Appointed the Artificial Intelligence (EX) Working Group, reporting to the Innovation and Technology (EX) Task Force to study the development of AI; its use in the insurance sector; and its impact on consumer protection and privacy, marketplace dynamics, and the state-based insurance regulatory framework.
9. Deferred comments from the Center for Economic Justice (CEJ) regarding a request to develop a document that outlines clearly the difference between insurance products and banking and other consumer products for the benefit of startups and other companies new to the insurance industry to a future meeting or conference call.

Long-Term Care Insurance (EX) Task Force  
**Aug. 4, 2019**
1. Received a progress report on Task Force activities. The Task Force is charged with developing a consistent national approach for reviewing long-term care insurance (LTCI) rates that result in actuarially appropriate increases being granted by the states in a timely manner and to ensure that consumers were provided with meaningful options to reduce their
benefits in situations where the premiums were no longer affordable. The Task Force has identified six workstreams that should be further explored to accomplish the goals set forth in the Task Force’s charges. The focus of each workstream is as follows:

a. Multistate rate review practices: This workstream will focus on evaluating actuarial rate review methodologies based on those used by Minnesota and Texas and developing a consistent national approach focused on two approaches: 1) expanding the scope of the Compact; and 2) developing a multistate examination model.

b. Restructuring techniques: This workstream will focus on exploring alternatives for protecting policyholders from guaranty fund caps and the impact of potential inequities resulting from variations in states’ rate increase decisions.

c. Reduced benefit options and consumer notices: This workstream will focus on how an insurance department is reviewing and approving reduced benefit options and the associated consumer notices.

d. Valuation of LTCI reserves: This workstream will focus on work performed at the NAIC on actuarial review of insurers’ Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves (AG 51) filings.

e. Non-actuarial variance among states: This workstream will gain an understanding of the rationale behind factors affecting rate approvals that are not of an actuarial basis and, if possible, develop a model set of non-actuarial practices.

f. Data call design and oversight: This workstream will focus on exploring whether additional data is needed to support the work of the Task Force and/or to refine its understanding of the financial impact of different state practices.

2. Heard comments from consumer and industry representatives on the Task Force’s charge to develop a consistent national approach for reviewing LTCI rates. Consumer and industry representatives included California Health Advocates (CHA), the CEJ and the American Council of Life Insurers (ACLI). Their comments focused primarily on the topics of reduced benefit options and impacts to consumers.

INTERNAL ADMINISTRATION (EX1) SUBCOMMITTEE
See the Executive (EX) Committee and Plenary (joint session) listing for details.

Information Systems (EX1) Task Force
Aug. 2, 2019

1. Adopted its Spring National Meeting minutes.

2. Adopted its 2020 proposed charges, which remain unchanged from 2019.

3. Received an information technology (IT) operational report on the NAIC’s IT activities, including: a) product highlights; b) innovation and technology; c) service and support; d) data collection metrics; e) team; f) project portfolio summary; and g) technology adoption and system usage. The report provides updates for upcoming improvements, impacts to new state technology offerings from the NAIC and general updates on the activities of the NAIC technology team.

4. Received a project portfolio update, including project status reports for 22 active technical projects.

5. Adjourned 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.

LIFE INSURANCE AND ANNUITIES (A) COMMITTEE
Aug. 4, 2019

1. Adopted its July 10 minutes, which included the following action:
   a. Adopted its Spring National Meeting minutes.
   c. Adopted an amendment to Actuarial Guideline XLIII—CARVM for Variable Annuities (AG 43).

2. Adopted the report of the Annuity Disclosure (A) Working Group, including its June 5 and May 13 minutes and an extension of the Request for NAIC Model Law Development. During its June 5 and May 13 meetings, the Working Group took the following action:
   a. Reviewed and discussed several comments on multiple iterations of draft revisions to the Annuity Disclosure Model Regulation (#245).
   b. Discussed and voted on a resolution of three of five outstanding issues.

3. Adopted the report of the Annuity Suitability (A) Working Group, which met Aug. 3 and took the following action:
   a. Adopted its June 20 and Spring National Meeting minutes. During its June 20 meeting, the Working Group took the following action:
      1. Discussed a framework for including a best interest standard of conduct in the revisions to the Suitability in Annuity Transactions Model Regulation (#275).
      2. Continued its discussions of parking lot issues identified at the Working Group’s June 20 meeting in Columbus, OH. The Working Group settled a few more of those issues.
      c. Discussed its next steps, which include forming an information technical drafting group to develop an initial draft of proposed revisions to Model #275 to present to the Working Group based on its June 20 meeting and July 29 and July 23 conference calls. It is anticipated the technical drafting group will meet in early September. Upon receipt of the
draft from the technical drafting group, the Working Group will set a public comment period to receive comments on the draft. The Working Group plans to set a regular day and time to begin meeting weekly via conference call to discuss the comments received. The Working Group’s goal is to present a draft to the Life Insurance and Annuities (A) Committee for its consideration prior to or at the Fall National Meeting.

4. Adopted the report of the Life Insurance Online Guide (A) Working Group, which met July 8 and June 10 and took the following action:
   a. Made progress on its charge to “develop an online resource on life insurance, including the evaluation of existing content on the NAIC website, to be published digitally for the benefit of the public.”
   b. Heard a presentation from the NAIC Communications Director on future plans to streamline and update the NAIC website, on the opportunity to coordinate with the Working Group and on its work.
   c. Discussed draft language submitted by state insurance regulators and industry volunteers and reviewed revision suggestions provided by the NAIC-funded consumer representatives.
   d. Planned to continue discussions via conference call following the Summer National Meeting.

5. Adopted the report of the Life Insurance Illustration Issues (A) Working Group, including its May 15 minutes and an extension of the Request for NAIC Model Law Development. During its May 15 meeting, the Working Group took the following action:
   a. Continued making progress on the development of a one- to two-page consumer-oriented policy overview document in order to achieve its charge of improving the understandability of the life insurance policy summaries already required in Section 7B of the Life Insurance Illustrations Model Regulation (#582) and Section 5A(2) of the Life Insurance Disclosure Model Regulation (#580).
   b. Continued to discuss how to revise Model #580 to include a policy overview document to accompany all life insurance policies along with the Life Insurance Buyer’s Guide, as well as sample policy overview documents.
   c. Discussed and exposed the April 24 draft revisions to Model #580 for a public comment period ending June 21.
   d. Planned to meet via conference call Sept. 3 to continue its work on its goals.

6. Adopted the report of the Life Actuarial (A) Task Force, which met Aug. 1–2. See the Task Force listing for details.

7. Appointed the Retirement Security (A) Working Group, chaired by Commissioner Stephen C. Taylor (DC), to implement the Committee’s charge on retirement security.

8. Adopted a new Committee charge and appointed the Accelerated Underwriting (A) Working Group to consider the use of external data and data analytics in accelerated life underwriting, including consideration of the ongoing work of the Life Actuarial (A) Task Force on the issue and, if appropriate, draft guidance for states.

**Life Actuarial (A) Task Force**

**Aug. 1–2, 2019**

1. Adopted its July 16, June 25, June 20, June 4, May 30, May 23, May 21, May 16, May 14, May 9, May 7, May 2, April 30, April 25, April 23, April 18 and April 16 minutes, which included the following action:
   a. Adopted its Spring National Meeting minutes.
   b. Adopted an amendment to clarify when the capping of face amounts in mortality-related calculations is appropriate.
   c. Adopted an amendment to clarify the VM-20, Requirements for Principle-Based Reserves for Life Products, explanation of rules for grading from company experience to industry table.
   d. Adopted an amendment to replace references to “product group” with “VM-20 Reserving Category.”
   e. Adopted an amendment to clarify documentation requirements for actual-to-expected (A/E) ratios and testing sufficiency of lapse margins.
   f. Adopted an amendment to revert to the 2001 Commissioners’ Standard Ordinary (CSO) Mortality Table for guaranteed issue.
   g. Adopted an amendment to reduce the allocation of a deterministic or stochastic reserve in excess of the net premium reserve (NPR) to policies that did not generate such excess.
   h. Adopted an amendment to remove the condition for a non-qualified actuarial opinion from the life principle-based reserving (PBR) exemption.
   i. Adopted an amendment to suspend experience reporting in the event of a material deficiency or breach.
   j. Adopted an amendment for an interim solution to the yearly renewable term (YRT) reinsurance reserve credit issue.
   k. Adopted revisions to the following requirements in response to the Variable Annuities Issues (E) Working Group charge to implement the Variable Annuities Framework:
      1. *Actuarial Guideline XLIII—CARVM for Variable Annuities (AG 43).*
      2. VM-01, Definitions for Terms in Requirements.
      3. VM-21, Requirements for Principle-Based Reserves for Variable Annuities.
      4. VM-31, PBR Actuarial Report Requirements for Business Subject to a Principle-Based Reserve Valuation.
   l. Agreed to proceed with the development of a request for proposal (RFP) for an economic scenario generator.

2. Exposed the Society of Actuaries (SOA) recommendation for the 2020 Generally Recognized Expense Tables (GRET) for a 30-day public comment period ending Sept. 9.
3. Adopted the report of the VM-22 (A) Subgroup, which met July 11 and took the following action:
   a. Discussed the proposal for revisions to VM-22.
5. Heard an update from the Academy SVL Interest Rate Modernization Work Group on the treatment of valuation interest rates for payout annuities with non-level payments and approaches for adjustment to valuation interest rates for payout annuities.
6. Adopted the report of the Longevity Risk (A/E) Subgroup, which met July 17 to discuss the comments received on the Academy Longevity Risk Task Force proposal for applying a C-2 charge for longevity risk related to payout annuities and life settlements.
7. Adopted the report of the Variable Annuities Capital and Reserve (E/A) Subgroup highlighting the adoption of the recommended RBC instruction changes.
8. Adopted the report of the IUL Illustration (A) Subgroup, which met July 15 and May 8 and took the following action:
   a. Discussed considerations related to further development of Actuarial Guideline XLIX—The Application of the Life Illustrations Model Regulation to Policies with Index-Based Interest (AG 49) to address indexed universal life (IUL) policies with interest rate multipliers.
   b. Exposed two questions related to the treatment of interest rate multipliers for a 30-day public comment period ending Aug. 30.
9. Adopted the report of the Experience Reporting (A) Subgroup. The Subgroup has focused on accelerated underwriting (AUW) and VA policyholder behavior.
10. Heard an update from the Academy Life Experience Committee and the SOA Preferred Mortality Oversight Group (Joint Committee) on Accelerated Underwriting (AUW) VM-51, Experience Reporting Formats, data elements. The Task Force exposed amendment proposal 2019-56, which provides further revisions to VM-51 data elements, for a 60-day public comment period ending Oct. 7.
11. Discussed the “top down” and “bottom up” approaches for the aggregation of mortality segments, and reviewed examples illustrating general principles of acceptable methods. The Task Force agreed to expose the examples for a 45-day public comment period.
13. Heard an update from the Compact.
14. Heard an update on the activities of the IAIS.
15. Heard an update from the Academy YRT Field Test Project Oversight Work Group on the yearly renewable term (YRT) field test.
16. Received an update from NAIC staff on the design phase of the YRT field test.
18. Heard an update from the SOA on research and education.

HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE
Aug. 4, 2019
1. Adopted its June 11 and Spring National Meeting minutes. During its June 11 meeting, the Committee took the following action:
   a. Adopted the Regulatory Framework (B) Task Force’s 2019 amended charges, which added a charge for the HMO Issues (B) Subgroup to revise provisions in the Health Maintenance Organization Model Act (#430) to address conflicts and inconsistencies with the Life and Health Insurance Guaranty Association Model Act (#520).
   b. Adopted the Regulatory Framework (B) Task Force’s Request for NAIC Model Law Development for the HMO Issues (B) Subgroup to revise Model #430 consistent with its 2019 charge.
   c. Adopted the Consumer Information (B) Subgroup’s consumer alert “What to Ask for When Shopping for Health Insurance.”
2. Adopted the following task force reports:
   a. Health Actuarial (B) Task Force. See the Task Forces listing for details.
   b. Long-Term Care Insurance (E/B) Task Force. See the Task Force listing for details.
   c. Regulatory Framework (B) Task Force. See the Task Force listing for details.
   d. Senior Issues (B) Task Force. See the Task Force listing for details.
3. Adopted the report of the Consumer Information (B) Subgroup, which met July 23, July 9, June 25, May 31, May 8 and May 1 and took the following action:
a. Developed and adopted a consumer alert entitled “What to Ask When Shopping for Health Coverage.” The alert presents questions consumers should ask themselves and those who are marketing health plans. The Committee adopted the alert on June 11.
b. Drafted a consumer guide to using health insurance. The Subgroup modeled its guide after a similar document used by the Maine Bureau of Insurance.

4. Adopted the Aug. 3 report of the Health Innovations (B) Working Group. During this meeting, the Working Group:
   a. Adopted its July 11 and Spring National Meeting minutes, which included the following action:
      1. Heard updates from states on Section 1332 waiver activity.
      2. Heard a presentation on prices paid to hospitals by private health plans from the RAND Corporation. The company’s research shows that commercial plans pay hospitals more than twice the amount Medicare pays the same hospitals for the same services.
      3. Heard a presentation on state cost-containment initiatives from Manatt Health and the Robert Wood Johnson Foundation (RWJF). Manatt Health and the RWJF discussed the rising importance of health care costs and affordability relative to access, as well as the importance of the availability of claims data in assessing costs. Additionally, Manatt Health described cost containment measures in four states: Maryland’s initiative on prescription drug pricing, New Mexico’s Medicaid buy-in, Rhode Island’s cost growth target and Washington’s Cascade Care program.
   4. Discussed state approaches to health care cost targets. State insurance regulators from Delaware, Massachusetts, Oregon and Rhode Island shared information about cost growth targets their states have established.
   5. Discussed innovative initiatives from Working Group member states. Washington provided further details on Cascade Care, describing the roles of the state Health Care Authority (HCA) and the Office of the Insurance Commissioner.
   6. Heard an update from the federal Center for Consumer Information and Insurance Oversight (CCIIO) on its recent regulatory activities. The CCIIO discussed the current individual market landscape and steps the Trump administration has taken to continue to improve the individual market by encouraging more competition, state flexibility, new options and innovation.
   7. Heard a panel presentation from Magellan Healthcare, the American Psychiatric Association (APA) and the National Alliance on Mental Illness (NAMI) on the federal Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA) regarding current implementation issues and outstanding mental health parity issues state insurance regulators should know about. The presenters discussed how the MHPAEA has improved the provision of mental health and substance use disorder services, particularly with respect to quantitative treatment limits, but also discussed current “in-operation” compliance challenges related to non-quantitative treatment limits (NQTLs). Additionally, the presenters discussed potential initiatives that could address the NQTL issues.
   8. Received a briefing from the NAIC Center for Insurance Policy and Research (CIPR) on its “Rising Health Care Costs: Drivers, Challenges and Solutions” research study. The CIPR is releasing three more installments of the study prior to the Fall National Meeting, which will include topics on the use of big data to reduce health care costs and value-based reimbursement. The CIPR discussed its new “Regulator Insights” publication, highlighting two recent publications on long-term care insurance (LTCI) and air ambulances. The CIPR also discussed potential future projects that may be of interest to the Committee, such as reference-pricing.

Health Actuarial (B) Task Force
Aug. 2, 2019
1. Adopted the report of the Health Care Reform Actuarial (B) Working Group, which included the following action:
   a. Heard an update from the CCIIO.
2. Adopted the report of the Long-Term Care Actuarial (B) Working Group, which met Aug. 2 and took the following action:
   a. Adopted its July 9 and Spring National Meeting minutes. During its July 9 meeting, the Working Group:
   b. Adopted the report of the Long-Term Care Valuation (B) Subgroup.
   c. Adopted the report of the Long-Term Care Pricing (B) Subgroup, which met July 11, June 13 and May 9 and took the following action:
      1. Discussed combining long-term care insurance (LTCI) policy form experience for rate increase requests.
      2. Discussed group LTCI rate increase request considerations.
      3. Discussed the justification for rate increase requests that vary by rating cell.
      4. Discussed single premium, limited pay and paid-up experience in rate increase filings.
      5. Discussed nationwide versus state-specific experience credibility.
3. Heard an update from the Academy Council on Professionalism.
4. Heard an update from the SOA on health insurance research.
5. Heard an update from the Academy Health Practice Council.
Long-Term Care Insurance (E/B) Task Force
See the Task Force listing under the Financial Condition (E) Committee for details.

Regulatory Framework (B) Task Force
Aug. 3, 2019
1. Adopted its May 15 and Spring National Meeting minutes, which included the following action:
   a. Adopted amended 2019 charges to add a charge for the HMO Issues (B) Subgroup “to revise provisions in the Health Maintenance Organization Model Act (#430) to address conflicts and redundancies with the provisions in the Life and Health Insurance Guaranty Association Model Act (#520).”
   b. Adopted the HMO Issues (B) Subgroup’s Request for NAIC Model Law Development to revise Model #430 consistent with its 2019 charge.
2. Adopted the report of the Accident and Sickness Insurance Minimum Standards (B) Subgroup, which met July 8 and June 17 and took the following action:
   a. Discussed its approach to revising the provisions of the Model Regulation to Implement the Accident and Sickness Insurance Minimum Standards Model Act (#171), which is now known as the Supplementary and Short-Term Health Insurance Model Standards Model Act (#170). The Subgroup decided to use an NAIC working draft of Model #171 as a starting point for the Subgroup’s work to revise Model #171 and to review and discuss potential revisions to this working draft section-by-section.
   b. Discussed adhering to certain general guidelines as it works to revise Model #171, such as not reopening issues discussed and settled during the Subgroup’s work revising Model #170 and not including topics not included in Model #170.
   c. Discussed initial comments received on revising Model #171. Those comments reflected several themes and suggestions for the Subgroup’s focus in revising Model #171, including: 1) excepted benefits or supplemental coverage is different from short-term, limited-duration plan (STLDP) coverage; 2) updating Model #171’s terminology; 3) developing disclosures for each type of coverage; and 4) developing standards for group and individual coverage and distinguishing between the two types of coverage, as necessary.
   d. Exposed Sections 1–5 of Model #171 for a public comment period ending July 30. The Subgroup plans to begin its review and discussion of the comments received following the Summer National Meeting.
3. Adopted the report of the ERISA (B) Working Group, which met Aug. 3 and took the following action:
   a. Adopted its Spring National Meeting minutes.
   b. Discussed association health plans (AHPs), including state legislative and regulatory activity addressing multiple employer welfare arrangements (MEWAs).
   c. Heard that the MEWA Association of America will be holding its first annual meeting during the NAIC Fall National Meeting and invited state insurance regulators and interested parties to attend.
   d. Adjourned into regulator-to-regulator session pursuant to paragraph 2 (pending investigations which may involve either the NAIC or any member in any capacity), paragraph 3 (specific companies, entities or individuals) and paragraph 8 (consideration of strategic planning issues) of the NAIC Policy Statement on Open Meetings.
4. Adopted the report of the HMO Issues (B) Subgroup, which met June 24, May 16 and April 29 and took the following action:
   a. Adopted its 2019 charge to “revise provisions in the Health Maintenance Organization Model Act (#430) to address conflicts and redundancies with the provisions in the Life and Health Insurance Guaranty Association Model Act (#520).”
   b. Adopted a Request for NAIC Model Law Development to revise Model #430 consistent with its 2019 charge. The Subgroup’s Request for NAIC Model Law Development was adopted by the Executive (EX) Committee at this Summer National Meeting.
   c. Discussed initial comments related to its work to revise Model #430 consistent with its 2019 charge and agreed on a potential work plan for moving forward with its work. The Subgroup plans to begin its work via conference call after the Summer National Meeting.
5. Adopted the report of the Pharmacy Benefit Manager Regulatory Issues (B) Subgroup, which met July 18 and took the following action:
   a. Heard a presentation from NAIC staff on the history of pharmacy benefit managers (PBMs) and their functions and role. The presentation also included a discussion of state and federal legislation and laws regulating PBMs and their business operations, as well as legal challenges to state PBM laws. Additionally, the presentation discussed NAIC PBM activities to date, including the Subgroup’s appointment and its 2019 charge to consider developing a new NAIC model to establish a licensing or registration process for PBMs. As part of its 2019 charge, the Subgroup may consider including in the new NAIC model provisions on PBM prescription drug pricing and cost transparency.
6. Heard an update from the Center for Health Insurance Reform’s (CHIR) work related to the federal Affordable Care Act (ACA) implementation and other issues of interest to state insurance regulators. The update included a discussion of the
CHIR’s work related to the balance billing issue. The CHIR is conducting analyses related to state action regulating coverage of products, such as STLDPs and AHPs outside the ACA-compliant market and state reforms affecting the individual market.

7. Heard a presentation on Montana’s work to address the issue of high prescription drug costs. The presentation focused on the Special Counsel Independence and Integrity Act (S. 71) to address issues related to PBMs, which was passed in Montana but was ultimately vetoed. The presentation included a discussion of the bill’s purpose, provisions and history.

8. Heard a panel presentation on state activities related to mental health parity. The discussion focused on the work being done on this issue in Colorado and Georgia.

Senior Issues (B) Task Force
Aug. 3, 2019
1. Adopted its July 18, June 19 and Spring National Meeting minutes, which included the following action:
   a. Discussed the letter received by the NAIC from the U.S. House of Representatives (House) Committee on Ways and Means Chairman Richard Neal asking for the NAIC’s input on possibly expanding long-term services and supports (LTSS) availability in Medicare supplemental insurance (Medigap).
   b. Reviewed the response letter to Chairman Neal before forwarding it to the Government Relations (EX) Leadership Council for consideration.

2. Heard an update on fraudulent DNA/genetic swab and cancer tests.

3. Heard a discussion from the SOA on new long-term care (LTC) innovative products, hybrid and combination LTC products, and InsurTech.

4. Reviewed the third federal Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)-related bulletin addressing marketing standards as it relates to marketing new policies.

5. Heard an update on federal legislative matters. The update included a report on the status of the federal appropriations process as it relates to the funding for the State Health Insurance Program (SHIP).

6. Heard an update on what Medigap plans must continue to be offered and sold as a result of MACRA.

PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE
Aug. 5, 2019
1. Adopted its July 18 minutes, which included the following action:
   a. Adopted its Spring National Meeting minutes.
   b. Adopted a Request for NAIC Model Law Development related to pet insurance.
   c. Heard an update on the status of the private passenger auto report.
   d. Discussed private flood data collection, including the establishment of a comment exposure period for receiving comments on a proposed blank change.
   e. Discussed the upcoming Summer National Meeting.

2. Adopted the following task force reports:
   a. Casualty Actuarial and Statistical (C) Task Force. See the Task Force listing for details.
   b. Surplus Lines (C) Task Force. See the Task Force listing for details.
   c. Title Insurance (C) Task Force. See the Task Force listing for details.
   d. Workers’ Compensation (C) Task Force. See the Task Force listing for details.

3. Adopted the report of the Advisory Organization Examination Oversight (C) Working Group, which met May 16 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, to discuss the 2019 Comprehensive Annual Analysis forms.

4. Adopted the report of the Cannabis Insurance (C) Working Group, which met July 16, July 9, May 23 and May 17 and took the following action:
   a. Adopted the Understanding the Market for Cannabis Insurance white paper with minor revisions.
   b. Discussed comments received during the exposure period on the draft white paper Understanding the Market for Cannabis Insurance.
   c. Discussed and exposed the white paper draft outlining the issues surrounding the legalized cannabis business and containing recommendations for the development of regulatory guidance as appropriate for a 30-day public comment period.

5. Adopted the report of the Catastrophe Insurance (C) Working Group, which met Aug. 3 and took the following action:
   a. Adopted its Spring National Meeting minutes.
   b. Heard an update regarding federal legislation and the National Flood Insurance Program (NFIP). The NFIP has been running on short-term extensions since the reauthorization expired in 2017. There is more than one bill in the U.S. Congress (Congress) regarding NFIP reauthorization. On July 1, the federal banking regulators’ rule supporting lender acceptance of private flood insurance policies went into effect.
   c. Adopted the report of the State Disaster Response Plan drafting group, which included an update regarding the status of the State Disaster Response Plan.
d. Received an update regarding the Transparency and Readability of Consumer Information (C) Working Group’s catastrophe claims document.

e. Heard from Milliman on the NFIP regarding private flood insurance. The presentation focused on regulatory uncertainty of private flood insurance and how the states might want to address these barriers. Currently, the uptake rate of flood insurance policies is low. The presentation provided information regarding ways to improve the uptake rate, as well as obstacles encountered by insurers.

6. Adopted the report of the Climate Risk and Resilience (C) Working Group, which met Aug. 3 and took the following action:
   a. Adopted its Spring National meeting minutes.
   b. Adopted its July 8 minutes, which included the following action:
      1. Heard a webinar/presentation from HSBC on insurance and sustainable finance, including environmental, social and governance (ESG) integration by credit rating agencies and its impact on sustainability investing.
   c. Heard an update on insurance issues related to the 2018 California wildfires, including the new partnership between California and the United Nations (UN) Environment Programme.
   d. Heard an update on the multistate administration of the annual NAIC Climate Risk Disclosure Survey. This year’s survey was distributed on July 22. Respondents were encouraged to refer to the guidelines of the Financial Stability Board (FSB) industry-led Task Force for Climate-Related Financial Disclosure when filling out the survey.
   e. Heard a presentation on how One Concern, an American Family-backed start-up, uses artificial intelligence (AI) to enable cities, businesses and citizens to build natural disaster resilience.

7. Adopted the report of the Lender-Placed Insurance Model Act (C) Working Group, which continues to work on a new draft of the Creditor-Placed Insurance Model Act (#375), which is focused on creditor-placed auto insurance.

8. Adopted the report of the Pet Insurance (CC) Working Group, which met June 27 and May 14 and took the following action:
   a. Discussed comments received concerning the scope of the Working Group and the possible development of a model law or guideline.
   b. Discussed the scope of the Working Group and considered the development of a model law or guideline.

9. Adopted the report of the Transparency and Readability of Consumer Information (C) Working Group, which met July 23, July 9, June 17 and May 8 and took the following action:
   a. Discussed and continued drafting a post-disaster claims guide meant to help consumers through the claims process following a disaster.

10. Adopted the report of the Terrorism Insurance Implementation (C) Working Group, which met Aug. 4 and took the following action:
    a. Adopted its Spring National Meeting minutes.
    b. Heard updates on congressional activity related to the federal Terrorism Risk Insurance Act (TRIA), which expires on Dec. 31, 2020, including:
       1. A report from Angela Nelson (MO) on a congressional roundtable attended by Director Chlora Lindley-Myers (MO), the insurance industry and other industries. Attendees described their support of a long-term reauthorization of TRIA.
       2. A report from NAIC staff on congressional activity related to reauthorization of TRIA, including hearings from the U.S. Senate Committee on Banking, Housing and Urban Affairs, and the U.S. House Committee on Financial Services.
    c. Heard an update on the joint state insurance regulator/U.S. Department of the Treasury (Treasury Department) terrorism risk insurance data call, with data due to both entities by May 15, and on the state supplement, which collects ZIP Code-level data, with data due Sept. 30.
    d. Heard a presentation from AON that included data showing improvements in take-up rates and average rates for terrorism coverage.
    e. Heard a presentation from NAIC staff regarding preliminary results from the terrorism risk insurance data, including take-up rates, average premium rates and portions of premium allocated to terrorism risk.

11. Adopted a white paper titled Regulatory Guide: Understanding the Market for Cannabis Insurance, which is meant to provide information to state insurance regulators, insurers and the broader public about the architecture of the cannabis business supply chain, types of insurance needed by the cannabis industry, the availability of cannabis business insurance in state insurance markets and the extent of insurance gaps, and best practices that state insurance regulators can adopt to encourage insurers to write insurance for the cannabis industry.

12. Adopted the Post-Disaster Claims Guide, which is meant to be a state insurance regulator resource to provide consumers with information about how to navigate the claims process following a natural disaster.

13. Adopted the Alien Insurers Private Flood Data Collection Form, which will collect additional private flood insurance data from alien surplus lines insurers.
15. Heard a presentation from United Policyholders on the problem of individuals being underinsured for catastrophe risks, including on inadequate policy limits, high deductibles and exclusions.
16. Recognized the Casualty Actuarial Society (CAS) and SOA for their NAIC-accepted property/casualty (P/C) actuarial designations.
17. Heard a report from the CEJ on the issue of bundling non-insurance products with insurance products possibly leading to the terms and conditions of the non-insurance product preempts the provisions of the insurance product.

Casualty Actuarial and Statistical (C) Task Force
Aug. 3, 2019
1. Adopted its Spring National Meeting minutes.
2. Adopted its July 9, June 11 and May 14 minutes, which included the following action:
3. Adopted the report of the Actuarial Opinion (C) Working Group. The Working Group will be completing its annual Regulatory Guidance on Property and Casualty Statutory Statements of Actuarial Opinion (Regulatory Guidance) after the actuarial opinion instructions are adopted. The Working Group also met June 25, June 18 and May 16 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings. During these meetings, the Working Group took the following action:
   a. Discussed the financial analysis/examination of insurance companies related to reserving risk.
   b. Discussed Statements of Actuarial Opinion.
   c. Discussed the 2019 Comprehensive Annual Analysis forms.
4. Adopted the report of the Statistical Data (C) Working Group. The Working Group is reviewing the calculations for the Report on Profitability by Line by State (Profitability Report) and beginning its processes to develop other annual reports.
5. Exposed two new sections of its white paper on best practices for regulatory review of predictive analytics. The volunteer drafters will continue discussion of previously submitted comments to propose changes to the white paper for future public exposure.
6. Adopted a response to the CAS/SOA Task Force about its proposed Appointed Actuary CE Verification Process.
7. Heard reports from the Academy regarding the activities of its Committee on Property and Liability Financial Reporting (COPLFR) and its Casualty Practice Council.
8. Heard reports from the Academy, the Actuarial Board for Counseling and Discipline (ABCD) and the Actuarial Standards Board (ASB) on actuarial professionalism.
9. Heard reports from the CAS and the SOA on P/C actuarial research.

Surplus Lines (C) Task Force
Aug. 3, 2019
1. Adopted its Spring National Meeting minutes.
2. Adopted its 2020 proposed charges. A new charge was added to develop or amend relevant NAIC model laws, regulations and/or guidelines.
3. Adopted the report of the Surplus Lines (C) Working Group, which met twice on June 27, once in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings and once during an open session, and May 13. During these meetings, the Working Group took the following action:
   a. Exposed the revised and updated International Insurers Department (IID) Plan of Operation for a 30-day public comment period ending June 12.
   b. Exposed a newly drafted Supplemental Flood Form for a 30-day public comment period ending June 12.
   c. Adopted the revised IID Plan of Operation.
   d. Adopted the Supplemental Flood Form.
4. Exposed a 2020 annual blanks proposal regarding the modification of Schedule T to include a new part 3 that would add details on “Home State” direct premiums written. The blanks proposal was exposed for a 60-day public comment period.
5. Received an update on a referral to the Producer Licensing (D) Task Force including proposed revisions to Standard 37 and Standard 38 of the State Licensing Handbook.

Title Insurance (C) Task Force
Aug. 4, 2019
1. Adopted its Spring National Meeting minutes.
2. Exposed its 2020 proposed charges, which include a charge to disband the Title Insurance Financial Reporting (C) Working Group and move its charge under the Task Force.
3. Heard a presentation from CertifID regarding wire transfer fraudulent events.
4. Heard a presentation from the American Land Title Association (ALTA) on its Homebuyer Outreach Program.
5. Heard a presentation from First American Title Insurance Company and Old Republic National Title Insurance Company on blockchain innovation in title insurance.

Workers’ Compensation (C) Task Force
Aug. 5, 2019
1. Adopted its Spring National Meeting minutes.
2. Adopted the report of the NAIC/IAIABC Joint (C) Working Group. The International Association of Industrial Accident Boards and Commissions (IAIABC) received feedback from the Task Force regarding changing relationships in the workplace. Several state insurance regulators volunteered to review sections of the white paper.
3. Heard a presentation from Cake Insure, which uses digital direct distribution for workers’ compensation insurance for small businesses. Cake Insure uses a mobile app that provides rapid quoting and uses artificial intelligence (AI) for payroll classifications. The platform provides a paperless experience and provides certificates of insurance digitally.
4. Distributed the National Council of Insurance Legislators (NCOIL) formulary drug model act draft. The Task Force plans to discuss the model act during the Fall National Meeting.

MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE
Aug. 5, 2019
1. Adopted its July 15 minutes, which included the following action:
   a. Adopted its Spring National Meeting minutes.
   b. Adopted the insurance data security pre-breach and post-breach checklists.
   c. Adopted standardized data requests (SDRs) for private passenger auto in-force policies and claims, homeowners in-force policies and claims, and personal lines new business declinations.
   d. Adopted the short-term limited duration (STLD) data call template.
   e. Adopted the Market Conduct Annual Statement (MCAS) private flood data call and definitions.
   f. Adopted the revised MCAS health data call and definitions.
2. Adopted the reports of its task forces:
   a. Antifraud (D) Task Force. See the Task Force listing for details.
   c. Producer Licensing (D) Task Force. See the Task Force listing for details.
3. Adopted the report of the Market Actions (D) Working Group, which met Aug. 3, July 9, June 11 and May 14 in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings.
4. Adopted the report of the Market Analysis Procedures (D) Working Group, which met June 13 and May 2 and took the following action:
   a. Adopted its Spring National Meeting minutes.
   b. Heard an update regarding the automated MCAS analysis techniques.
   c. Discussed the STLD data call template.
   d. Discussed the proposed disability income MCAS scorecard ratios.
   e. Discussed whether to post the 2018 health MCAS scorecard ratios.
   f. Adopted the STLD data call template. The template is designed to collect STLD data on a per product per state basis.
   g. Discussed the proposed disability income MCAS scorecard ratios.
   h. Discussed whether to post the 2018 Health MCAS scorecard ratios.
   i. Heard an update on the efforts to coordinate a centralized STLD data call using the template adopted by the Working Group.
   j. Discussed the disability income MCAS scorecard ratios. They will be exposed and considered for adoption on Aug. 23.
   k. Agreed not to post the 2018 health MCAS individual scorecard ratios on the MCAS web page. The Working Group will consider posting nationwide scorecard ratios during its Aug. 23 conference call.
   l. Discussed a process for uniformly addressing MCAS extension requests.
   m. Discussed whether to include fraternals in MCAS.
5. Adopted the report of the Market Conduct Annual Statement Blanks (D) Working Group, which met May 2 and took the following action:
   a. Approved the results of its interim meeting regarding the health line of business.
   b. Approved the private flood MCAS.
6. Adopted the report of the Market Conduct Examination Standards (D) Working Group, which met July 18, June 18, May
30 and April 24 and took the following action:

- Adopted new homeowners standardized data request for inclusion in the reference documents of the Market Regulation Handbook.
- Adopted the new insurance data security pre-and post-breach checklists, dated Dec. 17, 2018.
- Adopted new private passenger auto and personal lines declination standardized data requests for inclusion in the reference documents of the Market Regulation Handbook.
- Reviewed new homeowners standardized data requests for inclusion in the reference documents of the Market Regulation Handbook.
- Received a report regarding potential inclusion of content from recently adopted NAIC models in the Market Regulation Handbook.
- Discussed updates to the Best Practices and Guidelines for Consumer Information Disclosures.
- Discussed a proposed charge for the Advisory Organization Examination Oversight (D) Working Group to: “Ensure that organizations that engage in advisory organization activities are properly licensed and subject to appropriate regulatory oversight.” This charge was referred to the Big Data (EX) Working Group because it aligns with the Working Group’s current charges.
- Discussed the potential referral from the Innovation and Technology (EX) Task Force to review state insurance privacy protections regarding the collection, use and disclosure of information gathered in connection with insurance transactions and make recommended changes, as needed, to certain NAIC models, such as the Insurance Information and Privacy Protection Model Act (#670) and the Privacy of Consumer Financial and Health Information Model Regulation (#672), by the 2020 Summer National Meeting.
- Heard remarks from Director Bruce R. Ramge (NE) recognizing the numerous and valuable past contributions of Michael Hessler to the NAIC.

**Antifraud (D) Task Force**  
Aug. 4, 2019

1. Adopted its June 7 and Spring National Meeting minutes. During its June 7 meeting, the Task Force:
   - Received updates from the National Insurance Crime Bureau (NICB) and the Coalition Against Insurance Fraud (CAIF)
   - Heard a presentation from Dave Aronberg, State Attorney for Palm Beach County, FL, concerning opioid abuse.
2. Adopted the report of the Antifraud Education Enhancement (D) Working Group, which met July 30 and took the following action:
   - Reviewed an upcoming webinar training.
   - Reviewed the revised NAIC “Basic Fraud Investigations” training course that was updated in February.
   - Asked for state fraud directors to submit potential training topics to NAIC staff for future events.
3. Adopted the report of the Antifraud Technology (D) Working Group, which met July 30 and took the following action:
   - Discussed creating an Antifraud Plan Repository that insurers could use to create and store an electronic fraud plan.
4. Discussed its 2019 charges. The Task Force has exposed the charges for a public comment period ending Aug. 16. The Task Force plans to meet via conference call in September to consider adoption of the revised charges.
5. Heard reports on antifraud activity from NAIC staff and the following organizations: the NICB and the CAIF.

**Market Information Systems (D) Task Force**  
Aug. 3, 2019

1. Adopted its Spring National Meeting minutes.
2. Adopted the report of the Market Information Systems Research and Development (D) Working Group, which met July 17 and May 23 in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities or individuals) and paragraph 6 (consultations with NAIC staff members) of the NAIC Policy Statement on Open Meetings. During these meetings, the Working Group took the following action:
   - Reviewed the recommendations the Working Group made last year to address data quality issues identified in the Market Information Systems (MIS) data analysis metrics results. Of the nine recommendations, five have been completed. The Working Group developed action plans to address the remaining four.
   - Considered the NAIC staff recommendation regarding Uniform System Enhancement Request (USER) 10080 to update the Regulatory Information Retrieval System (RIRS) to display data retention policies and terminology related to action dates. NAIC staff will do detailed analysis.
   - Considered the NAIC staff recommendation regarding USER 10081 to make all Market Conduct Annual Statement (MCAS) data available through the Market Analysis Prioritization Tool (MAPT), allowing states to access more data. NAIC staff will do detailed analysis.
d. Reviewed and prioritized the outstanding USER forms. During this review, several requests that are being addressed by the NAIC State Ahead strategic plan initiatives were identified.
e. Began its review of 2018 year-end MIS data analysis results.
3. Received a report on the status of outstanding USER forms.
4. Discussed its 2019 charge to develop a plan for making publicly available data more accessible and meaningful. The Task Force clarified that the charge is limited to data currently publicly available. The Task Force heard several suggestions regarding providing all data in a single download for use by analysts.
5. Discussed ways to more quickly complete tasks on the list of outstanding USER forms.

Producer Licensing (D) Task Force
Aug. 3, 2019
1. Adopted its Spring National Meeting minutes.
2. Adopted the report of the Producer Licensing Uniformity (D) Working Group, which is reviewing the State Licensing Handbook for potential revisions necessary to be consistent with established NAIC policy on producer licensing. The Working Group is reviewing comments on Chapters 1–5.
3. Adopted the report of the Uniform Education (D) Working Group, which met May 15 and April 16 to review suggested revisions to the Continuing Education Reciprocity (CER) Agreement. This agreement, which is signed by state insurance departments, is used to support the use of the Uniform Continuing Education Reciprocity Course Filing Form (CER Form). Continuing education (CE) providers may use the CER Form to streamline the course-approval process in multiple states. Through the reciprocal approval process, the CE provider’s home state conducts a substantive review of the CE course and, therefore, non-resident states do not need to perform a similar review for a course previously approved by the home state.
4. Discussed the Surplus Lines (C) Task Force request to consider whether the requirement of a resident producer to hold underlying P/C licenses before a surplus lines license is issued should be expanded to permit an accident and health (A&H) license to fulfill this requirement. The Task Force will issue a revised draft of its suggested amendments to the NAIC Uniform Licensing Standards and State Licensing Handbook, which would permit an A&H license to fulfill the underlying resident producer license requirement before a surplus lines license is issued.
5. Heard a report from the NIPR Board of Directors, which met Aug. 2. During this meeting, the Board heard a report from the NIPR Audit Committee regarding NIPR’s financials through June 2019. NIPR’s total revenues are $1,629,301 (7.7%) above budget. The Board heard an update on the NAIC and NIPR’s progress on cloud migration, which is a strategic priority for NIPR. NIPR has launched new features to its mobile application, which allows insurance professionals to access their information on a mobile device, making compliance faster and more convenient. NIPR is also in the process of updating its website to improve the design, provide easier navigation and improve the user experience.
6. Discussed the NAIC Regulatory Information Retrieval System (RIRS) data retention and enhancements. NAIC staff will conduct a webinar for state insurance regulators in October to discuss RIRS codes, the retention standards for RIRS data, and the importance of having accurate and complete RIRS data for the licensing of insurance producers.
7. Discussed the role of chatbots in the distribution of insurance. The Task Force will continue to receive comments and issue a draft outline of a white paper.

FINANCIAL CONDITION (E) COMMITTEE
Aug. 5, 2019
1. Adopted its May 28 and Spring National Meeting minutes. During its May 28 meeting, the Committee took the following action:
   b. Adopted revisions to the Credit for Reinsurance Model Law (#785) and the Credit for Reinsurance Model Regulation (#786), which implement the reinsurance collateral provisions of the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance” (EU Covered Agreement) and the “Bilateral Agreement Between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance” (UK Covered Agreement), which both become operative 60 months after Sept. 22, 2017.
2. Adopted the following task forces reports:
   b. Capital Adequacy (E) Task Force. See the Task Force listing for details.
   c. Examination Oversight (E) Task Force. See the Task Force listing for details.
   d. Long-Term Care Insurance (E/B) Task Force. See the Task Force listing for details.
   e. Receivership and Insolvency (E) Task Force. See the Task Force listing for details.
   f. Reinsurance (E) Task Force. See the Task Force listing for details.
   g. Risk Retention Group (E) Task Force. See the Task Force listing for details.
   h. Valuation of Securities (E) Task Force. See the Task Force listing for details.
3. Adopted the report of the Group Capital Calculation (E) Working Group, which met Aug. 3 and took the following action:
a. Adopted its May 2 and Spring National Meeting minutes. During its May 2 meeting, the Working Group provided an overview of its final group capital calculation (GCC) testing template and instructions before testing begins.
b. Discussed the need for confidentiality protections for the GCC once it is adopted and reviewed a draft referral letter to the Group Solvency Issues (E) Working Group explaining such a need. The discussion was followed by reactions from various members of the industry, which was more specific in how such protections could be provided. Further discussion is expected.
c. Heard a presentation from the National Association of Mutual Insurance Companies (NAMIC), which summarized the preliminary feedback from a group of its member insurers that had performed their own testing of the GCC testing template and instructions.

4. Adopted the report of the Group Solvency Issues (E) Working Group, which met Aug. 3 and took the following action:
   a. Adopted the report of the ORSA Implementation (E) Subgroup, which included the following action:
      1. Reported it met July 29 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) and paragraph 6 (consultations with NAIC staff members related to NAIC technical guidance) of the NAIC Policy Statement on Open Meetings.
      2. Discussed the recent adoption of Actuarial Standard of Practice (ASOP) 55 on Capital Adequacy Assessment.
      3. Discussed the IAIS consultation on proposed revisions to Insurance Core Principles (ICP), including a number of significant revisions to ICP 16, Enterprise Risk Management for Solvency Purposes.
   b. Heard an update on recent group-related activities of the IAIS, including the status of ongoing projects of the Insurance Groups Working Group. Projects discussed included a proposed supervisory college workshop, as well as the development of an aide memoire and frequently asked questions (FAQ) document to assist in implementing the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame).
   c. Discussed a referral from the recently disbanded Operational Risk (E) Subgroup recommending ongoing study and monitoring of methodologies used in measuring, quantifying and mitigating operational risks.
   d. Discussed comments received during the exposure of group-related analysis guidance developed for inclusion in the NAIC’s Financial Analysis Handbook. The Working Group agreed to refer the proposed revisions to the Financial Analysis Solvency Tools (E) Working Group for consideration of adoption.
   e. Discussed the effectiveness of the Form F Implementation Guide in clarifying expectations regarding the Form F filing and improving its overall effectiveness and value in insurance regulation.

5. Adopted the report of the NAIC/AICPA (E) Working Group, which met July 25 and took the following action:
   a. Discussed the premium threshold amounts contained within the Annual Financial Reporting Model Regulation (#205) on an annual basis.
   b. Reviewed the states’ adoption of internal audit requirements.
   c. Heard an update from PricewaterhouseCoopers on recent accounting and auditing pronouncements.
   d. Discussed access to IT workpapers.
   e. Discussed the completeness and accuracy testing of reserve data.
   f. Discussed issues related to the communication of internal control-related matters noted in an audit.

6. Adopted the report of the National Treatment and Coordination (E) Working Group, which met July 17 and May 15 and took the following action:
   b. Received comments to the Company Licensing Best Practices Handbook.
   d. Discussed the possibility of creating an electronic biographical database to submit a biographical affidavit.

7. Adopted the report of the Restructuring Mechanisms (E) Working Group, which met Aug. 4 and took the following action:
   a. Adopted its July 8, July 1, May 16, and Spring National Meeting minutes; and the Restructuring Mechanisms (E) Subgroup’s May 23 minutes, which included the following action:
      2. Discussed proposed changes to its charges.
      3. Heard a presentation from the ACLI on its adopted principles for restructuring mechanisms.
      4. Heard a presentation from Lloyds on the United Kingdom (UK) Part VII transfer requirements.
      5. Heard presentations from: 1) the ACLI; 2) Swiss Re America Holding Corporation (Swiss Re); 3) ProTucket Insurance Company (ProTucket); and 4) the National Organization of Life and Health Insurance Guaranty Associations (NOLHG) and the National Conference of Insurance Guaranty Funds (NCIGF).
      6. Discussed comments received on the definition of “run-off,” as well as the charges of the Restructuring Mechanisms (E) Subgroup.
   b. Heard presentations from Enstar Group and Aon Service Corporation regarding its views on different restructuring mechanisms. Enstar’s presentation focused on the industry need for restructuring mechanisms, and Aon’s presentation focused on the benefits of restructuring mechanisms.
9. Discussed proposed changes to specific charges of the Restructuring Mechanisms (E) Working Group and the Restructuring Mechanisms (E) Subgroup dealing with a needed specific deadline. The proposed changes will be further considered when the Committee adopts its 2020 proposed charges prior to the Fall National Meeting.

Accounting Practices and Procedures (E) Task Force
Aug. 4, 2019
1. Adopted its Spring National Meeting minutes.
2. Exposed its 2020 proposed charges, which includes deletion of two completed charges and deletion of one charge proposed to be disposed as unnecessary, for a public comment period ending Aug. 19. The 2020 proposed charges are planned for discussion during its Aug. 22 conference call.
3. Adopted the report of the Statutory Accounting Principles (E) Working Group, which met Aug. 3 and took the following action:
   a. Adopted its May 29 minutes, which included adoption of three nonsubstantive agenda items and exposure of one nonsubstantive agenda item, as well as its Spring National Meeting minutes. The three nonsubstantive items adopted are:
      1. Revisions provide guidance for determining prepayment penalties when bonds are called for less than par.
      2. Revisions direct the initial reported value for a bond received as a property dividend or as a capital contribution.
      3. Revisions reduce the disclosure requirements for repurchase and reverse repurchase transactions.
   b. Adopted the following substantive revisions to statutory accounting guidance:
      2. Issue Paper 162—Property and Casualty Reinsurance Credit to document for historical purposes the revisions related to SSAP No. 62R—Property and Casualty Reinsurance.
   c. Adopted the following nonsubstantive revisions to statutory accounting guidance:
      1. Revisions to reject ASU 2018-12, Targeted Improvements to the Accounting for Long-Duration Contracts.
      2. Revisions clarify that an investment captured in scope of another SSAP does not automatically become a collateral loan because it is also secured with collateral.
      3. Revisions clarify the classification of an “affiliated” classification, when a transaction is in substance a related party transaction, even if the transaction is conducted through a non-related intermediary.
      4. Revisions clarify the scope of mortgage loans and clarify the requirements for participation agreements.
      5. Revisions require securities with differing NAIC designations by lot to be reported in aggregate at the worst NAIC designation or separately by lot.
      6. Revisions clarify that November 2018 updates to SSAP No. 62R apply to contracts in effect as of Jan. 1, 2019.
      8. Revisions to the SSAP No. 101 Implementation Q&A clarify the application of the deferred tax admittance calculation regarding offsetting deferred tax liabilities.
      9. Revisions reject as not applicable ASU 2015-08, Pushdown Accounting – Amendments to SEC Paragraphs Pursuant to Staff Accounting Bulletin No. 115.
11. Adopted editorial revisions to:
   i. SSAP No. 62R: Updated Exhibit D — Illustration of Asbestos and Pollution Counterparty Reporting Exception to match the current format of Property and Casualty Annual Statement Schedule F.
   ii. Updated paragraph references to Schedule F, Part 8 to reference the current section of Property and Casualty Annual Statement Schedule F, Part 3.
   iii. Deleted the paragraph in SSAP No. 84—Health Care and Government Insured Plan Receivables duplicating SSAP No. 4—Assets and Nonadmitted Assets.
   iv. Updated language in the weather derivative exhibit to eliminate “proposed” wording.
   v. Updated the footnote regarding investments that are excluded from the wash sale disclosure.
   d. Exposed an Issue Paper to revise the definitions, measurement guidance and impairment guidance for preferred stock.
   e. Exposed the following nonsubstantive revisions to statutory accounting guidance:
      1. Revisions incorporate additional principle concepts in classifying investments as cash equivalents or short-term investments to prevent the “rolling” of certain investments.
2. Revisions require a financial commitment or guarantee for a subsidiary, controlled or affiliated (SCA) entity to be recognized as a noncontingent guarantee liability.
3. Revisions exclude collateralized fund obligations, and similar structures that reflect underlying equity interests, from the scope loan-backed and structured securities. The revisions also prevent existing equity assets from being repackaged as securitizations and reported as long-term bonds.
4. Exposure requests additional comments, with referrals to the Financial Stability (EX) Task Force and the Life Actuarial (A) Task Force, on the reporting of insurance contracts that do not have mortality or morbidity risk.
5. Revisions provide guidance clarifying reporting of prepayments to providers of claims and adjusting services, noting that the liabilities are not recognized as paid until the losses are paid to claimants or claims are adjusted.
6. Revisions to SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance disclosure and revisions that expand the Appendix A-791, Life and Health Reinsurance (Appendix A-791) question-and-answer section regarding the applicability of Appendix A-791, treatment of contracts subject to the medical loss ratio (MLR), and question-and-answer regarding the treatment of group term life yearly renewable term (YRT) agreement.
7. Revisions assess ASU 2014-17, Business Combinations – Pushdown Accounting for statutory accounting with a request for comments on whether pushdown shall be rejected, permitted for noninsurance entities or permitted only for U.S. Securities and Exchange Commission (SEC) registrants. Revisions that goodwill from a reporting entity’s acquisition of an SCA when pushdown is applied is subject to the goodwill admittance limitation.
8. Revisions reject ASU 2019-06, Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities
9. Revisions clarify levelized commissions guidance and provide clarifications on commissions that are based on policy persistency. The revisions note commission expense is accrued based on experience to date.
10. Re-exposed revisions clarifying that “other” derivatives not used in hedging, income generation or replication shall be reported at fair value and do not qualify as admitted assets.
11. Revisions require assignment of purchase price and goodwill to entities within downstream holding companies with disclosure of the allocation of goodwill.
12. Revisions clarify that if an unalleviated going concern is noted in the audited financial statements or audit opinion, the SCA shall be nonadmitted.
14. Revisions clarify that only wash sales that cross report period-end dates are subject to the wash sale disclosure.
15. Revisions clarify what should be captured in Supplemental Investment Risk Interrogatory Line 13: 10 Largest Equity Interests, noting that a look-through should only occur for non-diversified funds. The revisions also exclude Securities Valuation Office (SVO)-Identified Bond Exchange-Traded Funds (ETFs) and SVO-Identified investments with underlying characteristics of fixed-income investments from this equity listing.
16. Revisions to Appendix A-785, Credit for Reinsurance adopted to the Credit for Reinsurance Model Law (#785) and the Credit for Reinsurance Model Regulation (#786) related to the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance” (Covered Agreement).
17. Revisions reject ASU 2019-03, Updating the Definition of Collections.
18. Revisions reject ASU 2019-31, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.
19. Exposed editorial revisions to statutory accounting.
f. Disposed agenda item 2019-13, Clarification of a Look-Through Approach without revisions. Directed an agenda item as a more-than-one downstream holding company look-through is permitted if all entities meet the criteria.
g. Received an update on the following projects and referrals:
1. Received a referral from the Valuation of Securities (E) Task Force on SSAP No. 105—Working Capital Finance Investments and directed NAIC staff to proceed with drafting revisions for subsequent exposure.
2. Received an update on surplus note accounting, noting that the Working Group will sponsor a data call to receive additional information on the use of linked surplus notes. NAIC staff were directed to work to finalize the components for the data call and to prepare proposed disclosures for data-capture in 2020.
3. Received an update that the FASB is considering an extension of the effective date of ASU 2016-13: Credit Losses and directed NAIC staff to continue monitoring the discussions.
4. Discussed a comment letter from the Committee on Property and Liability Financial Reporting (COPFLR) of the Academy regarding potential ambiguity in SSAP No. 62R regarding transfers of portfolio retroactive reinsurance that is accounted for as affiliated prospective reinsurance and directed NAIC staff to work on developing examples.
6. Received a request from the Life Actuarial (A) Task Force to coordinate the AP&P Manual and *Valuation Manual* guidance regarding modeling of YRT reinsurance cashflows and directed NAIC staff to assist in the coordination process in developing recommendations for Working Group review.

7. Reviewed the Working Group’s charges, noting that the Working Group would recommend to the Accounting Practices and Procedures (E) Task Force to delete the charge for 2020 to develop a model guideline to exceed state investment limitations for hedges. Per a review of annual statement information on the extent of derivative investments, the Working Group does not believe this model guideline is necessary.

8. Noted that no comments on current U.S. generally accepted accounting principles (GAAP) exposures are planned by the Working Group.

The comment deadline for new and exposed items is Oct. 11.

4. Adopted the report of the Blanks (E) Working Group, which met July 2 and June 24 and took the following action:
   a. Exposed proposal 2019-20BWG, which includes changes to the Property and Casualty Actuarial Opinion sponsored by the Casualty Actuarial (C) Task Force. The e-vote received a two-thirds majority as referenced in the Blanks (E) Working Group procedures.
   b. Proposal 2019-01BWG died for lack of motion – Add interrogatory question (28.0599 – annual and 17.5099 – quarterly) to General Interrogatories, Part 1 regarding total percent of assets reported on Lines 1, 2 and 5 of the Asset page managed by unaffiliated individuals/firms. In addition, the word “invested” is added to annual lines 28.0597 and 28.0598 and quarterly lines 17.5097 and 17.5098 description to clarify the intent was invested assets.
   c. Adopted its Spring National Meeting minutes.
   d. Exposed two new proposals and the revised Working Group procedures for a 30-day public comment period ending July 24.
   e. Adopted Working Group editorial listing.
   f. Adopted 16 proposals previously exposed:
      1. 2019-02BWG – For the VM-20 Reserves Supplement, Part 1, match the title under Part 1 to the title used in the blank. Add instructions to clarify the line reporting. Add clarifying column instructions to indicate that the due and deferred premium asset should be reported in accordance with VM-20, Requirements for Principle-Based Reserves for Life Products.
      2. 2019-03BWG – Add an NAIC Designation column for use with mutual funds to the annual Schedule D, Part 2, Section 2 and modify the instructions to reflect the addition. Modify the instructions for the NAIC Designation and Administrative Symbol column for the quarterly Schedule D, Part 3 and Part 4 to reflect capturing designations for mutual funds.
      3. 2019-04BWG – Remove the reference to “life and fraternal only” for Schedule BA General Instructions regarding investments that have the underlying characteristics of bonds or fixed instruments. Also remove the instructions reference for Schedule BA regarding the CUSIP Identification column and the NAIC Designation column. Add additional lines to the “Fixed or Variable Interest Rate Investments that Have the Underlying Characteristics of a Bond, Mortgage Loan or Other Fixed Income Instrument” and “Joint Ventures or Partnership Interests for Which the Primary Underlying Investments are Considered to Be Fixed Income Instruments” categories to distinguish between those reviewed and approved by the SVO and those that have not.
      4. 2019-05BWG – Add new instructions and illustration (to be data-captured) to Note 21, Other Items for life policies where the reporting entity is owner and beneficiary or has otherwise obtained rights to control the policy. The new disclosure will be Note 211 for life/fraternal and health and Note 21H for property and title.
      5. 2019-06BWG – Add a reference for structured settlements acquired by a reporting entity as an investment (where the company has acquired the legal right to receive payments) to the Schedule BA General Instructions in the “any other class of assets” definition.
      6. 2019-07BWG – Modify the instructions for Note 20, Fair Value to reflect changes adopted for SSAP No. 100R—*Fair Value*. These changes reflect disclosure modifications adopted from U.S. GAAP (ASU 2018-13, Changes to the Disclosure Requirements for Fair Value Measurement). The revisions do not change any of the disclosure templates.
      7. 2019-08BWG – Modify the instructions for Note 12, Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans to reflect changes adopted for *SSAP No. 92—Postretirement Benefits Other Than Pensions* and SSAP No. 102—*Pensions*.
      8. 2019-09BWG – Add a reference to include mortgage-referenced securities in the “U.S. Special Revenue and Special Assessment Obligations and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions” category in the Investment Schedules General Instructions. Also delete Note 50, Structured Notes, and modify the bond characteristics definition for Schedule D, Part 1.
      9. 2019-10BWG – Add instructions for determining the gain (loss) reported in column 18 and the prepayment penalty and/or acceleration fee amount in column 20 on Schedule D, Parts 4 and 5 for called bonds where consideration received is less than par.
10. 2019-11BWG – Modify the instructions and table illustrations for Note 5F, Note 5G, Note 5H and Note 5I to reflect changes to SSAP No. 103—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. In addition, the formatting of some tables in the illustrations were changed to fit on the page.

11. 2019-12BWG – Add a code for foreign mutual funds to Schedule D, Part 2, Section 2, Column 3. Add instruction for foreign open-end investment funds to be included as mutual funds in the Investment Schedules General Instructions.

12. 2019-13BWG – Modify the instructions for question 2 of the Supplemental Investment Risks Interrogatories to exclude diversified foreign mutual funds. Add disclosure of the top 10 fund managers.


14. 2019-15BWG – Modify the instructions for the Actual Cost column for Schedule D (Part 1, Part 3, Part 4 and Part 5) and Schedule DA to provide guidance for bonds that are received as a property dividend or capital contribution.

15. 2019-16BWG – Add a new column “YRT Mortality Risk Only” to the Analysis of Operations by Lines of Business (Summary, Individual Life and Group Life) and Analysis of Increase in Reserves During Year (Individual Life and Group Life) blank pages and instructions for YRT reinsurance business where the only risk included is mortality.

16. 2019-17BWG – Add two new lines for affiliated bank loans to the parent, subsidiaries and affiliates category, and modify the existing lines for bank loans to reference unaffiliated for Schedule D, Part 1; Schedule DA; Schedule DL, Parts 1 and 2; and Schedule E, Part 2. The subtotal line for bank loans under the total bond category will be the sum of the affiliated and unaffiliated lines.

**Capital Adequacy (E) Task Force**

**Aug. 4, 2019**

1. Adopted its June 28 minutes, which included the following action:
   a. Adopted its Spring National Meeting minutes.
   b. Disbanded the Operational Risk (E) Subgroup.
   c. Adopted its Working Group’s proposals.

2. Adopted the report of the Health Risk-Based Capital (E) Working Group, which met July 17 and took the following action:
   a. Adopted its June 24 and May 13 minutes, which included the following action:
      1. Adopted its Spring National Meeting minutes.
      2. Discussed comments received on proposal 2019-4-H and 2018-17-CA.
      3. Discussed and exposed the “LTC HMO Guaranty Fund” memorandum for a 15-day public comment period ended May 28.
      4. Exposed proposed changes to the bond structure and excessive growth charge referral letter for a 30-day public comment period ending July 24.
   b. Discussed the 2018 health risk-based capital (RBC) statistics.
   c. Adopted the 2019 health RBC newsletter.
   d. Re-exposed proposal 2019-04-H for a 30-day public comment period ending Aug. 16.
   e. Discussed managed care credit for category 1 and category 2B.
   f. Heard an update on the Health Test Ad Hoc Group.

3. Adopted the report of the Life Risk-Based Capital (E) Working Group, which met Aug. 3 and took the following action:
   a. Adopted its Spring National Meeting minutes.
   b. Adopted its July 22, June 24, June 17, June 6, May 13, April 26 minutes, which included the following action:
      1. Adopted the 2019 life and fraternal RBC newsletters.
      2. Adopted the proposed changes to the life and fraternal RBC instructions recommended by the Variable Annuities Capital and Reserve (E/A) Subgroup.
      3. Adopted the combined life and fraternal RBC formula proposal.
      4. Discussed the 2018 life and fraternal RBC statistics.
      5. Discussed a proposal to update the RBC charge for unaffiliated common stock supporting long-horizon contractual commitments.

   c. Adopted the report of the Variable Annuities Capital and Reserve (E/A) Subgroup, highlighting the adoption of the recommended RBC instruction changes.

   d. Adopted the report of the Longevity Risk (A/E) Subgroup, which met July 17 to discuss comments received on the Academy Longevity Risk Task Force proposal for applying a C-2 charge for longevity risk related to payout annuities and life settlements.

   e. Heard an update from the Academy Longevity Risk Task Force.

   f. Discussed pending items to be considered by the Working Group.

4. Adopted the report of the Property and Casualty Risk-Based Capital (E) Working Group, which met Aug. 4 and took the following action:

   a. Adopted its May 17 minutes, which included the following action:

      1. Adopted the Catastrophe Risk (E) Subgroup’s Spring National Meeting minutes.
      2. Adopted its Spring National Meeting minutes.
      5. Exposed changes of bond pages in the P/C RBC formula for a 45-day public comment period ending July 1.
      6. Exposed proposed changes of percentage ownership calculation in the affiliated investment page for a 45-day public comment period ending July 1.
      7. Discussed the scope letter from the Academy Property and Casualty Committee regarding the plan on reviewing the underwriting risk component.
      8. Discussed the possible changes of the R3 related to the Covered Agreement.

   b. Adopted the report of the Catastrophe Risk (E) Subgroup, which met Aug. 2 and took the following action:

      1. Heard a presentation from AIR Worldwide (AIR) on how the aggregate exceedance probability (AEP) and occurrence exceedance probability (OEP) curves are created based on the AIR modeling results.
      2. Heard a presentation from Risk Management Solutions (RMS) on how the AEP and OEP curves are calculated and a comparison of the results.

   c. Adopted the 2019 P/C RBC newsletter.

   d. Exposed proposal 2019-11-P (Clarification to Instructions Regarding Lloyd's of London) for a 30-day public comment period ending Sept. 3.

   e. Exposed proposal 2019-12-P (Remove PR035 Adjustment for Reinsurance Penalty) for a 30-day public comment period ending Sept. 3.

   f. Discussed 2018 P/C RBC statistics.

   g. Discussed the 2019 P/C RBC working agenda.

   h. Discussed R3 impact analysis.

   i. Discussed overall P/C RBC analysis.

   j. Discussed proposed changes of bond pages in the P/C RBC formula. The changes have been forwarded to the Investment Risk-Based Capital (E) Working Group for further discussion.

   k. Discussed proposed changes of percentage ownership calculation in the affiliated investments page. The changes have been forwarded to the Informal Affiliated Investment Ad Hoc Group for further discussion.

   l. Discussed the scope letter from the Academy Property and Casualty Committee regarding the plan on reviewing the underwriting risk component.

   m. Discussed the possible changes of the R3 related to the Covered Agreement.

5. Adopted its working agenda.

6. Exposed its 2020 proposed charges for a 30-day public comment period ending Sept. 4.


8. Re-exposed the RBC Preamble for a 30-day comment period ending Sept. 4.

9. Received a structured notes referral.

10. Received a comprehensive fund referral.

**Examination Oversight (E) Task Force**

**Aug. 4, 2019**

1. Adopted its Spring National Meeting minutes.

2. Adopted the report of the Electronic Workpaper (E) Working Group, which met July 18 in regulator-to-regulator session pursuant to paragraph 4 (internal or administrative matters of the NAIC or any NAIC member) of the NAIC Policy Statement on Open Meetings.

3. Adopted the report of the Financial Examiners Coordination (E) Working Group, which met April 8 in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings.
4. Adopted the report of the Financial Analysis Solvency Tools (E) Working Group, which met May 28 in joint session with the Group Solvency Issues (E) Working Group in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities or individuals) and paragraph 6 (consultation with NAIC staff members related to technical guidance) of the NAIC Policy Statement on Open Meetings. The Working Group also met July 25 to discuss changes to the Insurance Regulatory Information System (IRIS) for 2019 annual statement filings. The proposal included element changes to several IRIS ratios, which were driven by financial blanks changes for 2019 annual. The proposed changes were exposed for a 30-day public comment period ending Aug. 26.

5. Adopted the report of the IT Examination (E) Working Group, which met July 16 and took the following action:
   a. Exposed revisions on the following topics for a 30-day public comment period ending Aug. 15:
      1. Information technology (IT) review conclusions – Revisions are intended to clarify the scope of the IT review and the way examiners should respond to IT review findings.
      2. Use of third-party work – Revisions are intended to clarify the ways that third-party work can be evaluated and used during an exam’s IT review.
      3. Cybersecurity self-assessment tools – Revisions allow state insurance regulators to incorporate the results of a company’s completed self-assessment. Additionally, a drafting group developed a mapping between IT exam guidance and the cybersecurity self-assessment tool developed by the Financial Services Sector Coordinating Council (FSSCC) to facilitate state insurance regulator use of the information contained within the tool.

6. Exposed its 2020 proposed charges for a 30-day public comment period ending Sept. 3. The proposed revisions would:
   a. Update the charges of the Electronic Workpaper (E) Working Group in recognition of the discussions it has been having in regulator-only settings.

7. Received an update from the Financial Examiners Handbook (E) Technical Group on revisions that the Working Group will be considering later this year. Topics that will be discussed include Exhibit V – Prospective Risk Assessment, management letters, examinations of troubled or potentially troubled companies, and the reserves/claims handling repositories.

Long-Term Care Insurance (E/B) Task Force
The Long-Term Care Insurance (E/B) Task Force did not meet at the Summer National Meeting.

Receivership and Insolvency (E) Task Force
Aug. 4, 2019
1. Adopted its Spring National Meeting minutes.
2. Adopted the report of the Receivership Financial Analysis (E) Working Group, which met Aug. 4 in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings. During this meeting, the Working Group discussed the status of individual receiverships.
3. Adopted the report of the Receivership Large Deductible Workers’ Compensation (E) Working Group, which met July 18 and took the following action:
   a. Heard a presentation from NAIC staff on statutory reporting of large deductible workers’ compensation information.
   b. Reviewed comments received on draft guidance for the Receiver’s Handbook for Insurance Company Insolvencies. The Working Group made further revisions, which will be considered for adoption on a future conference call.
4. Adopted revisions to the Guideline for Stay on Termination of Netting Agreements and Qualified Financial Contracts (#1556). The revisions to the drafting note highlight the issue that rules on master netting agreements of the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) do not recognize state receivership stays and advise any state considering adoption of Guideline #1556 to first determine whether the rules of the Federal Reserve, the FDIC and the OCC have been amended to recognize state receivership stays.
5. Adopted the report of the drafting group, including recommendations to address the Macroprudential Initiative (MPI) referral on recovery and resolution from the Financial Stability (EX) Task Force. Recommendations include:
   a. Explore the use of bridge institutions in regulatory oversight as a pre-receivership mechanism to address the early termination of qualified financial contracts (QFCs).
   b. Explore remedies for ensuring continuity of essential services and functions to an insurer in receivership in consultation with Group Solvency Issues (E) Working Group.
   c. Update guidance on taxes in receivership and federal releases.
   d. Update guidance on termination of QFCs.
   e. Consider methods to encourage states to adopt key areas in receivership law to enhance efficiencies and effectiveness of the receivership process across states.
   Work on these items is expected to begin in 2020.
6. Adopted 2020 proposed charges for the Task Force and its working groups.
7. Heard an international resolution update from Texas that highlighted activities of the IAIS. The IAIS Resolution Working Group will be meeting in September to:
   a. Continue work towards finalizing the Application Paper on Recovery Planning.
   b. Discuss the planning and scope of the Application Paper on Resolution.

**Reinsurance (E) Task Force**

**Aug. 4, 2019**

1. Adopted its May 15 minutes, which included the following action:
   a. Adopted the proposed revisions to the Credit for Reinsurance Model Law (#785) and the Credit for Reinsurance Model Regulation (#786).
   b. Adopted its Spring National Meeting minutes.
2. Adopted the report of the Qualified Jurisdiction (E) Working Group. The Working Group met July 25 via conference call in regulator-to-regulator session, pursuant to paragraph 8 (consideration of strategic planning issues) of the NAIC Policy Statement on Open Meetings. The Working Group has discussed a charge that was received from the Financial Condition (E) Committee to consider changes to the Process for Developing and Maintaining the NAIC List of Qualified Jurisdictions as a result of the Covered Agreement.
3. Adopted the report of the Reinsurance Financial Analysis (E) Working Group. The Working Group has not met since the Spring National Meeting. The Working Group has a charge from the Financial Condition (E) Committee to consider changes in its current methods of monitoring certified reinsurers domiciled in qualified jurisdictions to incorporate changes to state reinsurance collateral requirements caused by the Covered Agreement and any changes to Model #785 and Model #786 to provide similar treatment to reinsurers domiciled in qualified jurisdictions.
4. Discussed the next steps in the process of implementing the 2019 revisions to Model #785 and Model #786. There are several tasks that will need to be completed by the Qualified Jurisdiction (E) Working Group, Reinsurance Financial Analysis (E) Working Group, the Blanks (E) Working Group, the Statutory Accounting Principles (E) Working Group, the working groups involved with risk-based capital (RBC), and internal NAIC groups, including information technology (IT) and the NAIC Financial Data Repository.
5. Discussed Model #785 and Model #786 as an accreditation standard. Director Chlora Lindley-Myers (MO) provided a memorandum to the Financial Regulation Standards and Accreditation (F) Committee that outlined the necessary steps to make the 2019 revisions to Model #785 and Model #786 accreditation standards.

**Risk Retention Group (E) Task Force**

**Aug. 3, 2019**

1. Discussed a letter received from the Vermont Captive Insurance Association (VCIA) regarding efforts to clarify issues around risk retention groups (RRGs) and their registration in non-domiciliary states.
2. Exposed proposed revisions to the NAIC Uniform Risk Retention Group – Notice and Registration form for a 30-day public comment period ending Sept. 6. The revisions update the form to provide clarity regarding required information.
3. Exposed Frequently Asked Questions (FAQ) and Best Practices documents for RRGs for a 30-day public comment period ending Sept. 6. These are new documents to assist the states with the registration of RRGs.
4. Referred proposed revisions to the Financial Regulation Standards and Accreditation (F) Committee to consider updating the Part B1: Financial Analysis Accreditation Guideline specific to RRGs.

**Valuation of Securities (E) Task Force**

**Aug. 4, 2019**

1. Adopted its May 30 and Spring National Meeting minutes. During its May 30 meeting, the Task Force took the following action:
   a. Received a referral from the Statutory Accounting Principles (E) Working Group on structured notes and a proposed amendment to the Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual) to update the definition and instructions for structured notes. Both were exposed for a 30-day public comment period ending July 8.
   b. Heard a joint NAIC staff and industry report on the project to review existing credit tenant loan (CTL) guidance and possible new guidance on other lease-based transactions.
   c. Received and discussed a referral from the Statutory Accounting Principles (E) Working Group on regulatory transactions and received a proposed P&P Manual amendment, which was exposed for a 30-day public comment period ending July 8, to add instructions for new administrative fields for regulatory transactions “RTS” and “RT.”
   d. Discussed a referral to the Blanks (E) Working Group to add NAIC designation to U.S. Securities and Exchange Commission (SEC) registered fund investments.
   e. Discussed a referral to the Capital Adequacy (E) Task Force on the previously adopted comprehensive fund instructions.
f. Received a proposed P&P Manual amendment to remove obsolete modified filing exempt (MFE) instructions, which was exposed for a 30-day public comment period ending July 8.

g. Discussed a referral to the Blanks (E) Working Group on adding an NAIC designation modifier to create an NAIC designation category along with the Securities Valuation Office (SVO) administrative symbols.

2. Adopted an amendment to the P&P Manual to update the definition and instructions for structured notes, which was exposed for a 30-day public comment period ending July 8. The new guidance refers to the definition of structured notes in Statement of Statutory Accounting Principles (SSAP) No. 26R—Bonds, which was adopted by the Statutory Accounting Principles (E) Working Group. The definition removed these instruments from being in scope of SSAP No. 26R and, with the exception of mortgage-referenced securities, SSAP No. 43R—Loan-Backed and Structured Securities. The P&P Manual amendment also makes them ineligible for filing exemption.

3. Directed NAIC staff to update the amendment to include administrative transitional instructions and further define terminology, and then re-expose the updated amendment for a 14-day public comment period. The amendment to the P&P Manual adds instructions for new administrative fields for regulatory transactions, “RTS” and “RT,” which was exposed for a 30-day public comment period ending July 8. The amendment adds specific instruction for reporting regulatory transactions. Previously, reporting entities did not have any available reporting options when an investment schedule required an NAIC designation.

4. Received and exposed a proposed P&P Manual amendment to update the definition and instructions for principal protected notes for a 45-day public comment period ending Sept. 19. The amendment proposes removing this class of securities from eligibility for filing exemption; they would need to be filed with the SVO for review.

5. Received and exposed a proposed P&P Manual amendment to update the interim instructions for mortgage reference securities for a 30-day public comment period ending Sept. 4. Insurers currently do not have instructions to assign an NAIC designation to a newly issued or newly acquired mortgage reference security prior to the publication of the annual surveillance data. This proposal would provide that interim guidance.

6. Adopted an amendment to the P&P Manual to delete a stray reference to MFE, which was exposed for a 30-day public comment period ending July 8. The Task Force previously adopted the deletion of the MFE provisions, but there were some residual references in the P&P Manual that this amendment would remove.

7. Heard a report from NAIC staff and industry on a project to review existing CTL guidance and possible new guidance on other lease-based transactions. The Task Force directed insurers to continue reporting the other lease-based transactions as they have done in the past for year-end 2019 and directed NAIC staff to continue working with them on updating the guidance.

8. Heard reports from NAIC staff on: a) projects before the Statutory Accounting Principles (E) Working Group; b) the impact of residential mortgage-backed securities (RMBS)/commercial mortgage-backed securities (CMBS) price breakpoints with the upcoming change NAIC designation categories; c) “bespoke” securities; and d) infrastructure investments.

FINANCIAL REGULATION STANDARDS AND ACCREDITATION (F) COMMITTEE
Aug. 2–3, 2019

The Financial Regulation Standards and Accreditation (F) Committee met Aug. 2, in 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 Montana, Pennsylvania and Utah. The Committee also met Aug. 3 and took the following action:
1. Adopted its Spring National Meeting minutes.
2. Adopted its 2020 proposed charges, which remain unchanged from 2019.
3. Adopted revisions to the Part A: Laws and Regulations Preamble of the Financial Regulation Standards and Accreditation Program to include fraternal benefit societies in regard to principle-based reserving (PBR) where specifically referenced in the Liabilities and Reserves standard.
4. Adopted revisions to Part D: Organization, Licensing and Change of Control of Domestic Insurers. The revisions include updates to reflect current practices and expansion of the standards to redomestications, effective Jan. 1, 2020. In addition, Part D will be included in the review team’s recommendation, with the result that the outcome can affect a state’s accredited status, effective Jan. 1, 2022.
5. Exposed proposed revisions to the Self-Evaluation Guide/Interim Annual Review to incorporate the revisions to Part D for a 30-day public comment period ending Sept. 6.
6. Exposed proposed revisions to the Review Team Guidelines for procedures for troubled companies for a 30-day public comment period ending Sept. 6. The revisions provide further information on timely and effective communication of a troubled or potentially troubled company between the domiciliary and non-domiciliary states.
7. Discussed the accreditation impact of the 2019 revisions to the Credit for Reinsurance Model Law (#785) and the Credit for Reinsurance Model Regulation (#786). The states are encouraged to begin adoption of provisions that are substantially
similar to the 2019 revisions to Model #785 and Model #786, and consideration of a formal accreditation standard will follow the normal process, which includes public discussion and exposure.

INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE
Aug. 3, 2019
1. Adopted its Spring National Meeting minutes.
2. Reported that it met July 30 and May 30 in regulator-to-regulator session pursuant to paragraph 8 (consideration of strategic planning issues) of the NAIC Policy Statement on Open Meetings.
3. Adopted the report of the ComFrame Development and Analysis (G) Working Group, which met Aug. 3 in regulator-to-regulator session pursuant to paragraph 8 (consideration of strategic planning issues) of the NAIC Policy Statement on Open Meetings and took the following action:
   a. Discussed and provided input on issues related to the insurance capital standard (ICS) and the monitoring period process.
   b. Heard an update on the ICS and aggregation method field testing processes.
4. Discussed with interested parties key 2019 projects of the IAIS, focusing on the holistic framework on systemic risk, the ICS and monitoring period and the new IAIS strategic plan for 2020–2024. Committee members and interested parties discussed various aspects of these projects, including concerns on implementation and potential impacts and views on ongoing development.

NAIC/CONSUMER LIAISON COMMITTEE
Aug. 5, 2019
1. Adopted its Spring National Meeting minutes.
2. Reaffirmed for 2020 its mission statement to assist the NAIC in its mission to support state insurance regulation by providing consumer views on insurance regulatory issues. The Liaison Committee provides a forum for ongoing dialogue between NAIC members and NAIC consumer representatives. The Liaison Committee’s activities will be closely aligned with the priorities of the NAIC Consumer Board of Trustees.
3. Observed the presentation of the Excellence in Consumer Advocacy Award from NAIC consumer representatives to James Regalbuto (NY).
4. Heard a presentation from the Center on Budget and Policy Priorities (CBPP) on direct enrollment in marketplace coverage that lacks protections for consumers. This is important as a disclosure issue prior to making consumer sales of such products.
5. Heard a presentation from the Disability Rights Education and Defense Fund (DREDF), The AIDS Institute and the National Center for Transgender Equality (NCTE) on Section 1557 updates and the role of state insurance regulators. This is important to consumers as state insurance regulators seek to ensure understanding of the various changes.
6. Heard a presentation from Dialysis Patient Citizens (DPC) on how state insurance regulators can protect consumers shopping for short-term health and other limited benefit products.
7. Heard a presentation from the University of Texas at Austin and the University of Georgia on approaches state insurance departments can employ for consumer input when designing consumer education, information and disclosures.
8. Heard a presentation from the CEJ on credit-related insurance and the need for state insurance regulators to step up their regulations.

NAIC/AMERICAN INDIAN AND ALASKA NATIVE LIAISON COMMITTEE
Aug. 4, 2019
1. Adopted its Spring National Meeting minutes.
2. Reaffirmed for 2020 its mission statement to provide a forum for ongoing dialogue between NAIC members and the American Indian and Alaska Native communities concerning insurance issues of common interest. Specifically, the Liaison Committee will provide a forum for an exchange of information and views on issues surrounding the availability of insurance for American Indian and Alaska Native consumers and tribal interests, an opportunity for American Indian and Alaska Native groups to bring insurance consumer protection issues to the attention of NAIC members, and a dialogue on best practices for dealing with insurance issues unique to sovereign tribal nations.
3. Heard a panel discussion from the Keystone Policy Center and Blue Cross and Blue Shield Association (BCBSA) of New Mexico on best practices for working with tribal leaders on suicide prevention and access to care. This issue is important to curb the rising tide of youth suicide within tribal communities.

NAIC/INDUSTRY LIAISON COMMITTEE
Aug. 5, 2019
1. Adopted its Spring National Meeting minutes.
2. Reaffirmed for 2020 its mission statement to meet at least twice a year to discuss issues of common interest to state insurance regulators and insurance industry representatives.
3. Heard a presentation from America’s Health Insurance Plans (AHIP) and the ACLI on supplemental health insurance plans. AHIP and the ACLI described the characteristics of such plans and explained the differences between supplemental benefit plans and comprehensive health coverage. They also described survey results detailing consumer satisfaction with such plans.

4. Heard a presentation from the American Property Casualty Insurance Association (APCIA) outlining legislative developments regarding marijuana and issues surrounding marijuana for the insurance sector. The APCIA discussed issues relating to insurance coverage, impairment, auto safety and medical marijuana. The APCIA also described its policy position on the issue, including its support for a federal safe harbor, increased scientific research, and its opposition to reimbursement and coverage mandates.

5. Heard a presentation from the APCIA on issues surrounding auto repair practices. The APCIA outlined the number of auto claims and consumer complaints relating to such claims. It discussed the ambiguity surrounding technical repair standards and the increase in auto part costs and insurance premiums associated with the federal government’s imposition of tariffs. The APCIA noted that car repair claims are frequent, but complaints are not. It said insurers are improving the claims process through innovation, but noted the industry’s desire for clarity around auto repair standards and the elimination of tariffs on auto parts to reduce costs to insurers and consumers.

6. Discussed the NAIC Credit for Reinsurance Model Act (#785). The Reinsurance Association of America (RAA) discussed the RAA’s support for the NAIC’s recently passed amendments to Model #785 and offered the association’s assistance in getting the amendments adopted in the states.

NAIC/STATE GOVERNMENT LIAISON COMMITTEE
The NAIC/State Government Liaison Committee did not meet at the Summer National Meeting.
The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.

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