

National Association of Insurance Commissioners (NAIC) Summer 2023 Meeting Summary

The National Association of Insurance Commissioners (NAIC) recently held its Summer National Meeting virtually and in person in Seattle, Washington. This summary highlights issues that various NAIC groups addressed at the recent meeting.

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What You Need to Know:

- The Privacy Protections (H) Working Group continues its work on the Insurance Consumer Privacy Protections Model Law (#674). It is currently working through comment letters and a new draft will be exposed in the future.
- Revisions to the Nonadmitted Insurance Model Act (#870) were adopted.
- The Financial Condition (E) Committee adopted a new group titled the Generator of Economic Scenarios (E/A) Subgroup of the Life Risk-Based Capital (E) Working Group that will review and monitor relevant activity related to economic scenario generators.
- A white paper titled *Market for Cannabis Insurance: 2023 Update* was adopted by the Property and Casualty Insurance (C) Committee and ultimately at the Joint Meeting of Executive (EX) Committee and Plenary.
- Reports were received on the ongoing work of various workstreams from the Sepecial (EX) Committee on Race and Insurance.
- 2024 proposed charges were exposed for a number of task forces, working groups and subgroups.
- The Improper Marketing of Health Insurance (D) Working Group adopted draft amendments to the *Unfair Trade Practices Act* (#880).
- The Accounting Practices and Procedures (E) Task Force adopted a number of clarifications to statutory accounting guidance and directed NAIC staff to sponsor a blanks proposal to revise Schedule BA: Other Long-Term Assets for debt securities that do not qualify as bonds.
- Initial public comments were provided on the *NAIC Model Bulletin: Use of Algorithms, Predictive Models, and Artificial Intelligence Systems by Insurers*.

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Joint Meeting of the Executive (EX) Committee and Plenary

The Joint Meeting of Executive (EX) Committee and Plenary met on Wednesday, August 16, 2023, at the NAIC Summer National Meeting. The agenda can be found [here](#). Below is a summary of the meeting:

Consider Adoption by Consent the Committee, Subcommittee, and Task Force Minutes of the Spring National Meeting,

The Executive Committee voted to adopt the Spring NAIC National Meeting minutes as presented.

Consider Adoption of Amendments to the 2024 Valuation Manual

Carter Lawrence briefly summarized the proposed amendments for adoption. The appropriate majority of the members of the Executive Committee voted to adopt the revisions and amendments to the 2024 Valuation Manual. The full set of amendments can be found within the meeting materials linked below as Attachment Three.

Consider Adoption of Revisions to the Nonadmitted Insurance Model Act (#870)

Director Larry Deiter (SD) presented the revisions. The Executive Committee voted to adopt the proposed revisions to the nonadmitted Insurance Model Act #870 as presented. The revisions can be found within the meeting materials linked below as Attachment Six.

Consider Adoption of Revisions to the Cannabis Insurance White Paper

Director Larry Deiter (SD) presented the revisions. The Executive Committee voted to adopt the proposed revisions to the Cannabis Insurance White Paper as presented. The revisions can be found within the meeting materials linked below as Attachment Seven.

Consider Adoption of Recent Action Taken by the Financial Condition (E) Committee Relative to Residual Investments

Superintendent Elizabeth Kelleher Dwyer (RI) presented a summary of two proposals regarding the RBC treatment of residual investments in structured securities. The Executive Committee voted to adopt the recent action taken by the Financial Conditions (E) Committee regarding relative to residual investments. The proposals can be found within the meeting materials linked below as Attachment 10.

Consider Adoption of Revisions to the Mortgage Guaranty Insurance Model Act (#630)

Superintendent Elizabeth Kelleher Dwyer (RI) presented the revisions. The Executive Committee voted to adopt the proposed revisions to the Mortgage Guaranty Insurance Model Act #630. The revisions can be found within the meeting materials linked below as Attachment 11.

The meeting materials can be found [here](#).

Executive (EX) Committee

The Executive (EX) Committee meeting took place on Monday, August 14, 2023 at the NAIC Summer National Meeting, and the agenda can be found [here](#). Below is a summary of the meeting:

Consider Adoption of the Aug. 13 Report of the Executive (EX) Committee and Internal Administration (EX1) Subcommittee —Director Chlora Lindley-Myers (MO)

The Committee previously met on August 13, 2023, and the minutes from that meeting were adopted without objection. The meeting minutes can be found [here](#) as Attachment One.

Consider Adoption of its Interim Meeting Report —Director Chlora Lindley-Myers (MO)

The Executive (EX) Committee met May 23 and March 31, 2023, in regulator-to-regulator session, pursuant to paragraph 4 (internal or administrative matters of the NAIC or any NAIC member) of the NAIC Policy Statement on Open Meetings. During these meetings, the Committee:

- Appointed Commissioner Scott A. White (VA) to serve on the International Association of Insurance Supervisors (IAIS) Executive Committee.
- Approved the 2027 national meeting site locations: Spring National Meeting, Kansas City, MO; Summer National Meeting, New York, NY; and Fall National Meeting, Nashville, TN.

The report was adopted without discussion and can found in Attachment Two to the [meeting minutes](#).

Consider Adoption of its Task Force Reports

The reports were adopted without discussion. The full reports can be found in Attachment Three to the [meeting minutes](#).

- Climate and Resiliency (EX) Task Force —Director Lori K. Wing-Heier (AK) and Commissioner Ricardo Lara (CA)
- Government Relations (EX) Leadership Council —Director Chlora Lindley-Myers (MO)
- Long-Term Care Insurance (EX) Task Force —Commissioner Michael Conway (CO) and Commissioner Andrew R. Stolfi (OR)
- Special (EX) Committee on Race and Insurance —Director Chlora Lindley-Myers (MO) and Commissioner Andrew N. Mais (CT)

Receive a Status Report on the Implementation of State Connected —Director Chlora Lindley-Myers (MO)

The NAIC management team is working on plans for implementation. The Committee will be meeting soon and you will hear more about these efforts in the coming months.

Receive a Status Report on Model Law Development Efforts —Director Chlora Lindley-Myers (MO)

Attachment Four to the [meeting minutes](#) describes Model Law Development. This was accepted without discussion.

Hear an Oral Report from the National Insurance Producer Registry (NIPR) Board of Directors—Director Larry D. Deiter (SD)

NIPR had a meeting on August 12 to discuss strategic planning. The plan should be adopted at the end of the year. Revenues are strong and above budget. Net assets have increased by 6.9 million. NIPR continues to work with NY and WA on all NIPR major products and then all states will be using NIPR. CCR is available in 34 states to change information via NIPR.com. NIPR has rolled out ability for changing a name in five states.

Hear an Oral Report from the Interstate Insurance Product Regulation Commission (Compact)—Commissioner Kathleen A. Birrane (MD)

The Compact will hold a meeting on August 15. ND is now a member of the Compact. There are 45 states that are now members plus DC and Puerto Rico. A subgroup is working on new uniform standards for products and how to apply Actuarial Guideline 54. The meeting will also discuss strategic planning for the Compact and whether to continue with three strategic strategies: uniform standard state support, nationally recognized regulatory review process, and impact on consumers. The Compact conducted three compact round tables in the past year. The Compact thanked commissioners who were able to attend. The Compact will receive recommendations for public rulemaking of (1) uniform standards for a new product line and (2) an amendment to the Compact to address incorporation by reference.

There were no questions.

Climate & Resiliency (EX) Task Force

The Climate and Resiliency (EX) Task Force met on Tuesday, August 15, 2023 at the NAIC Summer National Meeting, and the agenda can be found [here](#). Below is a summary of the meeting:

Consider Adoption of its Spring National Meeting Minutes

The Working Group previously met at the NAIC Spring National Meeting on March 24, 2023, and the minutes from that meeting were adopted without objection, which are included as Attachment One to the [meeting materials](#).

Hear a Presentation from the ASU Global Futures Laboratory/Bermuda Institute for Ocean Sciences on Rising Sea Levels

Peter Schlosser, Vice President of the Global Futures Laboratory at Arizona State University presented to the Task Force on the current challenges that society is facing due to global warming. Mr. Schlosser emphasized that more extreme weather events will occur with increasing severity. He also discussed climate refugees and recommended that we should not be rebuilding after a disaster in certain areas that are at high risk. In response to a question from Francisco D. Cabrera, Commissioner for the N. Mariana Islands, Mr. Schlosser discussed the fate of certain island nations with the Task Force. Unfortunately, there are many islands that are projected to be underwater in the not too distant future because humans have not succeeded in capping rising temperatures at 1.5 degrees Celsius. The presentation also detailed some emerging technologies that may eventually be able to take carbon out of the atmosphere; however, these are very much still in the development phase. Mr. Schlosser stated that it is time for the world to seriously act on global warming. The full presentation is available [here](#) as Attachment Two to the meeting materials.

Hear a Presentation from Ceres on an Inclusive Insurance Study

Steven Maze Rothstein with Ceres, a nonprofit working on sustainability challenges, gave a presentation on the January 2023 Inclusive Insurance for Climate-Related Disasters report. The report concludes that too many people are uninsured against disasters and are unable to afford coverage and that policies, programs and products must change to meet current needs. Mr. Rothstein proposed filling the existing gaps with new products such as community/group insurance, microinsurance, and parametric insurance.

He also discussed the dependency that insurance company investment portfolios currently have on fossil fuels. While he did not recommend divesting from fossil fuels, he did believe that the industry may be relying too heavily on those investments.

Commissioner Troy Downing of Montana asked about potential issues people in vulnerable communities may face economically if the world moves away from fossil fuels. Commissioner Cabrera reminded the attendees that the larger issue is that many people will no longer have a place to live because of climate change.

The complete presentation is available [here](#) as Attachment Three to the meeting materials.

Hear a Presentation on Atmospheric River Storms

Mike Peterson and Kara Voss with the California Department of Insurance gave a presentation on atmospheric rivers. An atmospheric river is a large narrow stream of water vapor that travels through the air and then dumps a large quantity of rain on an area all at once, which often causes flooding. The phenomenon tends to affect western states the most. The presentation emphasized the need to focus on flood mitigation to address the problems caused by atmospheric rivers. The complete presentation is available [here](#) as Attachment Four to the meeting materials.

Receive an Update from the Solvency Workstream

This group is currently researching disaster scenarios used by other organizations and countries in their efforts to find solutions to certain problems. These can be used by the Task Force in the future as it plans for future challenges.

Special (EX) Committee on Race and Insurance

The Special (EX) Committee on Race and Insurance met on Monday, August 14, 2023 at the NAIC Summer National Meeting, and the agenda can be found [here](#). Below is a summary of the meeting:

Consider Adoption of its Spring National Meeting Minutes

The Working Group previously met at the NAIC Spring National Meeting on March 23, 2023, and the minutes from that meeting were adopted without objection. The minutes can be found [here](#).

Hear an Update on Health Equity

Dr. LaShawn McIver, Chief Health Equity Officer with America's Health Insurance Plans (AHIP), discussed her intention to work with the Committee to promote health equity. Dr. McIver, who was in her third week in her position with AHIP, took the opportunity to introduce herself and her background to the Committee and stated that she is looking forward to working with the group to create a more equitable health system.

Minnesota Commissioner, Grace Arnold, mentioned that the Committee would value input on preventative care and mental health care. Maryland Commissioner, Kathleen A. Birrane, added that the group could also benefit from input and insight into how Artificial Intelligence (AI) will impact health equity. Idaho Director, Dean Cameron, stated that the Committee could use help from AHIP on how to address issues of health and financial literacy among different communities. Dr. McIver agreed on the importance of addressing health and financial literacy and mentioned that Office of Minority Health at CMS currently has a program called From Coverage to Care that is helpful in this.

Receive an Update on the Member Diversity Leadership Forum

Chandara Phanachone, the Director of the Insurance Diversity Initiative with the California Department of Insurance, and Gary Jones, Chairperson of the Pennsylvania Department of Insurance Diversity Council, gave the update. Earlier in the year, this group launched a course for regulators called Foundations of Diversity, Equity, and Inclusion for Regulators to help them expand their understanding of these issues. The course has been receiving positive feedback thus far.

Director Chlora Lindley-Myers (MO), gave an update on the group's efforts to recruit diverse university students to pursue careers in the insurance field.

Receive a Report from its Workstreams

Property/Casualty Workstream

The Workstream is continuing their work on algorithmic bias in marketing, access to insurance, underwriting, claims handling, and fraud detection. It has also been looking into recent studies and reports on unfair bias in underwriting and rating.

Life Workstream

The Workstream plans to move forward with the development of a resource guide to be developed in cooperation with diversity, equity and inclusion divisions and state diversity leaders. This guide will be helpful for insurance departments looking to improve access for underserved communities.

Health Workstream

The Workstream has decided to continue education on benefit design, with a focus on preventive care and mental health care. It also plans to look at the evolution of ACA Section 332 waivers and innovative ways to implement them to lower uninsured rates.

Life Insurance and Annuities (A) Committee

The Life Insurance and Annuities (A) Committee met on Tuesday, August 15, 2023, at the NAIC Summer National Meeting. The agenda can be found [here](#). Below is a summary of the meeting:

Consider Adoption of its July 19 Minutes

The Committee adopted its interim Meeting Minutes from July 19, 2023, which are included in the meeting materials as Attachment One.

Consider Adoption of the Report of the Life Actuarial (A) Task Force

The Chair for Life Actuarial (A) Task Force, Rachel Hemphill, stated the task force met on August 11-12, 2023, at which time the task force received a presentation on regular reviews of company filings for actuarial guideline 53. In addition, the task force exposed an amendment proposal form to allow for the listing of specific considerations, such as Covid-19, that companies must reflect in the company's historical mortality improvement rates. Finally, the task force received an update from the Society of Actuaries on a planned educational redesign that seeks to increase international relevancy as well as greater flexibility for candidates. The full details of the report can be found in Attachment Two to the meeting materials below.

The Task Force then voted to adopt the report.

Hear a Presentation from Noble Consulting Services Inc. on Risks Facing the Life and Annuity Industry

Bill Huddleston (Noble Consulting Services Inc.) and Steve Hazelbaker presented on Risks Facing the Life and Annuity Industry. The presentation can be found as Attachment Three to the meeting materials linked below.

Hear a Presentation from USAA Life Insurance Company

Sean Loftis, the Head of Analytics for USAA Life Insurance Company, presented on the need to raise awareness about the military community and their unique life insurance needs.

Hear an Update on the Life Workstream of the Special (EX) Committee on Race and Insurance

Director French stated that the Life Workstream met on July 20, 2023. During the meeting, the committee discussed moving forward with the development of a resource guide to be developed in cooperation with the diversity equity and inclusion division, as well as the state diversity leaders. The guide is envisioned to be helpful to all insurance departments.

Discuss Any Other Matters Brought Before the Committee.

Interested party, Mr. Birny Birnbaum, with the Center for Economic Justice and a consumer representative had comments and questions regarding the activities of the group.

Mr. Birnbaum asked the Accelerated Underwriting Working Group why efforts to provide guidance for insurers use and regulatory supervision of AI has been put on hold. Further, he asked for a timeline for guidance from the H Committee that's needed for the AU Working Group to proceed. He also addressed the Life Insurance Workstream on the Committee on Race, asking if a representative can provide the audience with the linkage between financial literacy and the design of products that address the concerns and the needs of communities of color.

Representing the Workstream, Director French responded that financial literacy is one of the group's charges and, after referencing a presentation from the District of Columbia on its financial literacy program, stated that's what the Committee has chosen to focus on. Regarding the Accelerated Underwriting Working Group, Commissioner Nathan Houdek (WI), responded that given the broad scope of the bulletins in each committee, it made sense to pause the work under the working group until the bulletin was complete.

Patrick Reeder (ACLI) briefly clarified that, although unintentional, he believed Mr. Birnbaum mischaracterized ACLI's position.

A consumer representative asked who is leading the work on the resource guide related to financial literacy and offered her assistance.

A consumer representative stated the further delay in efforts to provide guidance for insurers use and regulatory supervision of AI does not seem necessary. Houdek responded that waiting to release the guidance is the best practice since other working groups and task forces are currently making decisions that will impact AU's conclusions.

The meeting materials can be found [here](#).

Health Insurance and Managed Care (B) Committee

The Health Insurance and Managed Care (B) Committee met on Monday, August 14, 2023, at the NAIC Summer National Meeting. The agenda can be found [here](#). Below is a summary of the meeting:

Consider Adoption of its June 29 and Spring National Meeting Minutes

The Committee adopted its June 29 and Spring National Meeting Minutes, which are included in the meeting materials as Attachment One.

Consider Adoption of its Subgroup, Working Group, and Task Force Reports

The Committee adopted all subgroup, working group and task force reports. The Committee did not hear a verbal report, but summaries of each report can be found in the meeting materials linked below.

Discuss Referrals to the Health Actuarial (B) Task Force

Director Anita G. Fox reported details of two potential referrals to be made from the Committee to the Health Actuarial (B) Task Force:

First, the Financial Analysis (E) Working Group requested the Committee engage in a discussion regarding state insurance regulator's concerns about how the risk adjustment formula impacts the current or prospective financial solvency position of new health insurers entering the health insurance exchanges. The letter from the working group to the Committee can be found within the materials linked below.

Second, the Committee was asked to consider how possible changes to cost sharing reduction subsidies, such as changes to silver loading policies, could impact plan options and cost affordability to consumers.

Director Anita G. Fox requested the Committee move to refer both issues to the Health Actuarial (B) Task Force. The motion passed.

Hear an Update on Market and Consumer Affairs (D) Committee Work of Interest to the Committee

Commissioner Pike and Martin Swanson reported that the Improper Marketing Group voted to amend the Model 880 to include lead generators on August 14, 2023, now placing the Model 880 under the Anti-Fraud Task Force.

Receive Update from the Consumer Information (B) Subgroup on Work Related to Consumer Education on Claim Appeal Rights

LeAnn Crow (KS) relayed that after the Committee's discussion of claims and appeals during the Spring NAIC meeting, the Consumer Information Subgroup has taken up the topic. Since the Subgroup's last update to the Committee in late June of 2023, a drafting group made up of regulators, consumer reps and other interested parties has met 3 times in July, with plans to meet again the following week. They began by looking at the guide the Consumer Information Subgroup produced in 2021, titled *How to Appeal a Denied Claim*, and decided to update the full set of claims guide due to consumer's need of guidance throughout the claims process. The updated guidelines breakdown different elements that consumers

may encounter when their healthcare claims are processed including filing health insurance claims, explanation of benefits, how to appeal a denied claim and understanding medical necessity.

The 2021 guide is currently available under the documents tab on the Subgroup's website, and the updated versions will be available in the coming months. The updated versions are intended to be interactive, user-friendly, and produce content that states can incorporate into their own materials and help develop pieces that can be used "as is" with no additional configuration necessary.

The Subgroup encouraged the Committee to consider additional strategies for building knowledge of health insurance issues among consumers as well as establishing insurance departments as the "go-to" source for assistance and education on health insurance.

Mike Chaney (MS) requested a copy of the information proposed in the current draft of the updated guides.

Hear a Panel Discussion on Preventive Services

Carl Schmidt (HIV + Hepatitis Policy Institute) introduced the panel's report regarding improving access to preventative services and consumer protections. To determine whether the Affordable Care Act is being effectively implemented to preventative services, the panel chose to focus on coverage of four (4) widely popular services: smoking cessation, pre-exposure prophylaxis for the prevention of HIV, colorectal cancer screening and postpartum depression screening.

Amy Killelea (Killelea Consulting) presented the panel's research and findings included in the report. The group's research was based in three (3) main areas:

1. Review of policy analyses and studies on utilization, cost, and health outcomes;
2. Informant interviews with patient groups representing constituents impacted by each service or condition; plan and issuer representatives; providers and provider associations; state regulators; and consumers impacted by access challenges; and
3. Analysis of a representative sample of Marketplace plan preventative services and payer guidance documents such as consumer-facing fact sheets, 2023 plan formulary and the most recent payer guidance for each of the four services.

From this research, the panel found that consumer facing documents lack comprehensive preventative service descriptions, especially services that involved both a medical and pharmacy benefit. In addition, plan formularies do not always describe \$0 cost sharing preventative medications clearly and accurately, particularly when the medications were listed in the formulary by therapeutic class. The panel also found that payer guidance documents that inform claims adjudication policies were often incomplete.

Anna Howard (American Cancer Society Cancer Action Network) presented the panel's recommendations for regulators included in the report:

1. Utilize data calls and market conduct exams to assess compliance with preventative service coverage and cost-sharing protections;
2. Ensure continued preventative protections with state legislative and regulatory action;
3. Enforce appeals protections for mis-adjudicated or denied preventative services claims;

4. Ensure that Qualified Health Plan (QHP) certification assesses formularies and other plan documents;
5. Hold plans accountable for educating consumers and providers on preventative services requirements; and
6. Establish uniform billing and coding standards.

Hear an Update on Medicaid Redeterminations

Miranda Motter (AHIP) provided an update on Medicaid Redeterminations. On July 28, CMS posted the first round of Medicaid Redeterminations data reported under Consolidated Appropriations. The link to the data report can be found in the meeting materials linked below.

Georgetown University's Center for Children and Families, the Kaiser Family Foundation, and Unwinding Tracker have published additional Medicaid Redetermination resources including interactive charts and monthly Medicaid enrollment data reports given by states during the unwinding process of the Medicaid continuous enrollment provision.

In June of this this year, HHS announced new flexibilities to help keep Americas covered as states resume Medicaid ad CHIP renewals. The following month, CMS shared an updated document outlining the 2023 state Medicaid and CHIP renewal timelines and distribution plans.

Hear an Update on the Special (EX) Committee on Race and Insurance Health Workstream Work

Commissioner Arnold (MN) provided a status update on the health work stream's work since the Spring NAIC Meeting and its plans for the remainder of the year. The work stream intends to continue its education on benefit design, explore the evolution of Section 332 waivers and continue to provide a forum for information sharing, innovative programs, and other initiatives. The work stream met on July 22, 2023, to hear presentations focused on chronic diseases and will continue to hear presentations over the next several months.

Commissioner Birrane (MD) continued the report, stating work stream is scheduled to meet on September 19th to hear presentations on innovative uses for Section 332 waivers and other market reforms aimed at lowering the uninsured rate throughout the states.

The work stream is also working in collaboration with the B Committee and H Committee to prepare a survey of Artificial Intelligence use by health insurance to be distributed later this year.

Commissioner Arnold (MN) informed the Committee of an interactive Connect page for the work groups to continue the conversation.

The meeting materials can be found [here](#).

Regulatory Framework (B) Task Force

The Regulatory Framework (B) Task Force meeting took place on Sunday, August 13, 2023 at the NAIC Summer National Meeting, and the agenda can be found [here](#). Below is a summary of the meeting:

Consider Adoption of its Spring National Meeting Minutes.

The Regulatory Framework (B) Task Force last met on March 22, 2023 at the Spring National Meeting. The meeting materials can be found as Agenda Item 1 to the [meeting materials](#) and were adopted without discussion.

Consider Adoption of its Subgroup and Working Group Reports

The subgroup and working group reports of the following committees were adopted without discussion. These reports can be found in Agenda Item 2 to the [meeting materials](#).

- Accident and Sickness Insurance Minimum Standards (B) Subgroup —Andrew Schallhorn (OK) and Rachel Bowden (TX)
- Employee Retirement Income Security Act (ERISA) (B) Working Group —Robert Wake (ME)
- Mental Health Parity and Addiction Equity Act (MHPAEA) (B) Working Group —Erica Weyhenmeyer (IL)
- Pharmacy Benefit Manager Regulatory Issues (B) Subgroup—TK Keen (OR)

The Task Force made clear that it was not adopting the PBM whitepaper, but instead it was just accepting the white paper. There will be a meeting within the next month to six weeks to discuss the white paper.

Hear a Panel Discussion on Prior Authorization—Lucy Culp (Leukemia & Lymphoma Society—LLS), Emily Carroll (American Medical Association —AMA), and Jane Beyer (WA)

During the presentation, the panelists discussed patient and consumer experiences with prior authorizations and how prior authorization requirements can create a barrier to care and be burdensome to physician practices.

Lucy Culp explained that they hear regularly about challenges of access to care. The Kaiser Family Foundation survey provides insight to challenges. Consumer representatives have formed a working group of their own and are focusing on data and reporting, prior authorizations, appeals and denials, consumer information, and the use of artificial intelligence. Prior authorizations are often a burden to providers.

Emily Carroll also presented on prior authorization reform. She explained that there is an annual survey from the AMA of practicing physicians. There are negative impacts from prior authorizations, such as clinical outcomes and care delays. Physicians are spending significant time on prior authorizations, and this time continues to increase. Prior authorizations are wasting healthcare resources. Insurers should eliminate prior authorizations for those services with high approval rates. They should also reduce repeat authorizations. Carroll called for more data on approvals, appeals, response times, etc. so that there can be targeted reforms. There is a lot of concern around patients switching plans, and there should be a grace

period when switching plans. There needs to be more transparency regarding why authorizations are denied and how the appeal process works.

Jane Beyer presented on prior authorizations in Washington. A bill addressed all health services including prescription drugs. This requires the review requirement to be evidence-based. There must also be certain qualification standards for those doing reviews, and there are more time requirements. Carriers must have secure online processes for providers to find information.

In addition, there have been federal actions. CMS has issued a proposed federal rule to require use of Application Programming Interface so that software components can directly communicate.

The presentation can be found in the [meeting materials](#).

Health Innovations (B) Working Group

The Health Innovations (B) Working Group met on Sunday, August 13, 2023 at the NAIC Summer National Meeting, and the agenda can be found [here](#). Below is a summary of the meeting:

Consider Adoption of its Spring National Meeting Minutes

The Working Group previously met at the NAIC Spring National Meeting on March 22, 2023 and the [minutes](#) from that meeting were adopted without objection.

Hear Presentations on Prior Authorizations and Gold Carding

Texas and West Virginia both gave presentations on their gold card laws, including a general overview of the requirements, a summary of their effectiveness and an explanation of the challenges that have arisen. The Working Group also heard a presentation from AHIP on its research into the prior authorization and gold carding practices of insurers.

Texas Department of Insurance- Rachel Bowden

Texas adopted a gold carding law in 2021, which grants providers who have a history of receiving approval for 90% of the prior authorizations they submit an exemption from having to submit them in the future. However, a survey from January 2023 showed that this law is having less of an impact than was expected and that only 3% of providers were receiving an exemption. Generally, this seemed to be because providers were required to have at least five data points over a six-month period for each “particular health care service” they requested a prior authorization for in order to meet the threshold requirement for eligibility and most providers did not have this. “Particular health care service” was not defined in the statute and many insurers defined it narrowly, resulting in providers not practically being able to obtain five data points for each type of service. This has resulted in frustration among physicians.

Possible solutions that Texas is exploring are to reduce the granularity around the term “particular health care service,” to lengthen the evaluation period from six months to one year, and to reduce the threshold number of data points required. The complete presentation is available [here](#).

West Virginia Offices of the Insurance Commissioner- Joylynn Fix

West Virginia’s gold carding law provides exemptions from prior authorizations based on “episode of care,” which means all the tests, procedures, rehabilitation etc. that may be required for a particular medical issue. Providers who have performed an average of 30 procedures of a particular type in a year and have received a 90% approval rating for prior authorizations in that timeframe, do not need to submit requests for prior authorizations for the next six months. This can be renewed but is subject to being revoked if an audit reveals anomalies. West Virginia requires prior authorizations to go through a central electronic portal as part of its implementation of this law and also requires all insurers to provide quarterly reports on how many prior authorizations are requested and provided, the appeals process for physicians denied a gold card, and the names of the physicians who were granted a gold card. The complete presentation is available [here](#).

AHIP- Miranda Motter

In 2018 multiple stakeholders signed a consensus statement agreeing to work together to improve the prior authorization process. Since then, the stakeholder group has undertaken certain steps and initiatives towards this goal, including Fast PATH, which is an initiative to help better understand the impact of electronic prior authorization on improving the process. The group also worked with John Hopkins University School of Medicine on research to determine how many physicians were providing care inconsistent with evidence-based standards as defined by their respective specialty societies. The research showed that about 10% of physicians are providing care inconsistent with these evidence-based standards. The research also showed that when under-performing providers were shown data on their performance relative to their peers, they were often influenced to change these behaviors. AHIP recommends that policymakers consider these findings when designing tools to promote evidenced-based care. AHIP also conducted an industry-wide survey on prior authorization and gold carding practices in 2022. They received responses from 26 commercial insurance plans, representing 122 million enrollees. The survey results showed that gold carding is most effective when there are clear standards of care that providers must meet. The survey also showed that there are opportunities to improve the process through increased use of electronic prior authorization tools. The complete presentation is available [here](#).

Hear a Presentation on Multi-State Prescription Drug Purchasing

Trevor Douglas of ArrayRx presented a case study of Oregon and Washington's experience with collective drug purchasing, which was rebranded as ArrayRx. The presentation mostly focused on the ArrayRx method and operating principles, which generally includes establishing procurement standards and a governance process, partnering with states and local governments, and overseeing and directing the performance of contractors and subcontractors to ensure performance. The complete presentation is available [here](#).

Hear a Presentation on Health Equity Efforts

Courtney Christian with PhRMA presented on the PhRMA Equity Initiative, which is aimed at addressing health disparities and clinical trial diversity. Since the first study on these issues was conducted in 1985, there has been a decrease in the share of uninsured Black and Hispanic adults and an increase in the number of medications that have been developed for diseases that disproportionately affect racial and ethnic minority communities. However, marginalized communities still experience disparities in health outcomes across a range of common conditions. Additionally, whites are disproportionately represented in clinical trials, while blacks and Hispanics are underrepresented when compared with the entire U.S. population. To combat this, PhRMA has provided funding to the Morehouse School of Medicine and the Satcher Institute to enhance their Health Equity Tracker to include real-world data on disease burden, screenings, and the use of medicines across racial and ethnic groups. PhRMA has also awarded money to community-based projects working to address disparities in the treatment of chronic diseases and to efforts designed to grow clinical trial diversity. PhRMA is also working to connect students from underrepresented communities with resources to help them pursue careers in the medical field. The complete presentation is available [here](#).

Property and Casualty Insurance (C) Committee

The Property and Casualty Insurance (C) Committee met on Tuesday, August 15, 2023 at the NAIC Summer National Meeting. The agenda can be found [here](#). Below is a summary of the meeting:

Consider Adoption of its 2023 Spring National Meeting Minutes.

The Committee adopted its Spring National Meeting Minutes, which are included in the meeting materials as Agenda Item #1.

Consider Adoption of the Reports of its Task Force and Working Groups.

The Committee adopted the reports of its task forces and working groups. The Committee did not hear a verbal report, but a summary of each report can be found in the meeting materials below as Attachment Two.

Consider Adoption of Understanding the Market for Cannabis Insurance: 2023 Update White Paper

Commissioner Ricardo Lara (CA) and Peg Brown (CO) presented an update on the 2023 White Paper. The Group was tasked with updating the White Paper in 2022 and has explored multiple emerging issues within the commercial cannabis space through presentations, panel discussions and hearings held during open meetings since then. The drafting group includes members from California, Colorado, Illinois, Oregon, and Washington. The Working Group adopted the 2023 update to the Regulatory Guide to Understanding the Market for Cannabis Insurance White Paper on July 18, 2023, following an extensive public comment period.

The Working Group has not encountered any controversy since the adoption. The updated version avoids advocacy-oriented discussion and focuses instead on issues impacting the affordability and availability of insurance for cannabis-related risks in states that have legalized its use. Although capacity has improved since the first White Paper publishing in 2019, most commercial insurance for cannabis related businesses is still found in the non admitted market. This impacts smaller industry players the most because the non admitted market doesn't offer the "off the shelf" insurance solutions typically available in the admitted market. Insurance gaps are the most prevalent issue in the emerging areas of the cannabis industry such as ancillary services cannabis infused products and social consumption lounges.

The use of state-based commercial insurance programs, risk retention groups and captives in joint underwriting associations are among the potential structures being explored to facilitate cannabis-related business coverage.

The Committee moved to adopt the 2023 White Paper.

Hear Presentation on Telematics

Michael DeLong (Consumer Federation of America) presented his ideas regarding the use of telematics and auto insurance. Specifically, he spoke as to how stronger consumer protections are needed at the state level to protect consumers, as well as improved pricing fairness and incentivized safe driving. Telematics are insurance programs that capture consumers' driving data from cars and mobile phones

and is used to assess driving behavior and patterns as well as calculate insurance premiums. Ultimately, the hope is for these programs to result in savings for safe drivers with all states enabling consumers to save up to 40% of their premiums.

Due to the current consumer wariness of the programs, DeLong encouraged lawmakers and regulators to use this moment to develop and implement strong consumer protections. Additionally, Consumer Federation of America requested that NAIC provide a form of model law, bulletin or guidance on telematics for state department of insurance and lawmakers.

The presentation can be found within the meeting materials linked below.

Commissioner Glen Mulready (OK) requested information regarding the scope and type of use of the telematics data programs states are currently allowing as well as what uses other states may be contemplating in the future. DeLong responded that the majority of states do not have specific laws or regulations governing telematics or consumer protections. However, New York has strong guidelines that could serve as a model.

Hear Presentation on Underinsurance Research

Ken Klein (California Western School of Law) presented on homeowner underinsurance and suggested solutions. The presentation outlined how a regulator could check and see if the data Klein has gathered pertains to his or her jurisdiction for themselves, as well. Klein worked with the California Department of Insurance and gathered two (2) years of claims data across 99% of California and P&C insurers and found that a super-majority of homeowners are unintentionally and deeply underinsured.

Klein then asked the Committee to consider adopting the transparency and reporting regiment of both CA and CO. Klein's data is anticipated to be published in January 2024, titled *The Unnatural Disaster of Insurance, Underinsurance and Natural Disasters*.

The presentation can be found within the meeting materials linked below.

Discuss Insurance for Public Schools

Commissioner Glen Mulready (OK) asked the Committee if it could engage in a conversation regarding insurance rates specifically in public schools within the varying states. Mulready stated that his state currently has a program called the Oklahoma School Insurance Group which includes 537 school districts and 61 participating reinsurance companies. He also expressed his view that the lack of funding to public schools has led to translating maintenance costs into commercial insurance through various claims. Oklahoma had 85 million dollars in reinsurance premiums from 2016-2022, but 223 million dollars in insurance claims. Higher deductibles have also become a rising issue.

Mulready then requested the Committee hear presentations from different states on the topic in the future.

The meeting materials can be found [here](#).

Market Regulation and Consumer Affairs (D) Committee

The Market Regulation and Consumer Affairs (D) Committee meeting took place on Tuesday, August 15, 2023 at the NAIC Summer National Meeting, and the agenda can be found [here](#). Below is a summary of the meeting:

Consider Adoption of its July 27 Minutes — Commissioner Jon Pike (UT)

The Committee previously met on July 27, 2023, and the minutes from that meeting were adopted without objection. The meeting minutes can be found [here](#) as Attachment One.

Consider Adoption of Revisions to the Market Regulation Handbook Chapter 4—Section E. Conclusion of Collaborative Enforcement Action —Matthew Tarpley (TX)

Revisions to Chapter 4 Section E were circulated to the Market Conduct Exam Guidelines Working Group and interested parties. The purpose is to provide transparency and insight on the multi-state settlement process. The working group adopted the revisions at the July 18 meeting. The revisions were adopted without discussion, and are Attachment Two to the [meeting materials](#).

Consider Adoption of Voluntary Market Regulation Certification Program—Commissioner Mike Kreidler (WA)

The Certification Program is a long-needed response to the federal government’s critiques of market conduct regulation in the separate states. It is a step to promoting best practices and consistency for market regulation and promotes collaboration among NAIC members.

John Haworth explained that this is a voluntary program. However, by conducting market activities, it better allows a more risk-focused approach. The working group received input from both small and large insurance departments. This is a starting point for coordination. The purpose of this is to address states’ oversight of insurers’ market behavior. This project is a stepping stone for all regulators to be discussing different issues with the same language. This is independent of financial accreditation. The requirements include 11 standards over five broad categories: statutory authority, use of the Market Regulation Handbook, sufficient staffing, use of NAIC databases and MCAS, and collaboration. The implementation plan includes self-certification, voluntary full certification, and a process for revising the certification program. The Program includes a scoring matrix from mandatory requirements to other primary considerations.

The program was adopted unanimously without comment. The guidelines are Attachment Three to the [meeting materials](#). The presentation can be found [here](#).

Hear a Presentation on the use of Visualization in Market Analysis—Jo LeDuc (MO)

Data visualization leverages human perception skills, allows individuals to digest a large amount of information, and helps to identify trends and patterns. These tools are easy to use and visualization allows regulators to better understand what is going on. Data should be available, accessible, usable, etc. Effective visualizations should be geared to the audience and will reveal patterns and trends that are

present in the data. It is important to know the audience. Graphs and visualizations add value. The presentation can be found [here](#).

Consider Adoption of its Task Force and Working Group Reports —Commissioner Jon Pike (UT)

A motion to adopt the task force and working group reports, including the standardized ratios for other health adopted by the Market Analysis Procedures Working Group, passed. The reports are in the [meeting materials](#).

Antifraud (D) Task Force—Commissioner Trinidad Navarro (DE)

The task force discussed current charges to develop 2024 charges. The task force heard a presentation on worker's compensation premium fraud. It discussed the importance of worker's compensation insurance fraud. It received a report on the Improper Marketing of Health Insurance Working Group. The task force discussed and adopted the revised draft amendments to the Unfair Trade Practices Act (#880). The adopted amendments will be exposed for comment, and the task force will then meet in September. The task force received an update from the Antifraud Technology Working Group. The group will be discussing enhancements to the online fraud reporting system. Finally, the task force heard a presentation from the Coalition Against Insurance Fraud.

Market Information Systems (D) Task Force—Director Dana Popish Severinghaus (IL)

The task force began work in implementing recommendation in the AI report adopted last year. The MIS Research and Development Working Group is working on the first recommendation to develop methods to ensure better MIS quality data. The Market Analysis Working Group is working on the second recommendation to review MIS data and scoring methodologies. Finally, the task force heard a report from NAIC regarding the status of a variety of projects and those on USER forms.

Producer Licensing (D) Task Force—Director Larry D. Deiter (SD)

The task force adopted a new charge to review and amend as needed the Public Adjuster Licensing Model Act. The task force adopted continuing education recommended guidelines. It will move forward with drafting revisions to the Model Act to strengthen regulatory standards. Navarro will lead this effort due to recent changes in Delaware. The task force discussed the template for review of 1033 waiver requests. The task force reviewed a report from the board of directors.

Market Analysis Procedures (D) Working Group—Jo LeDuc (MO)

The working group has been assigned a new charge to assess the current market analysis data. The group began by compiling a list of the data that the market is currently using and this is an extensive list. It includes data from NAIC, states, and other sources. The list is available on the website and the group will continue to add to the list. The group will begin an assessment of scoring systems that are in market systems. The group also adopted the proposed set of standard MCAS ratios for the other health MCAS blank. The adopted ratios are in the materials. It has also discussed the inclusion of fraternal insurance companies. Finally, the working group is putting together a plan to provide regulator training on market analysis tools.

Market Conduct Annual Statement Blanks (D) Working Group—Erica Weyhenmeyer (IL)

The working group is discussing revisions to homeowners and private passenger auto. The proposal will be considered for adoption at the next meeting. The group received a request to move the other health and short-term, limited-duration (STLD) MCAS reporting deadlines to May 31 annually. This would align with the reporting deadline for the health MCAS. The working group considered a proposal to provide guidelines in the data element revision process to encourage drafting groups to finish their work products at least 60 days prior to the June 1 deadline for adoption of revisions.

Market Conduct Examination Guidelines (D) Working Group— Matthew Tarpley (TX)

On March 28, the working group discussed 2023 charges and next steps on carryover items from 2022, which included a travel in-force policy SDR, a travel claims SDR, and an exposure draft of Chapter 23. On July 18, the group discussed a June 6 draft of Chapter 23 and comments were received. The comment period was extended to September 4.

Market Regulation Certification (D) Working Group—Commissioner Mike Kreidler (WA)

The working group adopted the Voluntary Market Regulation Certification Program, which was also adopted today. The working group is on hold until it receives further instructions from the Committee.

Speed to Market (D) Working Group—Rebecca Nichols (VA)

The group reviewed suggested changes to the Product Coding Matrix and adopted a suggestion to add two new sub-types of insurance codes. Two suggestions were tabled. The work is almost complete on the product review handbook.

Hear an Update on International Issues Regarding Market Regulation —Nikhail Nigam (NAIC)

The NAIC serves on the Market Conduct Working Group, which is tasked with developing and enhancing IAIS high-level principles based on supervisory and supporting material. The MCWG reports to the IAIS Policy Development Committee. There are 20 jurisdictions represented. There has been a member report on the Use of Conduct Indicators in Insurance Supervision. This does not create a new standard. The MCWG has also been focusing on the Diversity Equity and Inclusion Project. There is a long way to go to advance DEI goals. MCWG is interested in learning how DEI in insurance can facilitate better outcomes for consumers. There are also a few other initiatives including climate risk, consumer representative engagement, guest presentations, and strategic planning for 2025-2029. The presentation can be found [here](#).

Antifraud (D) Task Force

The Antifraud (D) Task Force met on Monday, August 14, 2023 at the NAIC Summer National Meeting, and the agenda can be found [here](#). Below is a summary of the meeting:

Consider Adoption of its Spring National Meeting Minutes

The Working Group previously met at the NAIC Spring National Meeting on March 23, 2023, and the minutes from that meeting were adopted without objection. This is Attachment One to the meeting materials linked below.

2024 Charges Review

Commissioner Trinidad Navarro (DE) discussed the Task Force's 2023 charges. These charges will be open for comment through September 22, 2023. The Task Force will review the comments received and meet in October to consider adoption of its 2024 proposed charges. The charges are Attachment Two to the meeting materials linked below.

Hear a Presentation on Workers Compensation Premium Fraud

Matthew Capece, the Director of Labor Standards Compliance in the Construction Industry with the United Brotherhood of Carpenters & Joiners of America gave a presentation on cheating on workers compensation premiums by construction employers. He emphasized that this is a widespread practice and not just a problem with smaller companies and projects. Based on a 2020 study, \$5 billion was lost in workers compensation premiums in 2021 due to corrupt practices by construction employers. Mr. Capece stated that the status quo is unsustainable and recommended that insurers begin tracking corrupt employers and requiring additional information on Certificates of Liability. The complete presentation is available [here](#) (beginning on page 6).

Receive a Report from the Improper Marketing of Health Insurance Working Group

The working group met on July 27, 2023, with the goal of creating a revised draft amendment. These revisions have been distributed and the group plans to meet again today (August 14, 2023) to discuss the comments it has received on the revisions.

Update from the Antifraud Technology (D) Working Group

The working group has not met since the last meeting of the Task Force but will be hosting a conference in Utah on October 18-19, 2023 with representatives from 42 states.

Hear Reports from Interested Parties

Coalition Against Insurance Fraud (CAIF) – Matthew J. Smith

Based on a groundbreaking new study conducted by the Coalition Against Insurance Fraud and Verisk, American's attitudes towards insurance fraud are changing dramatically for the worst. While the majority of Americans still consider insurance fraud a crime, this number decreases significantly among younger

age groups. These younger age groups also largely reported that they did not feel personally affected by insurance fraud (only 37% of 18-24 year olds said they felt they were impacted) while older age groups reported feeling that they were (74% of those 65 and up said they felt they were impacted). Additionally, the younger the age group surveyed, the higher the number of respondents who reported that they would be willing to commit insurance fraud was. There is currently research being done to investigate why younger generations seems to have such different views than older generations. The complete presentation can be found [here](#) (beginning on page 23).

National Insurance Crime Bureau (NICB) – Rich DiZinno

NICB works to provide fraud directors with the most effective data possible and has been coordinating with NAIC on this. It has also recently helped Wisconsin create a new fraud investigator position. In the future, NICB believes that a mandatory fraud reporting statute would be helpful and is committed to working with regulators on next steps.

The meeting materials can be found [here](#).

Improper Marketing of Health Insurance (D) Working Group

The Improper Marketing of Health Insurance (D) Working Group met on Monday, August 14, 2023, at the NAIC Summer National Meeting. The agenda can be found [here](#). Below is a summary of the meeting:

Discuss Unfair Trade Practices Model Act (#880) Amendments

This is in response to a request to create an amendment to 880 in order to address the use of lead generators. A small group reviewed and finalized some revisions on July 10, 2023, and then distributed the newly revised draft on June 26, 2023, for review and comment. On July 27th, the group reviewed comments received and finalized the amendments. The newly revised draft can be found in the meeting materials link below.

A representative from AHIP addressed two issues within the fourth draft of Amendment 880:

- The first recommendation was to remove the definition of records that was inserted at proposed 2L within the amendment. This was largely because the record definition includes a 5-year record keeping requirement which not only duplicates, but conflicts with the record keeping requirement in Section 4(j).
- The second issue concerned the lead generating device definition. She recommended that the text in the brackets from (A)-(F) be struck because the language was an artifact originating from Models 40 and 660.

Martin Swanson (NE) then made a motion to adopt the changes recommended within a written letter from AHIP and to move the current model up to the Anti-Fraud Task Force. The Committee then took a vote on the Model 880 Amendments and the motion passed.

Hear a Presentation on Research Study Concerning Open Enrollment

Lucy Culp (United Brotherhood of Carpenters and Joiners of America) and Rachel Schwab discussed the results of a June 2023 secret shopper study and the policy implications that arose in a presentation on open enrollment. The presentation can be viewed [here](#).

The meeting materials can be found [here](#).

Financial Condition (E) Committee

The Financial Condition (E) Committee meeting took place on Tuesday, August 15, 2023 at the NAIC Summer National Meeting, and the agenda can be found [here](#). Below is a summary of the meeting:

Consider Adoption of its July 19 and Spring National Meeting Minutes —Superintendent Elizabeth Kelleher Dwyer (RI)

The Committee previously met on July 19, 2023, and the minutes from that meeting were adopted without objection. The meeting minutes can be found [here](#) as Attachment One.

Consider Adoption of its Task Force and Working Group Reports —Superintendent Elizabeth Kelleher Dwyer (RI)

The technical changes will be sent to E Committee as part of the technical changes report, and members will have 10 days to comment. There were no other changes outside of the reports. There were no other issues raised, and the following reports were adopted:

- Accounting Practices and Procedures (E) Task Force
- Capital Adequacy (E) Task Force
- Examination Oversight (E) Task Force
- Financial Stability (E) Task Force
- Receivership and Insolvency (E) Task Force
- Reinsurance (E) Task Force
- Valuation of Securities (E) Task Force
- Group Capital Calculation (E) Working Group
- Mortgage Guaranty Insurance (E) Working Group
- Restructuring Mechanisms (E) Working Group
- Risk-Focused Surveillance (E) Working Group

These reports are included in the [meeting materials](#).

Adopt the Macroprudential Reinsurance Worksheet—Bob Kasinow (NY)

The worksheet provides a mechanism for identifying true economic impacts of reinsurance transactions. It should be used when reviewing transactions. Every effort should be made to avoid duplicate requests for information. The design is geared toward life transactions but it should not be limited to life insurance transactions. It was designed with affiliated transactions as an initial focus. The worksheet should be held confidential to allow regulators to assess transactions and to keep those confidential. The worksheet was adopted without questions. It is included as Exhibit 13 to the [meeting materials](#).

Adopt Interpretation (INT) 23-01: Net Negative (Disallowed) IMR —Dale Bruggeman (OH)

The adopted INT reflects an allowance to admit up to 10% of adjusted capital surplus. Reporting entities shall allocate the amount equal to net negative of IMR for special items of surplus funds. The intent of reporting is to provide transparency. There is no exclusion for derivate losses included in the IMR. The interpretation does not place key reliance on asset adequacy testing. The larger the asset, the greater

chance of AAT reserve requirement. This interpretation is included as Attachment Fourteen to the [meeting materials](#).

INT 23-01 was adopted with New York abstaining.

Hear a Presentation Regarding the Use of Artificial Intelligence (AI) by Canadian Regulators—Jacqueline Friedland (Office of the Superintendent of Financial Institutions—OFSI)

The FCT is the single most important report from the perspective of prudential regulation. The goal was to analyze FCT reports. Friedland started building excel spreadsheets for information that she wanted to compare in the FCT reports. This led to a requirement to use the FCT tool for year-ending analyses. They then began to use AI and it was over 85% accurate. They actually did not end up moving to an AI solution. The actuaries expressed interest in completing the data themselves. AI is also being used in Reinsurance NLP Pilot. Finally, as to RADAR, she asked for 10 years of data and built the framework of a new tool. This is an interactive dashboard of common financial risk indicators across insurance and banking.

Discuss Framework for Insurer Investment Regulation—Superintendent Elizabeth Kelleher Dwyer (RI)

Superintendent Dwyer explained that the Committee released a draft framework for regulation of insurer investments. There are three main pieces: RBC-IRE working group proposal to modify life RBC, structured security groups modeling CLOs, and SVO authorized to challenge credit rating from security.

There were then regulator comments. Missouri likes the SVO. Regulators need this ability with the increasing complexity of investments. They are sure there will be discussions on how to formulize the framework. This is a first draft and will change over time. Commissioner Beard stated that this is a very measured approach to expedite the issue in discussions. This has a very non-prescriptive approach to give regulators peace of mind. Commissioner Beard supports the proposed draft and thinks it is headed in the right direction.

Dwyer proposed that the Committee expose the framework as a draft for a period of 45 days, and comments are due by October 2. The Motion passed. All persons interested should submit written comments. The framework is Attachment 16 to the [meeting materials](#).

Valuation of Securities (E) Task Force

The Valuation of Securities Task Force met on Monday, August 14, 2023 at the NAIC Summer National Meeting, and the agenda can be found [here](#). Below is a summary of the meeting:

The Task Force previously met at the NAIC Spring National Meeting on March 23, 2023, and the minutes from that meeting were adopted without objection. The Task Force also adopted the minutes from its May 15, 2023, and July 13, 2023, meetings without objection.

The 2024 proposed charges were adopted without objection.

The Task Force took the remaining agenda items out of order as follows.

Staff Report on the Projects of the Statutory Accounting Principles (E) Working Group

The Working Group adopted the majority of the items from the principles-based bond project. At a meeting on August 13, 2023, the Working Group also adopted certain revisions to Statutory Accounting Principles (SAPs) 26 and 43 R that were impacted by these changes. The Working Group also exposed revisions to SAP 21. The Working Group plans to send a formal notice to the task force and to the Capital Adequacy Task Force on the proposal to allow life reporting entities the ability to use existing Schedule BA reporting provisions for SVO assigned designations and determining RBC for debt securities that do not qualify as bonds. Additionally, it adopted a provision for net negative disallowed interest maintenance reserve, which provides optional, limited time guidance that allows the admittance of net negative disallowed interest maintenance reserve up to 10% of adjusted capital and surplus.

The Working Group also re-exposed several SAPs for comment and adopted revisions to several more.

Receive and Discuss Comments

Proposed P&P Manual Amendment to Update the Definition of an NAIC Designation

Carrier Mears (IA) described the progress of this amendment. To date, it has been referred to the Capital Adequacy Task Force as well as the RBC Working Group and the Statutory and Accounting Principles Working Group but none of these groups had any comment. The SVO was directed to create a brief, straightforward statement as to the objective of any designation and why it is different than a rating agency rating. They were also asked to consider different ways they could communicate to regulators the issues encapsulated in the current Subscript S descriptions and examples.

The SVO proposed consolidating the explanations and definitions currently in both parts 1 and 2 into part 1 only. The SVO also met with industry representatives on July 28, 2023, to begin discussions on additional definition simplifications and clarifications that can be brought back to the task force for consideration at a later date. It was suggested that loss given default should be considered when assigning an NAIC designation. The Working Group agreed with this and, this can be included in the next version. There was confusion around the separate instructions related to the assignment of the designation Subscript S and its related illustrations and the Working Group stated that it would be willing to create another means of broadly communicating privately to regulators that an investment may have unusual risk characteristics.

Several industry representatives had additional comments for the Working Group. The main comment that was made more than once regarded how tail risk was to be used within the definition of an NAIC designation.

While the Working Group did not have anything to adopt at present, it asked the Task Force's permission to continue working with industry on the proposed amendment. There were no objections to this from the Task Force.

Proposed P&P Manual Amendment Authorizing the Procedures for the SVO's Discretion over NAIC Designations Assigned Through the Filing Exemption Process

The Task Force received comments from industry representatives on the status of this amendment, including NAMIC, TIAA, Piper Sandler, Genworth, as well as the Lease-Backed Securities Working Group. The comments focused on the need for more transparency and adequate due process. Several representatives mentioned that the proposed amendment gave the SVO tremendous new power to make and move markets and were concerned that even proposing such changes was already having a negative impact on markets. Industry representatives expressed fears that the SVO would be operating on incomplete information and that there would not be adequate checks and balances. It was recommended more than once that engaging a third-party advisor on these changes would be helpful.

The Task Force agreed to review these suggestions in good faith and to look at increasing transparency and requesting the engagement of a third party.

Staff Report on Updates on the Proposed CLO Modeling Methodology and Ad-hoc Working Group

Eric Kolchinsky with NAIC gave a brief update on the progress of the ad-hoc group, which has continued to set the assumptions for CLO modeling and has recently finalized the assumptions for prepay and purchase pricing. The next step it is planning will be to look at scenarios and probabilities and, based on that, to suggest a set of scenarios. Using that set of scenarios, the Working Group plans to further set certain probabilities to control what the risk on underlying loans will be.

Receive Final Credit Rating Provider Questions

These have been received and published and now the Task Force is looking to formalize their submission and to start scheduling needed meetings in order to get responses. This will be happening over the coming months.

The full meeting materials can be found [here](#).

Capital Adequacy (E) Task Force

The Capital Adequacy (E) Task Force met on Monday, August 14, 2023, at the NAIC Summer National Meeting. The agenda can be found [here](#). Below is a summary of the meeting:

Consider Adoption of its June 30, and April 28 Minutes

The Task Force adopted its June 30 and April 28 National Meeting Minutes, which are included in the meeting materials as Attachment One.

Consider Adoption of its Working Group Reports

Health Risk-Based Capital (E) Working Group

Steve Drutz (WA) reported that the Health Risk-Based Capital (E) Working Group met on July 25th and adopted the April 17, 2023, and May 17, 2023, meeting minutes.

Risk-Based Capital (RBC) Investment Risk and Evaluation (E) Working Group

Philip Barlow (DC) reported the RBC Investment Risk and Evaluation Working Group met on August 13th and adopted the April 20th, May 17th, June 14th, and Spring NAIC meeting minutes. The groups received an update from the Valuation of Securities Taskforce and the Statutory Accounting Principles Working Group.

Life Risk-Based Capital (E) Working Group

Philip Barlow (DC) reported the Life Risk-Based Capital Working Group also met on August 13th and adopted the April 14th, June 22nd, and Spring NAIC meeting minutes. The Group also heard a presentation from the American Council of Life Insurers on repurchase agreements and exposed it for a public comment period for the next forty five (45) days.

Property and Casualty Risk-Based Capital (E) Working Group

Tom Botsko (OH) reported the group met on July 27th and adopted the April 24th, June 16th, and Spring NAIC meeting. The group adopted the Line 1 Risk Factors as well as the accompanying modifications of those factors. The group also discussed the 2022 RBC statistics report and heard an update on the products from the American Academy Actuaries who will be releasing their report in the next two (2) weeks.

The Task Force adopted all reports, which are included as Attachment Two in the meeting materials.

Consider Adoption of its Working Agenda

The Task Force adopted the Working Agenda.

Consider Exposure of its 2024 Proposed Charges

The 2024 proposed charges can be found on the agenda under Item #4. Tom Botsko (OH) stated the only item added to the 2024 proposed changes is the establishment of a new group, which is the Generator of Economic Scenarios Subgroup of the Life Risk-Based Capital Working Group and the Life Actuarial Task Force. Botsko proposed, and the Task Force agreed, to expose the 2024 proposed charges for a thirty (30) day period ending on September 13, 2023.

Consider Exposure of the Revised Procedures Document

Tom Botsko (OH) stated the purpose of the revision is to allow the exposure deadline to be extended to March 15th for either the task force or working groups only in rare situations when the structure change is deemed urgent. The Task Force voted to expose the revised procedures for a thirty (30) day period.

Receive an Update from its Risk Evaluation Ad Hoc Group

Tom Botsko (OH) stated the group met on July 26th and established the following three subgroups: asset concentration ad hoc subgroup, geographic concentration subgroup, and RBC purposing guideline subgroup.

Discuss the Implications of the Recent Market Turmoil and Their Impact on Insurer Investments

Ed Toy (Risk & Regulatory Consulting-RRC) provided the following update on the recent market turmoil:

1. Moody's downgraded another ten (10) medium sized regional banks and have put another nineteen (19) banks on negative watch;
2. Two of the largest mortgage REITs that lend to commercial real estate properties essentially stopped lending in the 2nd quarter of this year;
3. RRC has been made aware of additional regulatory changes on the banking side in the coming future in order to strengthen guidance;
4. The Federal Reserve recently published their semi-annual Senior Loan Officer Survey, under which a substantial portion of the banking community reported to have significantly strengthened their underwriting guidelines for all borrowing – especially commercial;
5. Commercial real estate office values are down to where they were in 2014-2015; and
6. On August 1st, Fitch Ratings downgraded the U.S. government from AAA down to AA+, citing reasons primarily focused on the degree of increasing debt loan on the federal level.

Botsko (OH) asked if, in regard to commercial construction activity, one would look at whether a commercial building is being remodeled or refurbished to verify if occupancy is lower. Toy responded that after looking at his data, there are additional commercial and residential spaces that are due to come online in the next 12-18 months, albeit later than originally scheduled in 2021-2022, due to supply chain and other various issues.

Botsko (OH) also asked, in response to Toy's assessment that commercial real estate values have dropped roughly 30%, whether he thinks there was an overvalue in the 2022 assessment of the commercial real estate. Toy responded no; they did not appear to be overvalued.

Discuss Any Other Matters Brought Before the Task Force

Tom Botsko (OH) requested a report on negative IMR from an OH representative.

The meeting materials can be found [here](#).

Accounting Practices and Procedures (E) Task Force

The Accounting Practices and Procedures (E) Task Force meeting took place on Monday, August 14, 2023 at the NAIC Summer National Meeting, and the agenda can be found [here](#). Below is a summary of the meeting:

Consider Adoption of its Spring National Meeting Minutes—Jamie Walker (TX)

The Task Force previously met on March 23, 2023, at the Spring National Meeting, and the minutes from that meeting were adopted without objection. The Spring National Meeting Minutes can be found [here](#) as Attachment One.

Consider Adoption of its 2024 Proposed Charges—Jamie Walker (TX)

The Charges are primarily conducted through working groups and are in Attachment Two to the [meeting minutes](#). There were no comments, and the charges were adopted.

Consider Adoption of its Working Group Reports

Statutory Accounting Principles (E) Working Group—Dale Bruggeman (OH)

The group adopted several clarifications and statutory accounting guidance. There were updates to refine the guidance for the principles-based bond project. The group adopted INT 23-01 with three editorial revisions. This INT provides optional limited-time guidance, which allows the admittance of net negative interest maintenance reserve up to 10% of adjusted capital and surplus.

There was the formulation of an ad hoc subgroup to work on a long-term solution. The group also exposed revised accounting principles to provide guidance for accounting and guidance for residuals. The group updated a proposal to reflect provisions to clarify scope for structures. The group exposed guidance clarifying SAPs related to tax credits and exposed two items related to corporate tax.

The group received an update on US GAAP exposures. The comment deadline for exposed items is September 29, except for INT 23-02T, INT 23-03T, Ref #2022-11, and Ref #2023-12, which have a comment deadline of Sept. 12. The full report is Attachment Three to the [meeting minutes](#).

The report was adopted without questions.

Blanks (E) Working Group—Pat Gosselin (NH)

On July 27, the working group adopted its minutes and adopted eight proposals. These are fully explained in Attachment Four to the [meeting minutes](#).

The report was adopted without questions.

Receivership and Insolvency (E) Task Force

The Receivership and Insolvency (E) Task Force met on Monday, August 14, 2023 at the NAIC Summer National Meeting, and the agenda can be found [here](#). Below is a summary of the meeting:

The Task Force previously met at the NAIC Spring National Meeting on March 23, 2023, and the minutes from that meeting were adopted without objection.

Consider Adoption of its Working Group and Subgroup Reports

Receivership Financial Analysis (E) Working Group

The Task Force adopted this report without objection. The Working Group planned to meet later this same day in a regulator only session to discuss companies in receivership and related topics.

Receivership Law (E) Working Group

The Task Force adopted this report without objections. The Working Group had met on May 23, 2023 and decided to expose proposed amendments to the Property and Casualty Insurance Guaranty Association Model Act (#540) for restructuring mechanisms and cybersecurity insurance for a 30-day public comment period, which ended June 23, 2023. The Working Group met again on July 24, 2023, to discuss the comments it had received. At that time, it decided to adopt the proposed amendments to Model #540. The most recent version of Model #540 is available [here](#) (beginning on page 7).

Consider Exposure of Amendments to Property and Casualty Insurance Guaranty Association Model Act (#540)

The Task Force decided to expose these amendments for a 30-day public comment period to end on September 14, 2023.

Consider Exposure of Sample Text Describing the U.S. Receivership Regime

There is currently a draft template, that can be adapted by various states, for describing the U.S. receivership regime. It is intended to help state insurance departments provide consistency in discussions with international regulators and aid in developing resolution plans for internationally active insurance groups. The Task Force decided to expose this template for a 30-day public comment period ending on September 14, 2023. The most recent draft template is available [here](#) (beginning on page 34).

Hear an Update on International Activities

There were no significant updates on international resolution activities.

Discuss Accreditation Standards for Receivership and Guaranty Association Model Acts

After the model act was first adopted in 2009, there was additional work on multi-state receivership and encouraging states to recognize stays and injunctions done in 2014 and 2017, respectively. At present,

most states have adopted laws very similar to the model acts and have effective frameworks for addressing claims payment when an insurer is insolvent.

[Hear an Update on the Receivership Tabletop Exercise](#)

This exercise was proposed at the spring meeting and 28 states said they would be interested in participating in person. The current plan is to hold this exercise in Orlando at the next national meeting.

The meeting materials can be found [here](#) and the supplemental meeting materials can be found [here](#).

Risk Focused Surveillance (E) Working Group

The Risk-Focused Surveillance (E) Working Group meeting took place on Monday, August 14, 2023 at the NAIC Summer National Meeting, and the agenda can be found [here](#). Below is a summary of the meeting:

Discuss and Consider Finalizing the Updated Affiliated Services Guidance for Referral—Amy Malm (WI)

The draft has been revised based on the last exposure period. The edits were in response to comment letters from United Healthcare and a group of interested parties. The focus of the edits were around including language on cost-plus contracts. The comments have been incorporated into the updated draft. There has been language added regarding cost-plus agreements.

Greg Chew from Virginia suggested an edit – “These types of agreements may not be acceptable in all jurisdictions.” Chew suggested to add the sentence that “The regulator should determine if the Company provided documentation is sufficient to support the cost-plus methodology or if another methodology should be suggested.” Chew also suggested to remove the method of last resort language.

There were comments that the draft looks directionally better; there were concerns with last resort. Some of the text originally read that regulators are going to have burden on fair and reasonable instead of on management that created the agreement.

Malm explained that the guidance has been exposed for almost two years. While the guidance is not perfect, the group feels it is an important improvement and they need to move forward to update current handbooks. There was a motion to accept guidance with changes made during the meeting. The motion passed. The draft is included as Attachment A to the [meeting materials](#).

Discuss the Next Steps in Addressing the 2022 Referral from the Macroprudential (E) Working Group—Amy Malm (WI)

The referral covers two different topics: affiliated investment agreements and capital maintenance plans. The working group recommended that the group consider the material terms of the agreements and whether they are arm’s length or include conflicts of interest—including the amount and types of investment management fees paid by the insurer, the termination provisions (how difficult or costly it would be for the insurer to terminate the agreement) and the degree of discretion or control of the investment manager over investment guidelines, allocation, and decisions.

As to agreements, in looking at relationship, it is important to remember that when an insurance company outsources investment management operations, that doesn’t mean that controls within the company should go away. There still need to be controls within the insurance company and monitoring of the investment manager to make sure they are in compliance with the agreement. Second, does the investment manager acknowledge that it is a registered investment adviser under the Investment Advisors Act of 1940? If so, the advisor accepts responsibility as being a fiduciary. Registration also allows all clients to monitor any problems that the investment advisor has. In addition, investment guidelines should be attached to the agreement. These guidelines should be tighter than those typically at an insurance company. Third, management fees should be in the agreement because fees have been dropping. The average is 20 to 30 basis points. Fourth, termination provisions should be in the agreement to make sure the insurer has the ability to terminate after written notice. There are situations where sub-

advisors are engaged. Insurer should make sure that management fees are appropriate and look carefully at who is responsible for those fees. Finally, there needs to be language regarding potential for conflicts of interest. These are the hot button issues. The Agreement should be fair and reasonable to the insurance company and the policy holders.

There were a few questions and comments. 85-90% of advisors are complying with the Investment Advisor Act. Given that agreements often provide discretion, there should be clear investment guidelines. Finally, as to sub-advisors, there may be situations where they get paid by the insurer but there should not be double counting.

The working group needs a drafting group for this topic and it encouraged for members to reach out if interested in joining the group. The group will also be looking at capital plans as part of this but probably not in the drafting group. The referral is Attachment B to the [meeting materials](#).

Discuss the Status of the 2023 Analyst/Examiner Salary Survey —Amy Malm (WI)

The group received responses from 40+ states. The staff are currently in the process of going over the data.

Receive an Update on 2023 Peer Review Sessions—Amy Malm (WI)

There have been three peer review sessions in 2023, which included one financial analysis session, one financial examination session, and one Own Risk and Solvency Assessment (ORSA)-focused session. These focused on best practices and provided opportunities for improvement in files. A financial exam session was held and led to several new sound practices and a referral to handbook groups on coordination between analysts and examiners during the field work stages of an exam. There will be webinars on these practices, and there will be more peer review sessions in 2024.

The meeting materials may be found [here](#).

Joint Meeting of the Financial Stability (E) Task Force and the Macroprudential (E) Working Group

The Joint Meeting of the Financial Stability (E) Task Force & Macroprudential (E) Working Group met on Sunday, August 13, 2023, at the NAIC Summer National Meeting. The agenda can be found [here](#). Below is a summary of the meeting:

Hear an Update on Financial Stability Oversight Council (FSOC) Developments

Superintendent Elizabeth Kelleher Dwyer (RI) stated that on April 21st, FSOC released its new proposed guidance and analytic framework for designating nonbanks that potentially pose financial stability risks. FSOC has also progressed on other important projects, such as enhancing data sharing among FSOC agencies related to climate risk, banking sector supervision in light of recent bank failures, hedge fund vulnerabilities and nonbank mortgage servicing concerns.

Receive a Macroprudential (E) Working Group Update

Bob Kasinow (NY) discussed the MWG list of thirteen (13) private equity and related considerations and the liquidity stress test project. The list can be found in the meeting materials linked below. Fred Anderson then provided an update on work related to the Life Actuarial Task Forces' Actuarial Guideline 53—a guideline that was adopted to help ensure claims paying ability even if complex assets fail to perform as expected. The updated guidelines can be found in the meeting materials linked below.

Hear an International Update

Tim Nauheimer (NAIC) provided an update on the International Association of Insurance Supervisors (IAIS) Global Monitoring Exercise (GME), which includes the individual insurers monitoring exercise and the sector-wide monitoring exercise with three more additional topics of interest: credit risk, interest rate risk, and structural changes in life insurance.

The meeting materials can be found [here](#).

Risk Based Capital Investment Risk and Evaluation (E) Working Group

The Risk-Based Capital Investment Risk and Evaluation (E) Working Group met on Sunday, August 13, 2023, at the NAIC Summer National Meeting. The agenda can be found [here](#). Below is a summary of the meeting:

Receive Updates from the Valuation of Securities (E) Task Force and the Statutory Accounting Principles (E) Working Group

Carrie Mears (IA) discussed the two items on the group's agenda that included reviewing how the definition of a designation works within the insurance regulatory process and discussing a proposal for the SVO to have discretion over the individual ratings that come from CRPs and the ability to challenge them. Dale Bruggeman (OH) then provided that the Statutory Accounting Principles Working Group adopted the principles-based bond definition that will be effective as of January 1, 2025.

Hear a Presentation from the American Academy of Actuaries (Academy)

Steve Smith presented about a principles-based approach to RBC for structured securities and proposed several candidate-principles. The presentation also included a request to regulators to (i) identify which candidate-principles accurately reflect their views, and (ii) identify any additional principles not outlined therein that ought to be incorporated into RBC for ABS. The full presentation can be found as Attachment E in the meeting materials linked below.

Discuss Next Steps

Following the presentation on principles for structured securities, Phillip Barlow (DC) suggested the Working Group wait to formally expose the information for public comment to provide more time for further discussion of the principle options. A call will be scheduled for future discussions and both regulator and interested party questions will be permitted.

The meeting materials can be found [here](#).

Life Risk-Based Capital (E) Working Group

The Life Risk-Based Capital (E) Working Group met on Sunday, August 13, 2023, at the NAIC Summer National Meeting. The agenda can be found [here](#). Below is a summary of the meeting:

Consider Adoption of the 2023 Life Risk-Based Capital Newsletter

The Life Risk-Based Capital (E) Working Group voted to adopt its 2023 RBC newsletter. The newsletter can be found within the meeting materials linked below as Attachment D.

Consider Adoption of the 2022 Life RBC Statistics

The Life Risk-Based Capital (E) Working Group voted to adopt the 2022 Life RBC Statistics. The statistics can be found within the meeting materials linked below as Attachment E.

Consider Adoption of its Working Agenda

The Life Risk-Based Capital (E) Working Group voted to adopt its Working Agenda. The agenda can be found within the meeting materials linked below as Attachment F.

Discuss Repurchase Agreements

The Life Risk-Based Capital (E) Working Group heard a presentation from the American Council of Life Insurers (ACLI) regarding repurchase agreements. The Group voted to expose the agreements for a public comment period of forty-five (45) days. The repurchase agreements can be found within the meeting materials linked below as Attachment G.

Discuss C-2 Mortality Risk

Phillip Barlow (DC) led the discussion on C-2 Mortality Risk. He stated there will be a call in September to discuss the subject in greater detail. Originally, a note was intended to come out with the proposal, but the Group decided against it.

Ted Tipton, representing the interested parties, supplemented the conversation. The initial intent was to get the necessary data directly from the annual statement to help the process along, but by doing so, this inadvertently created additional work that became subject to audit. The Group is now in the midst of proposing certain modifications for 2024. More details will be released after the meeting in September.

The meeting materials can be found [here](#).

Statutory Accounting Principles (E) Working Group

Statutory Accounting Principles (E) Working Group met on Sunday, August 13, 2023, at the NAIC Summer National Meeting. The agenda can be found [here](#). Below is a summary of the meeting:

The Committee adopted the following clarifications to statutory accounting guidance:

- Statement of Statutory Accounting Principles No. 5R—Liabilities, Contingencies, and Impairments of Assets and Issue Paper No. 168—Updates to the Definition of a Liability: Adopted revisions to the definition of a liability under statutory accounting. [Ref #2022-01 on the attached agenda.](#)
- SSAP No. 24—Discontinued Operations and Unusual or Infrequent Items: Adopted revisions to SSAP No. 24 to reject ASU 2021-10, Government Assistance, and the incorporation of disclosures regarding government assistance. [Ref #2023-06 on the attached agenda.](#)
- SSAP No. 26R—Bonds, SSAP No. 21R—Other Admitted Assets, SSAP No. 43R—Loan-Backed and Structured Securities, and other impacted SSAPs to refine guidance for the principles-based bond project. [Ref #2019-21 on the attached agenda.](#)
- SSAP No. 34—Investment Income Due and Accrued: Adopted revisions to clarify and incorporate a practical expedient, to the paid-in-kind (PIK) interest aggregate disclosure for SSAP No. 34 and annual statement instruction purposes. [Ref #2023-13 on the attached agenda.](#)
- SSAP No. 43R: Adopted revisions to incorporate changes to add collateralized loan obligations (CLOs) to the financial modeling guidance and to clarify that CLOs are not captured as legacy securities. [Ref #2023-02 on the attached agenda.](#)
- SSAP No. 95—Nonmonetary Transactions and SSAP No. 104R—Share-Based Payments: Adopted, with modification, Accounting Standards Update (ASU) 2019-08, Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Codification Improvements—Share-Based Consideration Payable to a Customer. The revisions add guidance to include share-based consideration payable to customers. [Ref #2023-07 on the attached agenda.](#)
- Interpretation (INT) 20-01: ASU 2020-04 and 2021-01 – Reference Rate Reform: Adopted proposal to revise the expiration date of INT 20-01 to Dec. 31, 2024. [Ref#2023-05 on the attached agenda.](#)
- INT 23-01: Net Negative (Disallowed) Interest Maintenance Reserve was adopted with three editorial revisions. This INT provides optional, limited-time guidance, which allows the admittance of net negative (disallowed) interest maintenance reserve (IMR) up to 10% of adjusted capital and surplus. As detailed within the INT, it will be effective until Dec. 31, 2025, and automatically nullified on Jan. 1, 2026, but the effective date can be adjusted (e.g., nullified earlier or extended). In addition, the Working Group directed the formation of an ad hoc subgroup to work on a long-term solution. Upon adoption of the INT, NAIC staff will provide the Blanks (E) Working Group with a disclosure memo for posting on their website for year-end 2023. Additionally, a blanks proposal will be sponsored to incorporate the disclosures and attestation requirements into the notes and general interrogatories for year-end 2024. [Ref #2022-19 on the attached agenda.](#)

The Committee voted to expose the following statutory principles concepts and clarifications to statutory accounting guidance:

- SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term investments: Exposed revisions to further restrict the investments that are permitted for cash equivalent or short-term investment reporting. These revisions are proposed to ensure that certain investment types are captured on designated Schedule BA reporting lines and to eliminate the potential to design investments to specifically qualify for short-term reporting. Ref #2023-17 on the attached agenda.
- SSAP No. 5R, SSAP No. 92—Postretirement Benefits Other Than Pensions, SSAP No. 102—Pensions, and SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities: Exposed revisions to adopt with modification certain aspects of ASU 2016-19—Technical Corrections and Improvements. Revisions also propose amending SSAP No. 92 guidance on insurance contracts to use the same terminology used in SSAP No. 102. Ref #2023-18 on the attached agenda.
- SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve: Expose the overall concept for a long-term project to capture accounting guidance for asset valuation reserve (AVR) and IMR in SSAP No. 7. Ref #2023-14 on the attached agenda.
- SSAP No. 20—Nonadmitted Assets and SSAP No. 21R: Re-exposed the revisions that clarify that pledged collateral must qualify as an admitted invested asset for a collateral loan to be admitted. The revisions require audits and the use of net equity value for valuation assessments when the pledged collateral is in the form of partnerships, limited liability companies, or joint ventures. Ref #2022-11 on the attached agenda.
- SSAP No. 21R and Bond Issue Paper: Exposed a revised SSAP No. 21R to provide guidance for the accounting for debt securities that do not qualify as bonds, as well as proposed measurement guidance for residuals. Ref #2019-21 on the attached agenda.
- SSAP No. 43R: Exposed updated proposal to reflect revisions from the interim discussions and coordination on revisions to clarify the scope and reporting for investment structures that represent residual interests within statutory accounting principles. Ref #2023-12 on the attached agenda.
- SSAP No. 48—Joint Ventures, Partnerships, and Limited Liability Companies: Exposure requests industry and regulator comment on a proposal to further define and provide examples for the investments captured as non-registered private funds, joint ventures, partnerships or limited liability companies, or residual interests and reported based on the underlying characteristics of assets. Ref #2023-16 on the attached agenda.
- SSAP No. 54R—Individual and Group Accident and Health Contracts: Exposed clarifying revisions and an illustration to SSAP No. 54R to clarify that gross premium valuation (under A-010) and cash-flow testing (under Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves [AG 51]) are both required if indicated. Ref #2023-22 on the attached agenda.

- SSAP No. 92 and SSAP No. 102: Exposed revisions to SSAP No. 92 and SSAP No. 102 to remove the transition guidance that was included in the initial adoption of SSAP No. 92 and SSAP No. 102, as it is past the 10-year effective period for that transition. [Ref #2023-21 on the attached agenda.](#)
- SSAP No. 93—Low-Income Housing Tax Credit Property Investments and SSAP No. 94R—Transferable and Non-Transferable State Tax Credits: Exposed interested party comments on revisions to SSAP No. 93 and SSAP No. 94R and updates made in response to the comments received. [Ref #2022-14 on the attached agenda.](#)
- INT 03-02: Modification to an Existing Intercompany Pooling Arrangement: Exposed the intent to nullify INT 03-02, as it is inconsistent with SSAP No. 25—Affiliates and Other Related Parties. [Ref #2022-12 on the attached agenda.](#)
- INT 23-02: Third Quarter 2023 Inflation Reduction Act – Corporate Alternative Minimum Tax: Exposed proposed interpretation that recommends that for third-quarter 2023, reporting entities should disclose whatever information is available regarding their applicable reporting entity status. [INT 23-02 on the attached agenda.](#)
- INT 23-03: Corporate Alternative Minimum Tax Guidance: Exposed the INT, which provides guidance effective beginning year-end 2023 reporting of the corporate alternative minimum tax, which applies SSAP No. 101—Income Taxes with modification and provides disclosures. The exposed INT 23-03 includes that paragraph 11c of SSAP No. 101 should be followed. [Ref #2023-04 on the attached agenda.](#)
- IMR/AVR Specific Allocations: Exposed revisions to the Annual Statement Instructions to remove the guidance that permits the specific allocation of non-interest-related losses to IMR. [Ref #2023-15 on the attached agenda.](#)

The meeting materials can be found [here.](#) The hearing materials can be found [here.](#)

Innovation, Cybersecurity and Technology (H) Committee

The Innovation Cybersecurity and Technology (H) Committee meeting took place on Sunday, August 13, 2023 at the NAIC Summer National Meeting, and the agenda can be found [here](#). Below is a summary of the meeting:

Consider Adoption of its Spring National Meeting Minutes.

The Innovation Cybersecurity and Technology (H) Committee last met on March 22, 2023, at the Spring National Meeting. The meeting minutes were adopted without discussion, and the minutes can be found [here](#).

Adoption of its Working Group Reports —Commissioner Kathleen A. Birrane (MD)

The reports were adopted without discussion.

The Big Data and Artificial Intelligence (H) Working Group met August 13, 2023. Superintendent Dwyer highlighted two actions taken in the meeting: First, the public report of the home AI/ML and the life AI/ML survey was circulated to the working group and all interested parties. In addition, the working group heard a presentation on generative AI and how it works.

The Cybersecurity Working Group met on March 7, 2023. The drafting group has been meeting and has developed a Cybersecurity Event Response Plan (CERP). This will be useful for regulators with less experience who are charged with leading a cyber response. The group requested that members take a look at the document and explained that it will continue to monitor federal and international developments. The group requested any insight if a state has to take action on a cyber event. There will be a public call in September based on response plan drafting, and the group welcomes input.

The E-Commerce Working Group co-chairs have met to discuss working group next steps. The NAIC staff is going to draft a framework to serve as a guide for states looking to review regulatory requirements that may need to be modernized and will expose the draft in a call in early September.

The Innovation and Technology Regulation Working Group announced plans to meet again on August 29 with plans to hear presentations on what regulators can do to support the InsurTech community and is scheduling a regulator-only update.

The Privacy Protections (H) Working Group met August 13, 2023. It met in regulator only session to discuss process rest of year and in an open session. It discussed certain topics on exposure draft of the NAIC's Insurance Consumer Privacy Protections Model Law (#674) that the working group received, especially on marketing issues and opting in and opting out of certain processes. The group also discussed asking for additional time to complete its work. It will work on 40 response documents which will take some time. Then, it will expose the next draft and will receive comments back from that.

The reports can be found [here](#).

Hear Comments on the Exposure Draft of the Model Bulletin on the Use of Algorithms, Predictive Models, and Artificial Intelligence (AI) Systems by Insurers—Commissioner Kathleen A. Birrane (MD)

Commissioner Birrane provided some history and context for the Model Bulletin. During the fall meeting, the Committee disclosed and shared what the path would be for establishing regulatory framework for the use of AI. The consensus was that the NAIC should adopt a regulatory framework and that the framework should be a model interpretive bulletin. The Committee also agreed that the framework should be principles-based and not prescriptive. In addition, members preferred a focus on governance with a recognition of practical limitations. The bulletin places responsibility on licensees regarding vendors and unlicensed third parties. It includes four sections. The Committee invited all members to participate. 22 states participated in the drafting. There was a tremendous amount of input and comment.

Commissioner Birrane also provided an overview of the bulletin. The bulletin is constructed as a regulatory guidance and starts from the premise that existing state laws apply. Section One sets out background and statutory authority. It sets out models that provide underlying statutory frameworks. The focus is on market conduct. Section Two identifies definitions. There was a lot of robust discussion regarding how robust definitions should be. Section Three addresses responsible AI development and sets the expectation that insurers will establish meaningful governance and provides guidance as to the attributes of a responsible risk management program. Section Four is most critical. It reminds everyone that decisions made based on AI are similar to any other decisions and are subject to regulation. This section provides guidance as to kinds of information and provides requests that carriers might see in the context of this type of review. The draft can be found [here](#).

Commissioner Birrane then opened the floor to discussion, and the following groups provided comments:

Southern University Law Center – Peter Kochenburger – Kochenburger explained that the goal of the bulletin is to provide expectations for insurers. This is the precise problem with the document. The document does fairly little except for what is already in the principles. It should set guidance on what insurers need to do. Testing should be required. The bulletin is a step back on proxy discrimination. The definitions of bias and use of testing are not really clear.

American Property Casualty Insurance Association – Foundationally, the overall approach is right and they appreciate reference to proportionality. However, APCIA had a few comments. The scope is concerning and testing. As to third party vendors, too much direction could deprive insurers. In addition, legislated terminology should govern. Finally, there is a danger of unnecessary costs. These comments will be more fully explained in writing.

American Academy of Actuaries – AAA applauds the bulletin’s focus on a framework to govern and document decisions. Using decisions is essential. The structure and expectations is similar to ORSA and was able to be implemented in a short timeframe. Much of the work being done at the Academy will be of use to the NAIC. As to the guard rails, such tools include content and resources developed by the Academy.

National Association of Mutual Insurance Companies (NAMIC) - NAMIC continues to implore the Committee to embrace positive aspects of AI. NAMIC does not want any legitimate harm. The model bulletin provides a draft framework that accomplishes goals while finding common ground with

stakeholders. NAMIC hopes this is not a final draft and is still seeking member comment. It believes it might have positive suggestions in areas of statutory authority and clarification of definitions.

American Counsel of Life Insurers – While the draft is a work in progress, it will allow life insurers to use technology while advancing objective to eliminate discrimination of consumers. It has concerns about some definitions and the imposition of impractical oversight and requirements on third-party vendors, which will be challenging to smaller to mid-size companies.

Blue Cross Blue Shield Association – Blue Cross is still working through the bulletin and seeking feedback. It believes it is important to continue the research of best practices and that there should be focus on risk mitigation. Blue Cross encourages NAIC to coordinate with federal regulators to implement consistent enforcement.

Center for Economic Justice and Consumer Federation of America – Regulators acknowledged increased potential for racially biased data. The draft doesn't respond to promises made three years ago. It doesn't offer guidance to insurers for how to implement AI principles. The draft tells insurers what they already know. It fails to provide definitions.

Birnbaum followed up that regulatory guidance is needed to generate testing and define proxy discrimination. Need to establish thresholds. Testing should be the central feature. Governance only approach does not make sense. The bulletin needs standard metrics and testing methodology.

National Alliance of Life Companies – Principles-based approach is the right approach and this framework should be used going forward. However, there is uneven negotiating power with vendors. The bulletin needs to define specific concerns of what is encompassed by AI and needs consistent definitions. The Committee needs to bring tech companies to the table. AI may be appropriate in some states but unfair trade practices in another—need consistency. The Committee needs pilot initiatives for regulatory approaches.

American Insurtech Council – The bulletin requires insurers to have same standard across anything they use and gives regulatory authority that makes sense. Definitions need to be tightened but AI is just another tool. One thought is to include a self audit which is not mentioned in bulletin.

Pennsylvania – Commissioner Humphreys is struggling with the effect of insurer control over third parties. He would welcome comments incorporated regarding oversight of third party groups.

There was another question about ORSA and the value of it. Academy responded that ORSA allowed ability to talk to regulators. This is an important parallel because now we are dealing with another topic that is emerging. This can lay foundation for conversations. Conway emphasized that it will be very important to address questions for testing methodology and third party vendor problems.

Center for Insurance Research – The Center stated briefly that it agreed with Birnbaum and Kochenburger. It pointed out one troubling sentence: the bulletin acknowledges limitations in testing so that might hurt regulatory authority.

Commissioner Birrane explained that the Committee will continue working through the comments to develop a second exposure draft, which will hopefully be exposed at the end of September.

Big Data and Artificial Intelligence (H) Working Group

The Big Data and Artificial Intelligence (H) Working Group met on Sunday, August 13, 2023 at the NAIC Summer National Meeting, and the agenda can be found [here](#). Below is a summary of the meeting:

Consider Adoption of its Spring National Meeting Minutes

The Working Group previously met at the NAIC Spring National Meeting on March 22, 2023 and the [minutes](#) from that meeting were adopted without objection.

Receive Updates on the Home Artificial Intelligence (AI)/Machine Learning (ML) Public Report and Life AI/ML Survey

Commissioner Kevin Gaffney (VT) explained that the 2022-23 Home Artificial Intelligence/Machine Learning Survey was conducted to inform the work of the Big Data and Artificial Intelligence (H) Working Group. The survey sought to gather data on the industry's current use of AI/machine learning (ML), the existing regulatory framework for overseeing and monitoring it, as well as planned uses for AI/ML in the future. The survey was conducted under the market examination authorities of ten requesting states: Connecticut, Illinois, Louisiana, Nevada, North Dakota, Pennsylvania, Rhode Island, Vermont, and Wisconsin. Insurers who write home insurance in one of these ten states and had at least \$50 million in national homeowners insurance premiums in 2020 completed the survey. The survey was intentionally limited to the reporting of "more advanced" types of AI models, so the data should be interpreted as applying to that subset of insurers' predictive models.

The survey found that approximately 70% of reporting companies currently use, plan to use, or plan to explore using AI/ML. Insurers reported using AI/ML at the following rates in different areas of operation: 54% in claims, 47% in both underwriting and marketing, 42% in fraud detection, 35% in rating, and 14% in loss prevention. The two most popular reasons reported for not using, not planning to use, and not exploring the use of AI/ML were "no compelling business reason," and "waiting for regulatory guidance."

Survey results also showed that roughly half of surveyed insurers had some kind of documented governance system around the use of AI/ML. When asked about what disclosures were provided to customers regarding the use of AI/ML, the majority of surveyed insurers reported that they do not provide more disclosures than are required by law.

Commissioner Gaffney reported that work is still being done on the Life AI/ML survey and that work is just beginning on a Health AI/ML survey. While he did not detail them in his presentation, the memorandum summarizing the report on the survey results contains some suggested next steps that are intended to serve as a starting point for discussions and decision-making by the NAIC. The 2022-23 Home Artificial Intelligence/Machine Learning Survey Analysis Memorandum and the full NAIC Staff Report on the Survey can both be found [here](#).

Hear a Presentation on Generative Artificial Intelligence (AI)

David Sherwood and Casey Kacirek, Managing Directors with Deloitte's advisory group, gave a presentation on Generative AI. According to the presentation, this technology is most commonly being used in the insurance industry in the area of text generation, such as drafting information for policy holders and consumers and writing behind the scenes code. The presenters discussed Deloitte's

Trustworthy AI framework, which consists of six principles that they recommend considering as a first step in diagnosing the trustworthiness of AI solutions. These principles are:

- 1) Is the AI fair/impartial or will its use result in discriminatory outcomes or bias?
- 2) Are the AI systems and algorithms transparent/explainable?
- 3) Are there policies in place to determine who is responsible/accountable for the output of AI decisions?
- 4) Is the AI system safe/secure and protected from risks that may cause physical and/or digital harm?
- 5) Is consumer privacy protected? Can consumers opt in or out of sharing their data?
- 6) Is the AI system robust/reliable in that it has the ability to learn from humans and other systems to produce consistent and reliable outputs?

The presenters also discussed three lines of defense that they recommend for ensuring a trustworthy AI environment. The first line of defense they recommended was for the owners of the AI model at issue to engage in continuous testing and monitoring. The second line of defense they recommended was for users of the AI to have governance standards in place surrounding its use. Lastly, the third line of defense they recommended was to encourage independent review by internal audit teams. The complete presentation is available [here](#).

Privacy Protections (H) Working Group

The Privacy Protections (H) Working Group met on Sunday, August 13, 2023 at the NAIC Summer National Meeting, and the agenda can be found [here](#). Below is a summary of the meeting:

Prior to addressing the agenda items, the chair of the working group, Katie Johnson (VA) proposed extending the timeframe for drafting Model Law #674 due to needing more time to engage stakeholders and to work through the comments already received. The working group did not currently have a date in mind for the extension but plans to formally ask for the extension later in the year.

Consider Adoption of its Apr. 18, May 2, May 16, June 5-6, July 25, and Spring National Meeting Minutes

The working group previously met at the NAIC Spring National Meeting on March 22, 2023 and the minutes from that meeting were adopted without objection. The working group also met on June 5-6, 2023 for an interim meeting and these minutes were also approved without objection.

Hear an Update from NAIC Staff on State and Federal Privacy Legislation

Delaware looks to be positioned to pass a consumer data privacy law and several other states have introduced similar laws in their legislature recently. A full summary and comparison of proposed state privacy laws can be found [here](#).

There have been attempts to create a federal standard but currently nothing has come from them and it seems there is currently no momentum around developing a federal standard.

Discuss Comments Received on the Draft of the Consumer Privacy Protections Model Law (#674)

The working group heard from industry representatives and from consumer advocates regarding the comments they had submitted on the current draft as well as their general thoughts on the status of the project. The most recent draft (version 1.2) is available [here](#). The groups were clearly divided, with industry representatives largely in agreement that the current draft is unworkable and consumer advocates in agreement that this model will give needed protection to consumers.

Representatives from APCA, the American Council of Life Insurers, the National Association of Professional Insurance Agents and NAMIC spoke on behalf of the industry. They all made similar points. Generally, industry representatives were concerned that more harmonization with existing laws and regulatory schemes is needed to prevent this model from being overly burdensome for insurers. They also raised issues with certain definitions currently in the draft as well as issues that they believe are present under an opt in regime for marketing. All seemed to view the current draft as unworkable and recommended extensive changes.

Consumer representatives from the University of Texas at Austin, Southern University Law Center, and the Automotive Policy Institute also spoke. They all emphasized that current privacy protection laws are outdated and that this update is badly needed. They were all generally supportive of the draft the way it is, including the opt in for marketing provision.

The regulators seemed receptive to both sides but did not commit to any particular changes during this meeting. They continued to emphasize that additional time was needed because of the strong negative reaction from the industry to the current draft.

NAIC/Consumer Liaison Committee

The NAIC / Consumer Liaison Committee took place on Saturday, August 12, 2023 at the NAIC Summer National Meeting, and the agenda can be found [here](#). Below is a summary of the meeting:

Commissioner Andrew R. Stolfi (OR) explained that he is also a member of the Consumer Board of Trustees, which works with the Consumer Liaison Committee. The Board discussed a combined consumer representative application during its closed meeting. It also discussed potential conflicts of interest.

Consider Adoption of its Spring National Meeting Minutes

The Committee previously met on March 21, 2023, at the Spring National Meeting, and the minutes from that meeting were adopted without objection. The Spring National Meeting Minutes can be found [here](#).

Center for Economic Justice (CEJ) on “A Meaningful Framework for Supervision of Insurer’s Use of Big Data and Artificial Intelligence” —Birny Birnbaum (CEJ)

Birny Birnbaum presented on “A Meaningful Framework for Supervision of Insurer’s Use of Big Data and Artificial Intelligence.” He explained that unfair discrimination has two prongs: (1) unfair discrimination on the actuarial basis and (2) discrimination of protected classes. Artificial intelligence should be fair and equitable, accountable, and transparent. Over the past three years, NAIC has made great strides on DEI but has not made as much progress on addressing structural racism. Birnbaum was critical of the Model Bulletin recently released by the H Committee. CEJ has a proposal for the model bulletin. First, it should focus on consumer outcomes not processes. Second, regulatory guidance is needed to define proxy discrimination and disparate impact. Third, governance requirements should be that insurer outcomes are disputable. Fourth, it should modernize market regulation to meet the challenges of artificial intelligence. And, finally, the bulletin should encourage third party providers to become licensed as advisory organizations.

Birnbaum further explained that the governance-only approach does not make sense for addressing artificial intelligence and is not feasible. Insurers have data and the ability to ensure consumer appliance through testing. Testing should be the key feature. The principles need to include specific guidance on testing. Regulators should determine what artificial intelligence applications are at risk for consumer harm. Principles-based approach places unrealistic expectations on regulatory capabilities. By having insurers do their own testing, regulators would be able to efficiently review these results, and this is a much more achievable skill set than deconstructing algorithms. Proposed guidelines have proposed definitions and thresholds. Disputability means an insurer must be able to explain why a consumer outcome occurred and trace it to the characteristic of the consumer.

Commissioner Stolfi asked about processes of governance vs. outcomes. Birnbaum said that governance works for some areas. However, artificial intelligence governance is addressing unfair discrimination, so it simply does not work—it is not appropriate for the analysis of unfair discrimination. Governance is needed for certain information for artificial intelligence. But, to prescribe a governance process is the wrong way to go. The focus should not be on the governance process but instead on making sure the outcomes are not working and if they are not, the next step should be to examine governance.

The handout to this presentation can be found [here](#).

United Policyholders (UP) and the Automotive Education & Policy Institute (AEPI) on the Appraisal Process for Automotive and Property Damage Claims—Amy Bach (UA) and Erica Eversman (AEPI)

This presentation focused on restoring time and cost efficiency to claim appraisals. Bach presented on the property side. The appraisal process is an alternative to litigation and is almost like an arbitration. It is less formal than litigation and is resolved through experts. Because disputes are often over the extent of damages, it makes sense to revamp the appraisal process because it can be done without litigation or attorneys. However, it has become contentious— there are delays, expenses, issues with fairness, and issues with finality. Umpire selection results in a lot of fighting because the umpire is supposed to be neutral. There could be potential NAIC engagement in the C Committee charge, the Catastrophe Working Group stream and the CIPR workstream.

Eversman also presented from the auto appraisal side. Auto appraisals often include partial losses—types of parts, the amount of money an insurer is willing to pay for a part, whether to repair or replace, and safety procedures. In total loss, it is the cost and replacement of the vehicle. Insurers are using appraisals as a sword and shield. Eversman recommended commissioners to make appraisal mandatory. Consumers should be alerted to the right to appraisal. Appraisal requirements must have details and teeth. Finally, she requested that the C Committee establish a workstream.

Bach and Eversman acknowledged that cost can be a deterrent and suggested that the insurer advance the cost.

The handout to this presentation can be found [here](#).

Disability Rights Education and Defense Fund (DREDF), the Whitman-Walker Institute, and the Leukemia & Lymphoma Society (LLS) on Federal Health Updates—Silvia Yee (DREDF), Kellan Baker (Whitman-Walker Institute), and Lucy Culp (LLS)

The presentation first discussed the unwinding of Medicaid now that the Public Health Emergency has ended. Continuous enrollment in Medicaid has ended. Between 2020 and 2023, Medicaid grew by 30%. An estimated 8 to 24 million will lose Medicaid during the unwinding. Many of those dropped are for procedural reasons. Departments of Insurance should continue outreach and in-person assistance. DOIs can work with disenrolled individuals to get to the marketplace and to find coverage alternatives. DOIs should look into opportunities for auto-enrollment.

The presentation then discussed the Mental Health Parity and Addiction Equity Act (MHPAEA). It explained that out-of-network use was dramatically higher for mental health than surgical or other benefits. As state regulators, they should know how difficult it is to get sufficient information about mental health parity. States should provide insights with federal government.

The presentation discussed the “Secret Shopper” study, which shows that the trend of misleading and aggressive sales tactics continues as individuals lose Medicaid. Finally, the presentation discussed the proposed rule on Short Term Plans and recommended that regulators should support the rule and definition of short-term plan.

Commissioner Stolfi said Oregon will be providing comments on the MHPEA rule making.

Consumers' Checkbook, Georgians for a Healthy Future, and United States of Care on Preventative Health Services—Caitlin Westerson (United States of Care), Eric Ellsworth (Consumers' Checkbook), and Yosha Dotson (Georgians for a Healthy Future)

The presentation provided an update on *Braidwood v. Becerra*. A district court in Texas ruled that preventive services should not have to be covered without cost-sharing under the Affordable Care Act (ACA). This has been temporarily stayed, and ACA preventive services requirements remain the law of the land. Many assume this will make it to the Supreme Court.

The presentation discussed research, which included a review of studies of utilization cost and information on preventive services. The documentation is very hard to search. Documents and search terms are often incomplete. Payor guidance documents are hard to find and incomplete. The presentation commended Oregon and Kentucky for reviewing preventive services information.

Finally, the presentation provided recommendations for regulators. First, utilize data calls in market conduct exams to assess compliance. Second, ensure continued preventive protections with state legislation. Third, enforce appeals protection for mis-adjudicated or denied preventive services claims. Fourth, ensure that QHP certification assesses formularies. Fifth, hold plans accountable for educating consumers and providers on preventive services requirements. Sixth, establish uniform billing and coding standards.

American Kidney Fund (AKF) and the HIV+Hepatitis Policy Institute on Healthcare Appeals and Denials — Deb Darcy (AKF) and Carl Schmid (HIV+Hepatitis Policy Institute)

On May 16, the House of Representatives wrote to an insurance company and requested information about their appeals system. A class action has been filed against the insurer based on the allegation that the insurer rejected thousands of claims. Many consumers don't know that they have the right to appeal. On June 15, the Kaiser Family released a survey, which shows the need for more information on what will be covered and will not be covered.

The presentation discussed current data and reporting requirements. The goal is to have a better understanding of the existing data and what is being collected and to assess how data can be used by consumers. It also discussed prior authorizations and a better understanding of what states are doing and proposed federal regulations. Also, we need to address appeals and denials and obtain a better understanding of reasons for denials and why there are such a low number of appeals. The handout to this presentation can be found [here](#).