2017 Summer National Meeting
Philadelphia, Pennsylvania

EXECUTIVE (EX) COMMITTEE
Monday, August 7, 2017
1:00 – 2:00 p.m.
Pennsylvania Convention Center—Ballroom B—Level 3

ROLL CALL

Ted Nickel, Chair                Wisconsin        Eric A. Cioppa           Maine
Julie Mix McPeak, Vice Chair    Tennessee       Al Redmer Jr.            Maryland
Jim L. Ridling                  Alabama         Mike Chaney              Mississippi
Dave Jones                      California       Roger A. Sevigny          New Hampshire
Katharine L. Wade               Connecticut    John D. Doak              Oklahoma
Dean L. Cameron                 Idaho           Laura Cali Robison       Oregon
Stephen W. Robertson            Indiana         Raymond G. Farmer        South Carolina
Ken Selzer                      Kansas         Jacqueline K. Cunningham Virginia
James J. Donelon                Louisiana

AGENDA

1. Consider Adoption of the Aug. 6 Report of the Executive (EX) Committee and Internal Administration (EX1) Subcommittee—Commissioner Ted Nickel (WI) Attachment Pending

2. Consider Adoption of its Interim Meeting Report—Commissioner Ted Nickel (WI) Attachment Pending

3. Consider Adoption of its June 19 Minutes—Commissioner Ted Nickel (WI) Attachment Pending

4. Consider Adoption of its Task Force Reports:
   • Financial Stability (EX) Task Force—Director Peter L. Hartt (NJ)
   • Government Relations (EX) Leadership Council—Commissioner Ted Nickel (WI)
   • Innovation and Technology (EX) Task Force—Director Patrick M. McPharlin (MI)
   • Principle-Based Reserving Implementation (EX) Task Force
     —Superintendent Eric A. Cioppa (ME) and Director Bruce R. Ramge (NE) Attachment Pending

5. Consider Adoption of Model Law Development Requests:
   • Amendments to the Life and Health Insurance Guaranty Association Model Act (#520)
     —Superintendent Eric A. Cioppa (ME) Attachment Five
   • New Model: Lender-Placed Real Property Insurance Model Act
     —Commissioner John D. Doak (OK) Attachment Six
   • Request for Extension on the Insurance Data Security Model Law
     —Director Raymond G. Farmer (SC)


7. Hear an Oral Report from the National Insurance Producer Registry (NIPR) Board of Directors
   —Commissioner Roger A. Sevigny (NH)

8. Hear an Oral Report from the Interstate Insurance Product Regulation Commission (IIPRC)
   —Commissioner Jacqueline K. Cunningham (VA)

9. Discuss Any Other Matters Brought Before the Committee—Commissioner Ted Nickel (WI)

10. Adjournment

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REQUEST FOR NAIC MODEL LAW DEVELOPMENT

This form is intended to gather information to support the development of a new model law or amendment to an existing model law. Prior to development of a new or amended model law, approval of the respective Parent Committee and the NAIC’s Executive Committee is required. The NAIC’s Executive Committee will consider whether the request fits the criteria for model law development. Please complete all questions and provide as much detail as necessary to help in this determination.

Please check whether this is:  ☐ New Model Law   or   ☑ Amendment to Existing Model

1. Name of group to be responsible for drafting the model:
   Receivership Model Law (E) Working Group

2. NAIC staff support contact information:
   Jane Koenigsman, jkoenigsman@naic.org, Phone 816-783-8145

3. Please provide a brief description of the proposed new model or the amendment(s) to the existing model. If you are proposing a new model, please also provide a proposed title. If an existing model law, please provide the title, attach a current version to this form and reference the section(s) proposed to be amended.

   Life and Health Insurance Guaranty Association Model Act (#520). Propose to revise the model to address guaranty association assessments and coverage issues identified specifically regarding long-term care insurer insolvencies. Such issues may include the potential inclusion of HMOs as member insurers of a state guaranty association.

4. Does the model law meet the Model Law Criteria?  ☑ Yes   or   ☐ No  (Check one)
   (If answering no to any of these questions, please reevaluate charge and proceed accordingly to address issues).
   a. Does the subject of the model law necessitate a national standard and require uniformity amongst all states?
      ☑ Yes   or   ☐ No  (Check one)
      If yes, please explain why:
      Model #520 sets standards to protect policy owners, insureds, beneficiaries, annuitants, payees and assignees against losses which might otherwise occur due to an impairment or insolvency of an insurer. Insurers writing long-term care are most often multi-state insurers therefore it is important to have substantially similar treatment of benefits in receivership across states. Currently all 52 accredited member jurisdictions have adopted a version of Model #520 in a substantially similar manner, including but not limited to the most recent version or an older version of the Model.
   b. Does Committee believe NAIC members should devote significant regulator and Association resources to educate, communicate and support this model law?
      ☑ Yes   or   ☐ No  (Check one)
5. What is the likelihood that your Committee will be able to draft and adopt the model law within one year from the date of Executive Committee approval?

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 (Check one)

High Likelihood Low Likelihood

Explanation, if necessary:

6. What is the likelihood that a minimum two-thirds majority of NAIC members would ultimately vote to adopt the proposed model law?

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 (Check one)

High Likelihood Low Likelihood

Explanation, if necessary: As stated above, the NAIC’s Life and Health Insurance Guaranty Association Act (#520) is adopted in its current or older version in all 52 accredited member jurisdictions.

7. What is the likelihood that state legislatures will adopt the model law in a uniform manner within three years of adoption by the NAIC?

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 (Check one)

High Likelihood Low Likelihood

Explanation, if necessary: Recent insolvency of a large LTC insurer has emphasized the need for revisions to the model.

8. Is this model law referenced in the NAIC Accreditation Standards? If so, does the standard require the model law to be adopted in a substantially similar manner?

Yes, Part A Accreditation Standard 14. Guaranty Funds requires that “state law should provide for a regulatory framework such as that contained in the NAIC’s model acts on the subject, to ensure the payment of policyholders’ obligations subject to appropriate restrictions and limitations when a company is deemed insolvent.” Although strict adherence to the NAIC Guaranty Fund Models is not required, states are required to have a regulatory framework such as contained in Models #520 and #540.

9. Is this model law in response to or impacted by federal laws or regulations? If yes, please explain.

No

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Please check whether this is: ☒ New Model Law or ☐ Amendment to Existing Model

1. Name of group to be responsible for drafting the model:
   Creditor-Placed Insurance Model Act Review (C) Working Group

2. NAIC staff support contact information:
   Aaron Brandenburg
   abrandenburg@naic.org
   816-783-8271

3. Please provide a brief description of the proposed new model or the amendment(s) to the existing model. If you are proposing a new model, please also provide a proposed title. If an existing model law, please provide the title, attach a current version to this form and reference the section(s) proposed to be amended.
   Lender-Placed Real Property Insurance Model Act.

   The Creditor-Placed Insurance Model Act Review (C) Working Group has been discussing revisions to the Creditor-Placed Insurance Model Act (#375) which focuses on creditor-placed insurance placed on personal property and auto loans. The Working Group was originally charged with looking at lender-placed insurance on mortgage loans, including reviewing information from hearings and regulatory actions that necessitate changes to the Model Law. The Working Group has determined two separate laws should exist, one for personal property and one for real property. The Working Group would like to work on a new model concerning lender-placed insurance placed on real property mortgage loans, as described in this Model Law Request, and work on Model #375 concerning personal property loans separately.

4. Does the model law meet the Model Law Criteria? ☒ Yes or ☐ No (Check one)
   (If answering no to any of these questions, please reevaluate charge and proceed accordingly to address issues).
   a. Does the subject of the model law necessitate a national standard and require uniformity amongst all states? ☒ Yes or ☐ No (Check one)
      If yes, please explain why – States have taken regulatory action following abuses in the lender-placed insurance market as it relates to homeowners insurance. A consistent regulatory structure is desired to address these issues within the market.

   b. Does Committee believe NAIC members should devote significant regulator and Association resources to educate, communicate and support this model law?
      ☒ Yes or ☐ No (Check one)
5. What is the likelihood that your Committee will be able to draft and adopt the model law within one year from the date of Executive Committee approval?

☐ 1  ☑ 2  ☐ 2  ☐ 4  ☐ 5  (Check one)

High Likelihood  Low Likelihood

Explanation, if necessary: The Working Group has spent over a year hearing from interested parties on issues related to lender-placed insurance as it reviewed Model #375. It has begun drafting language but now feels that issues regarding mortgage loans should be split from issues regarding personal property loans, into two separate models. The Working Group should be able to take the existing work done on the real property discussions related to Model #375 and complete its work on a new Model.

6. What is the likelihood that a minimum two-thirds majority of NAIC members would ultimately vote to adopt the proposed model law?

☐ 1  ☑ 2  ☐ 3  ☐ 4  ☐ 5  (Check one)

High Likelihood  Low Likelihood

Explanation, if necessary:

7. What is the likelihood that state legislatures will adopt the model law in a uniform manner within three years of adoption by the NAIC?

☐ 1  ☑ 2  ☐ 3  ☐ 4  ☐ 5  (Check one)

High Likelihood  Low Likelihood

Explanation, if necessary: The Working Group feels state legislatures will be more likely to adopt a new model related to real property lender-placed insurance, rather than a model that addresses both personal and real property.

8. Is this model law referenced in the NAIC Accreditation Standards? If so, does the standard require the model law to be adopted in a substantially similar manner?

No

9. Is this model law in response to or impacted by federal laws or regulations? If yes, please explain.

No