

NAIFA Attends NAIC and NCOIL Spring 2021 Annual Meetings

May 2021

Understandably, 2020 was a slow year for NAIC and NCOIL – with the obvious exception of COVID-19 matters. Many Working Groups, Task Forces, and Committees delayed projects and meeting altogether. Although there still are discussions on COVID-19 topics, the recent Spring meetings of both groups generally focused on getting regular work streams back up and running.

DIVERSITY, EQUITY, AND INCLUSION

This is one topic that has been very active over the last year. The organizations have taken different approaches to examining and addressing race in insurance. For example, NCOIL has focused its efforts exclusively on race in underwriting. NAIC, while focused to some extent on underwriting, has undertaken a more wholistic examination of these issues and has divided work into five workstreams to better focus their efforts.

Notably, some of the NAIC standing committees will also focus their work on DE&I issues this year. The Producer Licensing Task Force, for example, will look at offering licensing exams in foreign languages, whether prior criminal charges are impeding individuals from obtaining a license, how cultural bias can be minimized by exam vendors, and how the number and location of producers by company compare to areas' demographics. Both groups have devoted significant amounts of time and attention to these conversations and, at least for NAIC, this is just the beginning of the work.

LIFE INSURANCE

The NAIC's Life Insurance and Annuities (A) Committee had a rather quiet Spring meeting. In fact, it disbanded two of its Working Groups, the Annuity Disclosure Working Group (the Chair citing a total lack of commissioner support for this Working Group and no consensus to date – after four years – on key illustration issues for indexed annuities) and the Retirement Security Working Group, which completed its sole charge to “explore” retirement security issues.

Among the remaining Working Groups, the Annuity Suitability Working Group intends to continue working on FAQs and potential model bulletins as implementation/ enforcement tools as more states adopt the Suitability Model. The Life Insurance Illustrations Issues Working Group intends to have sample policy overviews for term life policies completed and delivered to the full (A) Committee shortly.



The Committee did hold a discussion about life insurers' underwriting practices related to COVID-19. Various consumer groups are pushing for more transparency regarding claim delays and denials surrounding COVID vaccinations. Specifically, rather than seeking a prescriptive solution for the industry, they want insurers to provide more clarity on a go-forward around why claims may be delayed or denied and generally how policies will be governed around COVID vaccine-related reasons.

PRODUCER LICENSING

The Producer Licensing Task Force is updating the Application amendment process following failure in 2018 to get draft Application changes approved by the NAIC Executive Committee. NAIC staff and Task Force leadership are reviewing the comments they received on the amendment procedures and will circulate an updated draft before the summer meeting.

32 states are now offering remote, proctored producer licensing examinations and 16 states are in the process of implementing them, a move demanded and accelerated by COVID-19. Three jurisdictions have indicated they will not implement remote examinations. Many NAIC and NCOIL stakeholders, including NAIFA, continue to advocate for permanent remote offerings after the pandemic is over.

PRIVACY – FOCUS ON CONSUMER PROTECTIONS

The NAIC's Privacy Protection (D) Working Group continues to be primarily in "study mode." They are monitoring federal legislation and state activity in this space (including the ever-contentious issues of preemption and private rights of action for consumers). For now, the Working Group is surveying what has already been done and assessing emerging trends. The Market Regulation and Consumer Affairs (D) Committee, under which the Working Group falls, has instructed the group to focus in 2021 on developing insurance-specific recommendations for protecting consumer rights, including rights to opt out of data sharing, be "forgotten," and/or restrict insurance entities' use of consumer information. These recommendations will be the main deliverables for the NAIC's Fall meeting and, if time permits, the Working Group will start drafting a policy on minimum consumer protections for data privacy in insurance.

The NAIC will meet next June 12th – 27th, 2021 for the 1st of a 2-part Insurance Summit followed but the Summer Meeting August 14-17th, 2021. NCOIL will meet for its Summer Meeting July 14th – 17th, 2021.

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