

NATIONAL COUNCIL OF INSURANCE LEGISLATORS
FINANCIAL SERVICES & MULTI-LINES ISSUES COMMITTEE
NASHVILLE, TENNESSEE
MARCH 15, 2019
DRAFT MINUTES

The National Council of Insurance Legislators (NCOIL) Financial Services & Multi-Lines Issues Committee met at The Sheraton Grand Nashville Downtown Hotel in Nashville, Tennessee on Friday, March 15, 2019 at 3:15 p.m.

Senator Bob Hackett of Ohio, Chair of the Committee, presided.

Other members of the Committees present were:

Asm. Ken Cooley (CA)
Rep. Matt Lehman (IN)
Rep. Joseph Fischer (KY)

Rep. George Keiser (ND)
Sen. Jerry Klein (ND)
Rep. Tom Oliverson, M.D. (TX)

Other legislators present were:

Sen. Mark Johnson (AR)
Rep. David Santiago (FL)
Rep. Roy Takumi (HI)
Rep. Deanna Frazier (KY)
Rep. Bart Rowland (KY)

Rep. Daire Rendon (MI)
Sen. Vickie Sawyer (NC)
Asm. Ken Blankenbush (NY)
Rep. Lewis Moore (OK)

Also in attendance were:

Commissioner Tom Considine, NCOL CEO
Paul Penna, Executive Director, NCOIL Support Services, LLC
Will Melofchik, NCOIL General Counsel

MINUTES

Upon a Motion made by Asm. Ken Cooley (CA), NCOIL Treasurer, and seconded by Sen. Jerry Klein (ND), the committee waived the quorum requirement. Upon a Motion made by Asm. Cooley and seconded by Sen. Klein, the committee approved the minutes from its December 6, 2018 meeting. Both motions carried without objection by way of a voice vote.

DISCUSSION ON THE IMPACT OF BLOCKCHAIN IN THE INSURANCE AND FINANCIAL SERVICES INDUSTRIES

Christopher McDaniel, President of the Institutes RBA Alliance (Alliance), stated that there are three things you need to know to understand what blockchain is and what its implications are for the insurance industry. The first thing is to understand what ubiquitous data is, which is the ability to have information and data shared between different parties. That means if insurance carrier A and insurance carrier B have agreed to share some type of data, any time either carrier updates the data, it is automatically updated for the other carrier as well. That remains the same whether you are talking about 2 or 50 carriers. Blockchain therefore makes you feel like you have all the

information you need on your server that is connected to the blockchain. In reality, everything is being synchronized behind the scenes, but you don't have to worry about that. From an insurance perspective, this data sharing can take place between carrier to carrier, carrier to distributor, carrier to consumer, distributor to consumer, and all points in between.

The second thing to understand is that blockchain is immutable which means you cannot delete anything off of the blockchain. So if some type of record is put on the blockchain and it needs to be changed, a second record needs to be put on the blockchain so an audit trail is always there of what the first record was. Therefore, the blockchain is a very secure mechanism for exchanging information because there is a permanent record of everything that happens. For that reason, blockchain is often called a "trust engine" because, for example, it allows for two carriers who may be competitors to share information in a trusted manner. The third thing to understand is that blockchain has "smart contracts." Ironically, smart contracts are neither smart nor contracts. Rather, they are the ability to automate a process, i.e. if "A and B happen, then C happens."

From an insurance industry standpoint, those three things translate to: increased efficiency; reduced risk; improved customer service; new market opportunities; new delivery models; improved market position; and improved regulatory tools such as fraud detection. Mr. McDaniel stated that in the insurance industry there are so many things that qualify as "low hanging fruit" in terms of improving their functionality by putting them on the blockchain that the insurance industry really is ready for a sea change in terms of how it does business.

Mr. McDaniel stated that the Alliance has a value proposition consisting of three components. First, it is a non-profit organization and its governance model was built in such a way as to encourage deep participation within the insurance organizations. That is extremely important because the Alliance wanted to avoid the situation where it was building solutions and just throwing them over the wall to the insurance industry. The Alliance has good participation from government organizations and has a group called the "forward thinking states" consisting of 15 states. The Alliance wants state regulators involved in what they are doing so solutions are created the right way.

Second, the Alliance has a standardized framework which is important because what it saw when it first started was a lot of "reinventing the wheel" occurring which defeats the purpose of blockchain. Therefore, the Alliance created "Canopy" which is a standardized framework for blockchain and it allows you to have one set of blockchains and be able to have multiple applications built on top of the same set of blockchains. The first applications built thus far have been in the personal auto space relating to proof of insurance and first notice of loss. Approximately 7 other applications are currently in development. Third, the Alliance created a global software factory to pull the best and brightest from around the world to build the applications that run on top of Canopy.

Mr. McDaniel stated that some areas in which the Alliance is currently in are P&C, life, annuities, and commercial. This year, the Alliance will also move into the retirement space, group health, reinsurance, workers' compensation, and surety bonds. The Alliance has a very strong presence in the U.S., with 39 P&C firms participating and 10 firms participating on the life and annuity side. The Alliance is also expanding outside the U.S. as well.

With regard to use-cases, Mr. McDaniel stated that the Alliance has created two applications that are being implemented by its members: proof of insurance and first notice of loss. Those are very important use-cases because if you are using proof of insurance that means you are putting policy data on the blockchain and with first notice of loss you are putting claims data on the blockchain. The Alliance has conducted an ROI study on proof of insurance and first notice of loss and with a 22% market penetration, the industry stands to save about \$69 million dollars and by year three it is anticipated that there will be about 80% market penetration consisting of more than \$300 million dollars saved annually.

Mr. McDaniel stated that other applications currently being worked on relate to: reinsurance; verification of certificates of insurance which is very important to many of the players in the commercial space; a commercial version of proof of insurance; a commercial version of first notice of loss; a know your customer piece for the life and annuity space, the first aspect dealing with having a verified source for the death master file in order to address issues with unclaimed property. Mr. McDaniel closed by stating that there so many exciting things going on in the industry right now, and it is only going to accelerate, not slow down.

Erin Collins, Asst. VP – State Affairs at the National Association of Mutual Insurance Companies (NAMIC), stated that there are many positive and exciting possibilities for the use of blockchain in the P&C industry. NAMIC is hopeful that as the technology moves forward that there will be a lot of discussion and interest in the topic. However, one caveat is that over the last couple of years, NAMIC has seen well-intentioned bills introduced that are generalized blockchain bills and they are almost a calling-card to business saying “we are open to innovation and technology in this state” which is understandable. But that causes some concern for the insurance industry if when using the blockchain technology the legislation was phrased in such a way that could be interpreted as setting apart a separate section of regulation apart from insurance regulation whereby an insurance product from a non-admitted carrier could argue that they are not subject to the state-based insurance regulator. Therefore, it is important to ensure that the insurance industry is involved when this type of legislation is considered in order to make sure that the state-based system of insurance regulation is not disrupted.

Sen. Hackett asked how insurer’s fears relating to the access and storage of their data can be addressed with regard to blockchain legislation and initiatives. Mr. McDaniel stated that it is first and foremost important to make sure that insurers and regulators are involved in all of these conversations which is why the forward-thinking states group mentioned earlier has been formed. The last thing the Alliance wants to do is build something that has no regulator input which would lead the regulators trying to regulate on the backend. Having everyone involved from the start enables issues such as data privacy to be addressed from each perspective. One of the things that the Alliance is working on is called a declaration of privacy which will state from an Alliance standpoint exactly how it is handling and covering privacy related issues. The Alliance will then take that declaration to various parties in the industry and ask for their input and to join that declaration in order to avoid the situation of having 50 different state requirements for data privacy.

Rep. George Keiser (ND) asked Mr. McDaniel if you must have an encrypted key to get into a specific block. Mr. McDaniel replied yes, but the Canopy framework is built upon a

platform called Corda which is distributed ledger technology and it actually does not copy data between parties. If you think of it as Carrier A as a building with a window and Carrier B is a building with a window and they need to share information, all they do is open their windows so they can see their data on other systems and when no longer needed, the windows close. Data is not copied and never actually leaves the systems of the insurance carrier.

DISCUSSION ON INSURANCE MODERNIZATION INITIATIVES

Sen. Hackett stated that this discussion on insurance modernization is aimed towards developing either an omnibus insurance modernization model or separate “rifle shot” models aimed at helping the insurance industry move past some outdated ways of doing business. For example, some states still don’t have legislation that allows consumers the option of receiving electronic insurance coverage notices from insurers; they require paper. Today, the committee will be hearing about that electronic insurance coverage notice issue, along with rebate reform initiatives, and the electronic issuance of salvage titles. Those are just three issues that we have preliminarily identified as ripe for inclusion in the insurance modernization topic and the goal is to gather more issues for discussion before our Summer Meeting in July. Legislators and interested parties are encouraged to reach out to the NCOIL National Office with any issues they think would be appropriately addressed under this topic of insurance modernization. Sen. Hackett noted that a few years ago in Ohio, a large omnibus insurance modernization bill was passed that dealt with issues ranging from alternative investment and holding company systems law, to automated insurance transactions. The legislation proved to be very beneficial for industry and consumers alike and the goal is for the Committee to produce something similarly beneficial.

a.) Rebate Reform Initiatives

Jamie Anderson-Parson, JD – Asst. Prof. in the Dep’t of Finance, Banking & Insurance at Appalachian State University, stated that current rebating laws have presented challenges for insurtech’s in particular. An insurtech is basically a business model that is used for technology and innovation to help with efficiency and deal with cost savings. Ms. Parson noted that she does not have a “dog in the fight” when it comes to addressing issues relating to rebate reforms. Ms. Parson further noted that reforming rebating laws has been a topic for discussion for quite some time as evidenced by a 1981 quote: “It’s time to dust off the anti-rebate laws...and see if they really serve the purpose they were intended to serve when they were put in the books in a totally different age.”

Ms. Parson stated that over 100 years ago, life insurance agents paid rebates to clients to encourage sales which led those agents to demand higher commissions to make up for the rebates. In addition, it also led to unfair discrimination practices as those rebates were not applied equally to everyone. Those are the two main policy reasons for creating anti-rebating statutes. The general rule is fairly consistent throughout the states in that agents and brokers are not allowed to offer a discount or other inducement to an insured or prospective insured unless it is specified in the policy, contract, or insurer’s filings; many states follow the National Association of Insurance Commissioners (NAIC) Model #880. The idea is to preclude individuals from purchasing a policy because of the inducement.

States interpret anti-rebate laws differently but there are some states that have incorporated a variety of exceptions into such laws to allow agencies and agents to engage in some basic marketing practices. The exceptions occur by statutory reference, common law, and regulatory directive. One exception is for promotional items. The value of promotional items ranges anywhere from \$5 to \$200 but the general consensus is that as long as you are offering that promotional item not in connection with the sale of the insurance product it is acceptable. Another exception relates to referral fees which are generally permissible as long as they are not contingent upon the sale. This is likened most to the purchase of a lead. Raffles are permitted in some jurisdictions as long as they are not contingent upon the sale and the raffled product is within a certain dollar range. Charity donations are permissible as long as the client or prospective client has no influence over the choice of charity.

Ms. Parson stated that the area with perhaps the most recent challenges is that of value-added services. The original rule was that a value-added service is not prohibited if it is directly related to the insurance product sold, intended to reduce claims, and provided in a fair and nondiscriminatory manner. Things like risk-control tools, claims assistance, legislative updates, and risk assessments have been permitted, but things like COBRA administration, preparing employee handbooks and performing drug testing are things not permitted. Ms. Parson then discussed introducing technology disruptors that combine the idea of being an insurance broker with offering a product into the traditional interpretation of anti-rebate laws. For example, what distinguishes Zenefits is that a couple of years ago when they first started, in addition to offering recordkeeping services, its website had a button that enabled someone to choose Zenefits as their broker. Accordingly, some friction arose with anti-rebating laws because they were providing a service that was outside the scope of said laws. Zenefits operates a little differently today in that they have a "find a broker" button as opposed to serving as the broker, but that situation presented some arguments and challenges worth looking at.

The first challenge was whether offering free services on a single integrated platform induces a consumer to purchase insurance through Zenefits vs. another broker. The counterargument was that purchasing insurance through them is a choice and there are no additional perks if you use Zenefits as a broker. The second challenge was that the "free" services have a cost and value associated to them that likely exceeds the value allotted by the state thus preventing a level playing field. Some states began to ask: what is the value?; is it truly free?; is it leveling the playing field and who are we trying to level the playing field for considering the intent of the anti-rebating statutes? Ms. Parson stated that another issue that is not gaining a lot of traction but is worth mentioning is: who would have jurisdiction in the event of a conflict with one of the platforms? Would it be up to the department of insurance or is it something that would need to go to the court system?

Ms. Parson stated that a regulatory challenge exists in that if you don't do anything you risk stifling innovation but if you do away with the anti-rebating statutes you may encourage some unethical behavior and not have a metric to measure that behavior. Additionally, there are concerns about leveling the playing field but Ms. Parson stated that was not the original intent of the anti-rebate statutes – it was to protect consumers. The call for change is really to carve out exceptions that allow services to go beyond the four corners of the policy as long as it relates to the function of the policy, and to make sure consumer friendly integration models can co-exist with the consumer protection policies that were put in place with the anti-rebate statutes.

Ms. Parson then discussed some regulatory solutions to these issues that have been enacted across the country. Utah passed a law two years ago that stated as long as the goods or services are offered on the same terms to the general public and not contingent upon the sale of an insurance product, the value-added service through the technology platform was permissible. Washington introduced a similar bill that did not pass. The vast majority of states that have addressed these issues have done so through insurance department directives and advisory letters, some of which contain direct references and some of which contain indirect references to certain value-added services.

Ms. Parson then discussed the Maine rebate statute (§2163-A) which she believes is a great starting for considering model rebate reform legislation. That statute is divided into three issues, the first being distinguishing value-added services from permissible gifts and prizes. The statute also states that “[A]n insurer, an employee of an insurer or a producer may offer to provide a value-added service or activity, offered or provided without fee or at a reduced fee, that is related to the coverage provided by an insurance contract if the provision of the value-added service or activity does not violate any other applicable statute or rule and is....directly related to the servicing of the insurance contract or offered or undertaken to provide risk control for the benefit of a client.” Ms. Parson stated that language helps tie into the original purpose of anti-rebating laws.

Ms. Parson stated that it is important to come to a consensus on an appropriate range for “value amount” to allow promotional items, and perhaps set two different thresholds for promotional items and value-added service. What entices one person may not entice another. Ms. Parson also recommended a model statute working group, such as NCOIL, to work on innovating anti-rebate laws.

Frank O’Brien, VP of Gov’t Relations for the American Property Casualty Insurance Association (APCIA), stated that when anti-rebate laws were first enacted, they were cutting edge and necessary to prevent a particular evil and to provide consumer protection related to solvency. Fast forward 100 years and the laws have certain parts that still retain some value. In APCIA’s view, that value would call for the retention of some of the language of anti-rebating laws in existence. However, what has happened over the years is that as the insurance industry and products have evolved, so have consumer expectations. The language has stayed relatively static in a number of states and what has happened over time is that exceptions have arisen that various insurance departments have enacted through bulletins, or desk drawer rules or amendments. The Maine statute mentioned by Ms. Parson began as an amendment by a particular company that was looking for the opportunity to provide a lottery that was related to a charity and that was prohibited under the prior version of the statute.

Mr. O’Brien stated that currently, APCIA is seeing a point in time where some of the frictional costs associated with anti-rebating statutes have eroded their value. One of the ways that APCIA believes that the statutes need to be changed is by making it clear that risk mitigation devices and risk controlling devices and services are to be carved out from the prohibitions. Maine has already taken action and Alabama is looking at this issue. Other states have said to APCIA that “we already do this and you just need to come to us and explain what your product is and we will tell you whether you are allowed to do this under the statute.” However, from a fintech point of view, that is not particularly helpful. Mr. O’Brien stated that the time has come to provide some clear

rules of the road and NCOIL is uniquely positioned to begin the process of putting together a Model law for states to consider. This effort is not eliminating or replacing statutes but rather amending statutes that have value in such a way as to make sure that value continues to exist in this high-tech environment.

Rep. Matt Lehman (IN), NCOIL Vice President, stated that as the Committee moves forward on this issue it is important to consider how to create a baseline regarding promotional items and value-added services. As an agent, he can have a state that would allow certain value-added services while another state does not even though the clients in those states are very similar. The client is not going to understand that it is an issue with rebating laws, they are just going to wonder why they don't get that value-added service. Therefore, coming up with a good baseline from the industry, agents and regulators would be beneficial. This is a great time for NCOIL to move forward with this issue.

b.) *Electronic Issuance of Salvage Titles*

Jim Taylor, VP of Auto Data Direct (ADD), stated that ADD was founded in 1999 with the sole purpose of helping DMV's modernize the way they communicate information to industry as well as the way they process transactions. ADD was the first company to put motor vehicle records in Florida on the internet such that claims offices around the country and insurers could in real-time access that data and not have to wait for the snail mail to arrive in order to make decisions faster. Currently, ADD provides direct access to 39 state DMV data bases so that industry can get information in real-time. ADD was also the first company to: provide access to the National Motor Vehicle Title Information System which is a title history database run by the U.S. Department of Justice; and receive information from the insurance and salvage industry that must be reported to that database. Therefore, ADD is a leader when it comes to pushing the DMV modernization effort.

Mr. Taylor stated that when it comes to the issuance of a salvage title, when a claim is made on a car in an accident and it's deemed to be a total loss and the insurer pays the consumer for that total loss, the insurer is then required to take ownership of that vehicle. As you can imagine, the owners don't always know where that title may be and it may take them awhile to locate it and fill out the appropriate paperwork such as DMV forms and powers of attorney, and send that to the insurer. The insurer then must pull all of that information together and submit it to the DMV for processing. That entire process is currently being done by snail mail.

As an example, in Florida there are over 400,000 total loss claims per year and if you assume 5 documents per claim, that amounts to 2 million pieces of paper per year that goes from consumer to insurer to the DMV by snail mail. There is a better way to handle those transactions to speed up the process so that the industry can save money, consumers can receive their money faster, and the DMVs can eliminate some of the workload that they have. Models have been in place in over 20 states that allow automobile dealers to process titles and registrations electronically. The question then becomes why can't insurers have that same access to those platforms to process total loss insurance claims electronically instead of having to do it all by paper?

Mr. Taylor stated that ADD has been pushing legislation in Florida that would allow the state to take the platforms mentioned and allow insurance carriers at salvage auctions to

access those platforms to process total loss applications in an electronic format. SB 974 passed its first committee hearing earlier this week and HB 1057 will have its first hearing next week. The bottom line in this is that there are currently electronic processes that can be used by the insurance industry and everyone involved to save time and money. NCOIL is an excellent organization that can put forth model legislation to move forward on this issue to transition from the snail mail world to the electronic world.

Alex Hageli, Director – Policy & International at APCI, stated that motor vehicle titles are still very much a paper-based process. Paper takes time and insurance companies handle hundreds of thousands salvage transactions per year and thousands daily. That means insurers must collect paperwork from policyholders that many times they don't have or can't find which necessitates having to file for a duplicate title. All of that takes time in the snail mail world. Meanwhile, storage fees are racking up and risk of theft is rising and that delay is ultimately being paid for by policyholders in the form of higher premiums. Mr. Hageli stated that states are beginning to eliminate some of the requirements that were adopted before the introduction of the internet but a federal regulation still exists – The Odometer Disclosure Regulation – that requires a wet signature on odometer disclosures. Mr. Hageli stated that APCI advocates for a completely digital process and he has no doubt that the regulation will eventually be amended and/or repealed but the process can be sped up.

In the meantime, the insurance industry should be allowed access to state electronic platforms accessible by dealers and lenders. There is no reason why dealers and lenders can access those platforms while insurers cannot. Many states have established electronic lien and title programs that allow lenders to avoid holding paper titles. Those electronic titles should be able to be shifted electronically to an insurance company that is paying a total loss to save time and money.

c.) *Optional Electronic Delivery of Policyholder Information*

Mr. Hageli stated that in recognition of the growing want of consumers to be able to do everything on their cell phones, the industry took the federal e-signature law and customized it for the insurance industry. The customized law is opt-in meaning that the customer must consent to receiving documents electronically and it applies to all documents that a policyholder would receive from their insurer. The law has been adopted in approximately 38 states and is currently pending in Nebraska and North Dakota. Mr. Hageli stated that the law could be a great starting point for NCOIL to use in its development of insurance modernization model legislation. Mr. Hageli noted that of those 38 states mentioned, some have enacted the law through bulletin rather than legislation.

Mr. Hageli then touched upon the issue of "e-posting." It is opt-out meaning that if a company so chooses to take advantage of e-posting, they are allowed to enroll their policyholders autonomically without their consent. However, it only applies to the policy document itself which does not contain any personal information. The policyholder can also request a paper copy which most policyholders do. This law is currently adopted in approximately 25 states and APCI would like that number to increase and it could be another issue included in NCOIL's insurance modernization model legislation.

Ms. Collins began by stating that NAMIC is supportive of the comments made by the other panelists regarding the drive towards e-commerce and believes that is an important component of any modernization legislative package. In addition to e-commerce, NAMIC believes that outdated regulation needs to be examined in an effort to modernize the system. One example is instituting sunsets on data calls. There is an ever-growing body of consistent data calls that may or may not provide value to the regulatory authority but a sunset provision will enable legislatures to take a concerted look on an ongoing basis as to whether they are still relevant and still being utilized by the regulator. Another example is a review of the exam system as we have moved towards a risk-based regulatory system, which NAMIC supports. As an example, if companies are required to annually report on solvency through risk-based vehicles like ERM (Enterprise Risk Report/ORSA/Risk Profiles); Independent Audits/Internal Audits (Model Audit Rule); Corporate Governance (CGAD) etc., then the Financial Exam process (every 3-5 years) is therefore redundant, outmoded, and should be eliminated.

Ms. Collins further stated that a review of the confidentiality of underwriting guidelines and other trade secret provisions will help enable innovation and help modernize certain systems. Another issue to examine relates to product flexibility. As we talk about some of the exciting and disruptive technologies that come into this space and new forms of insurance such as usage based and micro insurance, we don't have a regulatory framework that accurately reflects those products especially as it pertains to consumer notice. That conversation could be aided by the conversation of allowing full electronic notice delivery. Ms. Collins stated that NAMIC is a strong believer that in order to modernize the regulatory system and insurance industry, fraud mitigation needs to be examined. That is a major cost-driver and major concern to insurers around the country and it is a body of increasing sophistication in terms of the offenders. Enabling fraud mitigation units and standards to accurately and effectively address those issues will help bring the industry and regulatory system to a more modern state.

Collaborative regulation is another way for NCOIL to discuss insurance modernization as a way to help the state-based system of insurance regulation work together. One issue under that topic that could be addressed is that of reciprocal licensing for companies and agents. Lastly, the conversation needs to be continued regarding the insurance industry's investment in the U.S. economy. The insurance industry is the largest purchaser of municipal bonds in the country, and through premium taxes is one of the largest revenue producers for states. NAMIC believes that there are some steps in the NCOIL insurance modernization package that could be taken to appreciate that investment such as premiums tax offsets for fees and assessments; keeping premium taxes invested in the regulation through appropriations to the department of insurance instead of opening it a general fund. Ms. Collins stated that, in general, NAMIC is very supportive of the insurance modernization efforts taken up by NCOIL and looks forward to working with this committee.

Rep. Keiser stated that relative to data calls, the NAIC should not be restricted in its ability to make data calls, but then asked if it would be reasonable for legislators to consider from the point in which the last piece of data is sent that the state has 90 days to submit a statement as to the purpose of the call and findings. Ms. Collins replied yes and stated that it should be required to demonstrable that the data is being utilized for some purpose. Additionally, part of the concern is that there are still ongoing data calls that come annually that have been established for decades and insurance companies are continuing to have to dedicate resources to those calls. Ms. Collins stated that she

is not sure of the usefulness or continued attention the calls are to regulators. Ms. Collins further stated that she would be happy to share NAMIC's work on this issue with the committee. Rep. Keiser stated that insurance companies pay for all of the work done relative to data calls and it adds to premiums.

Rep. David Santiago (FL) asked whether Ms. Collins was suggesting changes to specific data calls by the insurance commissioner pursuant to regulations or if statutory language should be developed regarding every data call. Ms. Collins stated that she believes a conversation could be had in terms of putting parameters around data calls but NAMIC's suggestion regarding sunset provisions would be that ongoing data calls should be reviewed on a certain basis to establish their continued need. Rep. Santiago stated that he is interested in hearing more about data calls and the need to possibly eliminate unnecessary work on the part of insurers.

Rep. Santiago also noted that a bill was passed out of committee in Florida last week that put a cap of \$100 for any loss-mitigating services such as leak detectors. Rep. Santiago further noted that a bill relating to the electronic salvage title issue was also passed out of Committee in Florida last week. With regard to product flexibility, Rep. Santiago asked Ms. Collins if there are any examples of states enacting reforms similar to those referenced by Ms. Collins. Ms. Collins stated that one such measure involves reducing the number of days of notice in terms of cancellation. In some states it may be as long as 30 or 60 days which probably relates to snail mail. However, as consumers continue to demand information more quickly, bills have been introduced in some states to reduce the number of days cancellation requirement. Rep. Santiago noted that he tried to pass life insurance modernization legislation in Florida related to notifying certain people with regard to lapsed policies and the industry fought him on that issue.

The Honorable Tom Considine, NCOIL CEO, stated that with regard to the data call issue, they are not always done with the intent to be burdensome on insurers. Also, sometimes the industry will ask an insurance commissioner to enact or repeal something because it is burdensome and the insurance commissioner will then ask his or her staff to get some information to see if what the industry is saying is true. Cmsr. Considine stated that during his time as Cmsr. of the NJ Dep't of Banking and Insurance he in fact did that but with the thinking that the resulting information would be used once. However, Cmsr. Considine stated that he just recently heard that the information he had requested was still being asked of insurers every single year without purpose. Therefore, a sunset provision should be pursued for data calls to combat that practice.

ADJOURNMENT

There being no further business, the Committee adjourned at 4:15 p.m.