

Governors Insurance Council
Minutes of Meeting, November 24, 2015

The meeting was called to order at 8:30 a.m. and held at the office of Independent Insurance Agents on Post Road, Warwick, RI.

I. Introductions, Attendance, Antitrust Admonition and Minutes

Attendance was taken and each member or guest introduced himself or herself. Members in attendance were Donald F. Baldini, Doug Brown, Daniel Bryant, Matt Carey, Anne M. Casillo, Paul Damiano, Robert Diubaldo, Lynn Elderkin, Cristie Hanaway, Brooks Magrattan, Mark A. Male, Terry Martiesian, Frank O'Brien, Paula Pallozzi, Robert G. Slocum, Brian J. Spero, Robert P. Suglia, John Tickner, Joe Torti and Stephen Zubiago.

Interested parties in attendance were Henry Boeniger, Melissa Darigan, Susan Giacalone, Jennifer Morrison, Sean O'Connor, Patricia Oceau, Cate Paolino, David Pellegrino, Jacqueline Plante, Jeffrey Taylor, and Tatiana Wildeman.

Stephen Zubiago provided the antitrust admonition.

Cristie Hanaway acknowledged and thanked Steve Zubiago for his service as chairperson and announced the new members of the Council: Doug Brown, Vice-chair; Bob Suglia, Secretary; Brooks Magrattan (Pierce Atwood, LLP), Lynn Elderkin (Sparrow, Johnson & Ursillo), Paul Damiano (Damiano Insurance) and herself as Chairperson.

Stephen Zubiago took a moment to recognize Joseph Torti, Superintendent of Insurance at DBR and to thank the Superintendent for his service at the Department and with the Governors Insurance Council.

II. Department of Business Regulation Update: Superintendent Torti discussed the 2015 Legislative changes and referenced Insurance Bulletin 2015-6. The Superintendent also discussed:

- DBR Legislation: Superintendent Torti provided updates on DBR Legislation enacted in 2015; DBR Making Government Work H6179/S0939
- NON DBR Legislation: Auto Body Classifications S783/ H5491 eff 1/1/16 ; Identify Theft Protection S0134B which repeals §11-49.2 and enacts §11-49.3 eff. 6/1/16 and Mortgage Foreclosure Mediation S0581B/ eff 7/2/15

- Insurance Regulations:
 - 1) Regulation 68 Voluntary Restructuring of Solvent Insurers, final adopted 8/18/15
 - 2) Regulation 97 Notice of Material Changes Upon Renewal, final adopted 7/1/15
 - 3) Regulation 94 Annuity Mortality Table, pending final adoption.

- Insurance Bulletins: Several recent bulletins were discussed;
 - 1) **Insurance Bulletin Number 2015-9**
Illustrations for Participating Income Annuities - Issued November 4, 2015

 - 2) **Insurance Bulletin Number 2015-8**
Price Optimization in Personal Line Ratemaking – Issued Sept 18, 2015

 - 3) **Insurance Bulletin Number 2015-7**
Auto Body Labor Rate Survey Reports 2015 Prevailing Labor Rates- Issued Sept 15, 2015

 - 4) **Insurance Bulletin Number 2015-6**
2015 Legislative Changes Issued August 13, 2015

- Consumer Alerts:

Consumer Alert 2015-9
DO I REALLY NEED TO INSURE MY STUFF? Issued 9/4/2015
What College-Bound Students Should Know About Auto and Renters Insurance Coverage

Consumer Alert 2015-8
NAVIGATING HOME-SHARING RENTALS Issued July 14, 2015

- Industry Alerts:

Industry Alert 2015-2
August 4, 2015 Storm
The Department has declared the August 4, 2015 storm a catastrophic event for purposes of R.I. Gen. Laws § 27-10-8 and 27-10.1-1. As a result of that declaration, the emergency adjuster and motor vehicle damage appraiser licensing statutes are triggered

Other Items: Associate Director Pallozzi provided other updates and encouraged individuals to subscribe to the DBR Interested Parties list to receive notices issued by DBR. Items of interest include:

1. **NCCI WC Advisory Loss Cost Filing:** Received filing on 11-19-2015 for an overall 4.9% decrease. Filing proposes an average overall decrease for each industry group. Pending DBR review.

2. Uninsured Motorist Database resulting from 2013 legislation. (**Bulletin 2015-1**)
Address issues as they arise. Visit FAQ page on RIIVS.

Proposed FAQ: What if a customer received a RIIVS notice and is insured under a RI Plan Policy?

Reply: If the NAIC and/or policy number has not been assigned yet, 11111 should be used as the NAIC and the EASi Reference Number used as the policy number

3. AIPSO Governing Committee- Claim reporting/delays in claim handling

There have been ongoing discussions at AIPSO Governing Committee Mtgs. on delays in claims handling when insurer policy number is not yet known. DBR reached out to a few insurers to discuss concerns and expect to see improvement. We appreciate agents bringing this to our attention as we continue to work with agents, AIPSO and carriers on this issue.

4. NAIC P&C Activity worthy of noting:

Auto Insurance C/D Study Group: As rating factors become more granular, concerns on the impact such have on low to moderate income is gaining attention. FIO also has raised this issue. There was a hearing in DC where consumer groups, industry as well as states weighed in. In RI (and nationally) we are starting to see newly creative discount programs being offered that are based on shopping behavior, such as advance shopper discounts. Insurers are required to show support for such discounts.

Adoption of White Paper on Price Optimization (basing price on elasticity of consumer demand, CFA has raised unfair discrimination concerns).

Discussions on Implications of Ride Sharing and Car Sharing Programs continue

DBR has not approved Period 1 TNC exclusions pending guidance from our legislature. (This is the period app is turned on, but no passengers)

Post- Catastrophe Regulatory Guidance SG has conducted a state survey to assist states on developing best practices to adopt before, during and after a disaster. Provides added certainty to industry and regulators to allow us to assist claimants/consumers during a CAT.

TRIA: A data collection template was exposed for comment at the national meeting. Eleven states (including RI) agreed to participate in the data collection efforts with NY as lead state. Industry would like to see a coordinated effort with Treasury to avoid duplication in data collection. We share the same goals. NAIC and lead states continue to discuss the data elements and determine best way to accomplish TRIA mandates.

Cyber: At the national level the NAIC has a number of ongoing initiatives. Cyber TF was created prior to the major breaches (Anthem and Premera that impacted 100 million or so consumers)

1. NAIC Cyber TF has adopted 12 Principles for Effective Cybersecurity: Insurance Regulatory Guidance
2. IT Examinations E WG- Updating Cyber Examination Standards
3. Cybersecurity Bill of Rights- Was not on agenda this week.

III. Department of Labor & Training Update: Asst. Director, Matt Carey provided information on election of payment to insurers with forms and agreements to be out within the next few months. DLT is working on revising the medical fee schedule with pharmaceutical guidelines regarding compound medications and expenses in that regard. Mr. Carey also touch on the subject of the employee misclassification task force and urged any information on premium fraud be reported to the Department of Labor and Training.

IV. Legislative Updates:

P&C: (Bob Suglia) Attorney Suglia provided an overview of the 2015 Legislature and discussed unresolved items which could be revisited in the upcoming 2016 session. Items of interest include the Governor's tolling plan; state budget; corporate tax; medicaid spending and social security tax; the increase in minimum wage; auto body classifications as well as labor rate survey (Regulation 108) and bills relating to wind. July 1, 2016 will see the enactment of S0134, Identity Theft Protection, replacing the Act of 2005.

WC: (Brian Spero) Attorney Spero updated the Council on the three judge deficit facing the courts and the delays in trials. The Judicial Nominating Committee should begin new hearings in June and may see appointments by the end of the session. Next he mentioned that the Workers Compensation Advisory Council will start work soon. And finally, Attorney Spero mentioned the Misclassification Task Force will begin working closely with the Department, news to the agents.

Health: (Terry Martiesian) Mr. Martiesian provided information on the following: Compliance Bill – ACA; Network Adequacy; HealthSource RI need of a new director; the opioid issue in the State; BCBS rate increases; Pharmacy – PBM Regulation/issue and finally Tele-medicine.

Life: (Dan Bryant) Attorney Bryant reiterated the Superintendents focus on regulation and the bulletins he discussed on annuities.

There being no further business, the meeting was adjourned at 9:40 a.m. The next meeting will be held on Tuesday, January 26, 2016.

Respectfully submitted,

Robert P. Suglia
Secretary