

Federal Advisory Committee on Insurance

December 3, 2020

COVID-19 Subcommittee 2 –
Preparedness
Recommendations

COVID-19 Subcommittee 2 - Members

- Quincy Branch, Chief Executive Officer, Branch Benefits Consultants
- Rob Falzon, Vice Chair, Prudential
- Doug Heller, Insurance Expert, Consumer Federation of America
- George Keiser, Representative, North Dakota House of Representatives
- Peter Kochenburger, Associate Clinical Professor of Law, University of Connecticut Law School
- Vicki Schmidt, Commissioner, Kansas Insurance Department
- Betsy Ward, CFO, MassMutual (Chair)

Emerging Lessons

Recommendations

- The Subcommittee **recommends that FIO reiterate the importance of insurance being deemed a business essential service and encourage federal and state regulators to allow for regulatory compliance efficiencies, coordinate, or take similar relief actions during a future pandemic or emergency, while ensuring consumers and investors continue to have timely access to critical services and information.**
- Further, as the pandemic continues, it is clear that certain SEC and DOL actions were helpful given the circumstances. However, as we continue to confront the challenges of this pandemic and **develop better ways to prepare for future crises and pandemics, both industry and regulators will need to plan to confront these challenges as part of resiliency planning for uninterrupted regulatory oversight and approvals as well as ongoing business operations.**
- These plans and preparations should include solutions so industry and regulators can operate as normally as possible, with the understanding that future crises may also have unique qualities that will still require regulatory relief and unanticipated solutions.
- Also, the NAIC's coordination to work together to create, distribute and collect a uniform survey on exposure should there be another pandemic is a useful process for future pandemics.

Ensuring Resiliency in the Event of a Pandemic

Recommendations

- The Subcommittee **recommends that FIO encourage regulatory agencies and insurers that have not already done so, either voluntarily or for purposes of satisfying regulatory requirements (e.g., ORSA), to develop strategies that address the key organizational challenges a pandemic poses in preparation for a future event.** This may be done either as part of a broader business continuity plan, disaster plan, or a unique pandemic plan. Such a plan should:
 - Identify programs that can be undertaken in advance of a pandemic that would diminish its impact on the organization and allow for the continuation of essential services;
 - Present strategies for responding to operational challenges created by a pandemic, including a need for remote working, identification of essential staff, and redeployment of staff to key functions, among others;
 - Determine critical interdependencies with external entities and steps to support them during a pandemic; and
 - Provide guidance for prioritizing the allocation of resources in the event that a pandemic diminishes an organization's capacity for an extended time period or place new demands on the organization that compete with other priorities or obligations it has in normal times, while maintaining essential services.

Premium Grace Period Principles

Recommendations

- If there is a state of emergency declared, the Subcommittee **recommends that FIO should support the following principles for insurance premium relief for a future event.**
 - Allowing premium payments up to a total of 90 days from the premium due date so that the policy is not canceled or lapsed;
 - Allowing reasonable repayment options for unpaid premiums;
 - Waiving any late premium payment fees or penalties;
 - Providing reasonable flexibility to policyholders or their beneficiaries regarding proof of claim; and
 - Providing policyholders the ability to make premium payments, report a claim or otherwise communicated with the policyholders' insurer or producer electronically, or if in person, by maintaining safe social distancing standards

Temporary Regulatory Relief that Should Be Made Permanent

Recommendations

E-Delivery

- The Subcommittee believes it is appropriate that FIO engage various stakeholders to conduct a study of Federal and State regulations relating to the use of e-delivery in the insurance sector. The study should identify and explore existing regulatory barriers limiting insurers' and customers' ability to utilize the advantages of technological developments through the use of e-delivery, thereby enabling conduct of business in a manner consistent with today's consumer expectations.
- The study should summarize statutory and federal regulatory requirements relating to e-delivery for insurance products, identify ways to improve existing laws and regulations, including areas for increased regulatory flexibility and opportunities to harmonize any inconsistent laws and regulations.
- The FIO should solicit input from regulators, insurers, consumers, and other stakeholders as part of this study.

Temporary Regulatory Relief that Should Be Made Permanent

Recommendations

E-Signature

- FIO should encourage both Federal and state regulators to permit or, to the extent e-signature is already adopted, enhance the use of e-signature for insurance transactions and regulatory filings where appropriate and applicable. Regulators should be encouraged to review relevant insurance guidance and rules that require a signature to expressly allow that requirement to be satisfied by an e-signature.

E-Filing

- FIO should encourage state regulators that have not already done so to transition to electronic insurance company regulatory filings where appropriate and applicable.

Temporary Regulatory Relief that Should Be Made Permanent

Recommendation

Producer Licensing

- The COVID Subcommittee- Preparedness Workstream 2 would like to recommend that FIO encourage state regulators to transition to online/remote exams and training for producer licensing. As noted in Subcommittee discussions, several states are currently working to move training and examinations online, but it will take some time as there are a limited number of vendors available to do this work. Also, the NAIC has worked with state regulators to increase the number of states offering remote proctored exams from one in March 2020 to 21 as of September 2020. Additional states are exploring the possibility of remote exams in the 4th quarter of 2020.
- FIO should encourage state regulators that have not already done so to adopt online/remote training and examination options for producer licensing where possible.