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ACLI Medical Section Legislative Regulatory Update

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ACLI advocates in federal, state, and international forums for public policy that supports the life insurance industry marketplace and the **90 million American families who rely on life insurers' products.**

Member companies offer **life insurance, annuities, retirement plans, long-term care and disability income insurance, reinsurance, dental and vision and other supplemental benefits.**

Approximately **290 member companies** in the U.S. and abroad represent more than **95% of industry assets and 93% of industry life insurance premiums**

Federal-State Convergence

DOL Fiduciary Rule Vacated/
SEC Regulation Best Interest

NAIC Annuity Suitability
Model Enhancements

Tax Reform

State Implementation
of Federal Tax Reform

Congressional Repeal
of DOL Rules

State Run Retirement
Plans for Private Sector

Federal Cybersecurity/
Breach Notification

Consumer Privacy/NAIC
Insurance Data Security Model

Session Statistics

2018

Bills Screened	50,000+
Bills tracked in LTS	1,542
Enacted Bills	179
Proposed Regulations	152
Adopted Regulations	131
Administrative Material	116



2019 State Priorities

- Fiduciary/Best Interest Standard
- Consumer Privacy/Cybersecurity
- Risk Classification
- Guaranty Association Assessments for LTC
- State-run Retirement Plans for Private Sector
- State Taxation of Insurance Products

Best Interest Standard

- Draft amendments to NAIC Annuity Suitability Model Regulation
- Department of Labor fiduciary rule vacated
- Legislation/rulemaking
 - NY reg. mirrors DOL fiduciary rule and adds suitability requirements to life products
 - NV rulemaking
 - MD legislation

Consumer Privacy

- EU GDPR
- California Consumer Privacy Act of 2018
- 13 states currently considering legislation
- Federal proposals

Data Security/Cybersecurity

- **13** states have general standards for data security
- *NAIC Insurance Data Security Model Law*
 - Adopted by the NAIC in October 2017
 - **3** passed in 2018 (SC, OH & MI)
- **10+** states to consider model legislation in 2019
- **50** state laws impose notification requirements to consumers/state officials after a breach
- **27** states considered breach legislation in 2018



Risk Classification

- Genetic Information/Testing
- Gender Identity
- Use of Opioid/HIV prevention drugs
- Use of Big Data
- Organ Donation
- Credit Reports



Guaranty Association Model Revisions

- Prospective application
- 50/50 assessment split
- Inclusion of HMOs
- Preservation of the premium tax offset
- **13** states enacted in 2018
 - **18+** states to consider in 2019

State-Run Retirement Plans

- **130+** bills since 2009
- **8** states have adopted plans (Only Oregon has enrolled beyond a pilot)
- **11** state studies
- DOL safe-harbor rules repealed in 2017
- **23** states considered legislation in 2018
- **11** states have bills so far in 2019

State Taxation

- State reaction to federal tax reform:
 - ACLI defeated NJ bill increasing corporate income tax and 9% tax increase on dividends
 - AGs from CT, MD, NJ & NY filed suit to challenge constitutionality of cap on SALT deduction
- **3** states considered legislation to assess health insurers via exchange/reinsurance pools

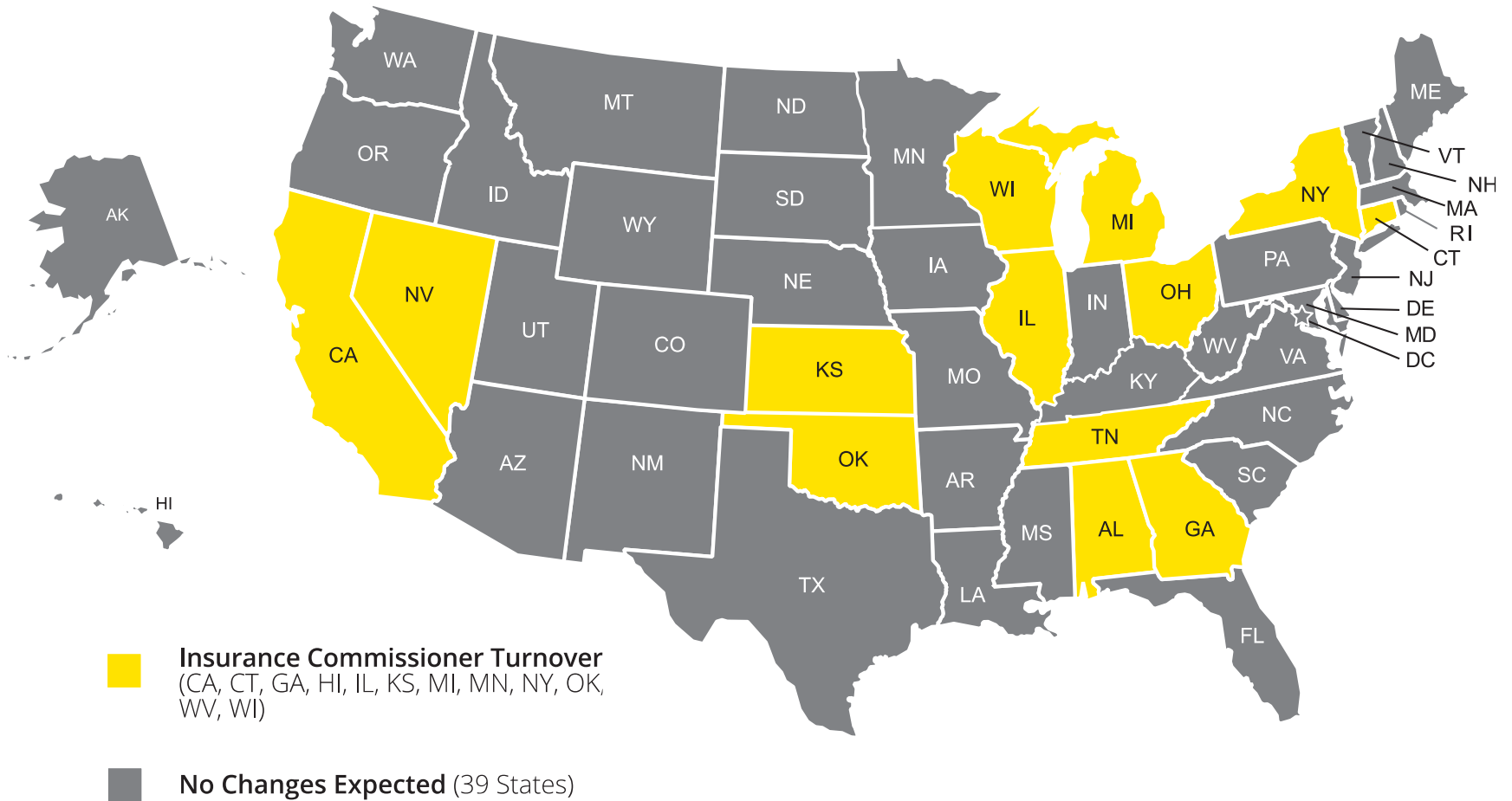
Supplemental Insurance Products

- Beginning in Jan. 2018, ACLI began advocacy on supplemental products:
 - Defeated minimum loss ratio requirements for dental coverage in CA
 - Convinced NH DOI to allow hospital indemnity plans to allow exclusions for pre-existing conditions
 - Removed certain excepted benefits included in ACA related assessment in MD
- 2019 state efforts have largely been focused on ensuring major medical insurance provisions are not inappropriately applied to supplemental products.

November 2018 Elections

- **36** gubernatorial elections
 - **Democrats** now control 23 seats (Gained 7)
 - **Republicans** now control 27 seats (Lost 7)
- **12** state insurance commissioners have turned over since the election

2019 Insurance Commissioner Turnover



Questions?



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