



# In-Depth Regulatory Update

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**we give you THE TOOLS**



## Topics

- LDI Emergency Rules
- LDI Regulations
- DOL Fiduciary Rule
- Unclaimed Life Insurance Benefits
- Travel Insurance
- Flood Insurance





## Emergency Rules—Historic Flooding

- Emergency Rules 27, 28, 30, 32, and 33
- Emergency Rule 27 was effective from August 12, 2016.
- Extended by subsequent emergency rules through August 14, 2017
- Suspends various provisions of the La. Insurance Code relating to notices and cancellations in the affected parishes



## Regulation 107—Disclosure Forms

- Originated as Emergency Rule 29
- Promulgates a disclosure form for all fire and commercial coverages pursuant to La. R.S. 22:1319, which addresses deductibles, limitations or exclusions, and flood insurance
- Promulgates, pursuant to La. R.S. 22:1332(B), two versions of a Homeowners Insurance Policy Coverage Disclosure Summary addressing deductibles, limitations or exclusions, flood insurance, and mold





## Regulation 76—Privacy of Consumer


- Originated as Emergency Rule 31
- Amends Regulation 76—Privacy of Consumer
- Implements an amendment to the Gramm-Leach-Bliley Act that provides an exemption for those in the business of insurance from duplicative privacy notice requirements, while at the same time continuing to preserve the privacy rights of insurance consumers



## DOL Fiduciary Rule




- Affects retirement investment advice
- Could apply to sale of insurance products in retirement accounts
- Fully effective on January 1, 2018, after a transition period
- DOL and some in Congress want to revise, rescind, or repeal the rule







## Unclaimed Benefits


- Approximately 25 states have enacted an unclaimed life insurance benefits law based on the NCOIL Model
- Uniform Law Commissioners have published a Revised Uniform Unclaimed Property Act with updated insurance provisions



## Unclaimed Benefits (continued)


- Unclaimed property administrators continue to resist enactment of NCOIL model or similar laws.
- NAIC working group is unable to come to consensus on several issues, mainly retroactivity.
- NAIC may not produce a model given the number of laws in place.






## Travel Insurance

- NCOIL amended the Limited Lines Travel Insurance Model Act at its Spring Meeting
- Now the NCOIL Travel Insurance Model Act
- Adds numerous definitions
  - “Travel Administrator”
  - “Blanket Travel Insurance”
- Addresses premium tax allocation
  - Allocate individuals and certificate holders
  - Blanket policies to state of policyholder




**LDI** Level of  
Determination  
Insurance



## Travel Insurance—NCOIL Model

- NCOIL Model adds or modifies sections on:
  - Licensing and Registration
  - Competitive Market
  - Forms and Rates
  - Travel Protection Plans
  - Sales Practices
  - Travel Administrator License
  - Administrator Audits
  - Enforcement



**LDI** Level of  
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## Travel Insurance—HB 542


- The Louisiana Legislature enacted a version of the NCOIL Model in HB 542 by Rep. Stokes that is enrolled and awaiting the governor's signature.
- HB 542 deleted or modified provisions on Competitive Market, Forms and Rates, Travel Administrator License, and Administrator Audits.
- First enactment of legislation based on the NCOIL Travel Insurance Model Act



## Flood Insurance




- National Flood Insurance Program (NFIP) expires October 1, 2017.
- Little progress made on NFIP reform or expansion of private flood market during this 5-year period
- Congress has several flood proposals and very few legislative days remaining before NFIP expiration.
- Some focus on reauthorization and privatization.
- Several attack specific issues.







## Flood Insurance—HR 1422

- HR 1422 Flood Insurance Market Parity and Modernization Act
  - Strengthens requirements that private flood insurance be accepted by mortgagees
  - Continuous coverage between private and NFIP



## Flood Insurance—HR 2874

- HR 2874 21<sup>st</sup> Century Flood Reform Act
  - Limits premium increases and addresses affordability for lower income homeowners
  - Permits monthly installments of premium
  - Disclosure of premium methodology
  - Limits on repetitive loss properties





## Flood Insurance—Other Bills

- S 1313, Cassidy-Gillibrand, 10-yr reauthorization of NFIP with transition to private flood
- S \_\_\_\_, Kennedy-Menendez, 6-yr reauthorization with systemic reforms of NFIP
- HR 2868, NFIP Policyholder Protection Act, caps single-family dwelling premium at \$10,000
- HR 2875, NFIP Administrative Reform Act, systemic issues post-Sandy



## Flood Insurance—Major Issues

- How long to reauthorize?
- How to address the \$25 billion NFIP debt?
- What should the NFIP look like? Now? Future?
- What should be the role of private flood insurance?
- How do we handle non-competitive, repetitive, or high-risk properties?
- What role should state insurance regulators play?







## Closing Summary

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