



To: States' Departments of Insurance
From: Kristine A. Maurer (NJ), Chair, Receivership and Insolvency (E) Task Force
Date: March 8, 2018
Re: Adoption of Amendments to *Life and Health Insurance Guaranty Association Model Act* (#520)

In 2017, the Receivership Model Law (E) Working Group of the Receivership & Insolvency (E) Task Force was charged to evaluate the need for amendments to the *Life and Health Insurance Guaranty Association Model Act*, Model 520, to address issues arising in connection with insolvencies of insurers writing long-term care insurance.

In response to this charge, the Working Group solicited comments from regulators and interested parties, and drafted revisions to Model 520 to address the issues identified in the comments. Among the revisions was to include health maintenance organizations (HMOs) as members of the life and health insurance guaranty association. The revisions to Model 520 were adopted by the NAIC Executive (EX) Committee and Plenary on December 21, 2017.

The Working Group recommends that states consider the effect of the enactment clause in amendments to state laws based on Model 520. If amendments are applicable to future insolvencies, it will ensure that the changes to the guaranty act will not impact assessments on existing insolvencies.

The Working Group noted that the inclusion of HMOs in guaranty associations might necessitate changes in other



Consistency of definitions of HMOs (or similar entities), health benefit plans, etc.
Conforming changes for HMO laws, specifically, Model 430 Section 19–Hold Harmless Provision
Requirements for Covered Persons; Section 20–Uncovered Expenditures Deposit; and Section 31–
Rehabilitation, Liquidation and Conservation of HMOs

Please contact NAIC staff support, Jane Koenigsman (jkoenigsman@naic) if you have any questions.