

PROJECT HISTORY-2023

PROPERTY AND CASUALTY INSURANCE POLICIES (including reinsurance) issued by an insurer licensed in all states where the issuing insurer is required to retain the needed coverage for policyholders.

Restructuring Mechanisms (including reinsurance) issued by an insurer licensed in all states where the issuing insurer is required to retain the needed coverage for policyholders.

The Executive (EX) Committee approved a separate Request for NAIC Model Law Development for additional amendments to Model #540 during the 2023 Spring National Meeting. The amendments will address clarifying guaranty association coverage of cybersecurity insurance.

2. Name of Group Responsible for Drafting the Model and States Participating

The Receivership Law (E) Working Group of the Receivership and Insolvency (E) Task Force was given the task of drafting the initial revisions to Model #540. The 2022 and 2023 members of the Working Group were Illinois (Co Chair), Pennsylvania (Co Chair), Arkansas, California, Colorado, Connecticut, Florida, Iowa, Louisiana, Maine, Massachusetts, Michigan, Missouri, Nebraska, Puerto Rico, Texas, and Washington.

A drafting group was formed in November 2022 to review comments received on the first exposure draft of the restructuring amendments and to draft additional revisions. Members included Illinois, Maine, Pennsylvania, Oregon, Barbara F. Cox (Barbara F. Cox LLC), Roger Schmelzer (NCIGF), Rowe Snider (Locke Lord LLP), Stephen W. Schwab (DLA Piper LLP), and Patrick H. Cantilo (Cantilo and Bennett LLP).

3. Project Authorized by What Charge and Date First Given to the Group

As described, the initial charge prompting a review of Model #540 was given to the Receivership Law (E) Working Group at the 2022 Summer National Meeting. The two separate Requests for NAIC Model Law Development to open Model #540 for revision were adopted by the Executive (EX) Committee at the 2022 Summer National Meeting (restructuring) and the 2023 Summer National Meeting (cybersecurity insurance).

4. A General Description of the Drafting Process (e.g., Drafted by a Subgroup, Interested Parties, the Full Group, etc.)—Include Any Parties Outside the Members That Participated

For both the restructuring and the cybersecurity insurance amendments, NCIGF proposed an initial draft of amendments to Model #540. As noted above, a drafting group was formed in November 2022 to review comments received on the first exposure draft of restructuring amendments and consider further edits to Model #540. Upon completion of the drafting group's efforts, the Receivership Law (E) Working Group exposed and addressed comments on both sets of amendments—restructuring and cybersecurity insurance.

After the adoption of the amendments by the Receivership Law (E) Working Group on July 24, 2023, on Aug. 14, 2023, the Receivership and Insolvency (E) Task Force exposed and considered subsequent edits to the amendments before adopting the amendments on Oct. 2, 2023.

5. A General Description of the Due Process (e.g., Exposure Periods, Public Hearings, or Any Other Means by Which Widespread Input From Industry, Consumers and Legislators Was Solicited)

On Sept. 14, 2022, the Receivership Law (E) Working Group met in open session to expose proposed amendments to the definition of covered claims in Section 5 of Model #540 a 30-day public comment period ending Oct. 14, 2022. The initial draft of amendments was proposed by NCIGF. Comments were received from Robert Wake (ME).

On Nov. 7, 2022, the Receivership Law (E) Working Group met in open session to discuss comments received. A drafting group was formed to review the comments on the restructuring amendments and to consider further edits to the Model #540 amendments.

Between January and May 2023, the drafting group met four times and had many email exchanges as they worked through different drafts. The drafting group determined it had reached a point where they needed the broader Receivership Law (E) Working Group's input before moving forward with a single version of the

PROJECT HISTORY 2009

PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION MODEL ACT (#540)

1. Description of the Project, Issues Addressed, etc.

Following the adoption of the revised Insurer Receivership Model Act in 2005, the Receivership and Insolvency Task Force realized revisions were necessary to update the guaranty association model acts for changes in the industry since 1996. The purpose of the Model is to provide a mechanism for the payment of covered claims under certain insurance policies, to avoid excessive delay in payment, and to the extent provided in the Model, minimize financial loss to claimants or policyholders because of the insolvency of an insurer, and to provide an association to assess the cost of such protection among insurers.

2. Name of Group Responsible for Drafting the Model and States Participating

The Receivership and Insolvency (E) Task Force was charged with updating the Assessment Property and Liability Insurance Guaranty Association Model Act. The 2008 members of the Task Force that adopted the revisions to the Model in March 2008 were: Delaware (Chair at the time of adoption), Texas (Chair),

4. A General Description of the Drafting Process and Due Process

The Receivership Model Act Revision Working Group began working on the Post Assessment Property and Liability Insurance Guaranty Association Model Act in late 2005 and continued reviewing it through October 2006, with the active participation of interested parties, including guaranty funds, their associations, insurers, other industry groups and a number of experienced receivership contractors. The draft Model had also been widely distributed via e-mail to various interested parties for an opportunity to submit written comments in late 2005 and throughout 2006, as well as posted for comment on the NAIC's Working Group Web page. Interested parties that provided written comment include: Allstate, Cantilo & Bennett LLP, Frost Brown Todd LLC, NCIGF, NOLHGA, Puerto Rico Property and Casualty Insurance Guaranty Association. Before the Working Group forwarded the proposed revisions to the Task Force, the Working Group decided during a September 11, 2006, meeting to provide additional guidance to the Task Force in the form of the Highlighted Issues memorandum. The memo was developed to make all participants aware of the Working Group's actions on the more controversial issues contained in the Model. During an October 27, 2006, call, the Working Group adopted the proposed revisions to go before the Task Force.

The Task Force provided an additional opportunity to address the issues in the Highlighted Issues memorandum, as well as other issues not discussed in the memo at the March 12, 2007, meeting. Interested parties that provided written comments include: AIA, Cantilo & Bennett LLP, Frost Brown Todd LLC, NCIGF, NOLHGA, and PCI. However, during a May 30, 2007, conference call, the Chair advised the Task Force that it would not be able to take a vote on the proposed revisions to the Model as in the interim the NAIC adopted a new model law process. The Task Force completed the appropriate review and paperwork according to the new process, which was subsequently exposed and adopted by E Committee. On September 30, 2007, the Executive (EX) Committee determined that the Model met the criteria for development as a Model Act.

During a November 28, 2007, conference call, the Task Force re-exposed the revised Model for comment to interested parties and regulators on issues that had not been previously submitted to the Task Force or Working Group. However, no new comments were received. During a March 30, 2008, meeting, the Task Force made amendments to some revisions initially proposed by the Working Group and then adopted a newly revised Model to be submitted to the Financial Condition (E) Committee.

On March 31, 2008, the Financial Condition (E) Committee received the Task Force's report and adopted a motion to expose the Model for comment. On May 23, 2008, an interim conference call took place to discuss

6. AnyOtherImportant Information

As the Part A. Laws and Regulations of the NAIC