

GOVERNMENT RELATIONS



FBL Financial Group
October 2024
Edition 47, Volume 1

OPEN COMMENTARY

Welcome to the October Government Relations bulletin!

Fall is here and I love this time of year! Football season is in full swing, the trees are changing colors, our industry comes together to plan on the 2025 legislative and regulatory priorities, and budgeting! Oh come on, who doesn't love budgeting?!?!

The annual meetings of our trade associations (ACLI, APCIA, and NAMIC) are taking place and a great deal of insights are being captured as we move forward into the 2025 legislative sessions. Reinsurance capacity, artificial intelligence, privacy protection, third party litigation funding, and insurance availability and affordability are just a few of the discussions being discussed.

As we attend our industry meetings and discuss the challenges our industry is facing, it reminds me of how important our voice is. Advocacy. We each have the opportunity to be heard, to participate in these vital discussions, and be part of the solution. As your government relations representative, I can't tell you how much I value you, our company, and the ability to be able to participate in these discussions. It does make a difference.

And yes, we do have elections coming up on November 5th. As part of our ongoing commitment to advocacy and awareness, be sure to check out our **FBL Advocacy Center**, dedicated to providing you with the tools and information you need to participate fully in the democratic process.

Please feel free to reach out at any time with your comments and suggestions.

Brett Clausen, Government Relations & Process Improvement Vice President

STATE LEGISLATIVE MATTERS

Colorado

Regulatory Activity

Bulletin Withdrawals

On September 4, the Division of Insurance issued Bulletin B-1.38, which withdraws previously issued bulletins based on new legislation or more recent guidance. Specifically, the bulletin withdraws Bulletin B-1.10, relating to fraud judgements, Bulletin B-1.11, relating to insurer fraud requirements, and Bulletin B-4.069, relating to prohibitions on discrimination based upon sexual orientation.

Stakeholder Meeting of September 3, 2024 on SB 21-169

The Division hosted a stakeholder meeting regarding [Senate Bill 21-169](#) and Unfair Discrimination in Insurance Practices, focusing on quantitative testing of underwriting decisions in life insurance. At this meeting, ACLI and members of the life insurance industry addressed comments received on their [proposed draft quantitative testing regulation](#), which was presented at the Division's June 17 stakeholder meeting.

A recording of the September meeting can be accessed directly [HERE](#). A recording and copy of the presentation from the June 17 meeting can be accessed directly [HERE](#).

Disclosure Requirements for Life Insurance Illustrations

On September 24, the Division of Insurance proposed Draft Amended Regulation 4-1-8 concerning disclosure requirements for life insurance illustrations. The existing regulation prescribes formats, standards, and disclosures for life insurance policy illustrations. The Division is proposing to amend the regulation to require each carrier to submit life illustration actuarial appointments electronically through SERFF, with the effective date requested in SERFF indicating when the actuary was appointed, and promptly notify the commissioner through SERFF if it changes an actuary responsible for all or a portion of the insurer's policy forms.

Minnesota

Regulatory Activity

Regulatory Activity Circular Letter 24-1849

Dated September 19, 2024. The Minnesota Workers' Compensation Insurers Association, Inc. issued Circular Letter No. 24-1849, which was approved by the Deputy Commerce Commissioner on September 10, 2024. This circular announces a 1.6 percent increase in the Assigned Risk Plan's total premium, set to take effect on January 1, 2025.

The adjustments specified include a pure premium multiplier of 2.15 applied uniformly across the pure premium base rates as outlined in the 2025 Minnesota Ratemaking Report of the MWCIA, an expense constant of \$190 for each policy, a 1.9 percent policyholder surcharge for the Special Compensation Fund (SCF) assessments, and a \$0.01 per \$100 of payroll surcharge for terrorism coverage under the Terrorism Risk Insurance Program Reauthorization Act. These changes result

in an average premium level increase of 1.6 percent, inclusive of surcharges, after adjustments through the Minnesota Contractors' Premium Adjustment Program.

The letter also details a comprehensive list of class codes, assigned risk rates, and minimum premiums effective for new and renewal policies from January 1, 2025.

Minnesota Adjusts Cost Threshold for Catastrophic High-Cost Injuries

The Minnesota Workers' Compensation Division has issued a notice that the cost threshold has been adjusted to \$314,423 for catastrophic high-cost injuries, the reimbursement for which is calculated differently from reimbursement based on the Medicare MS-DRG system. The notice was issued September 11, 2024, and the adjusted cost threshold is effective October 1, 2024.

Minnesota Increases Maximum Hourly Rates for Workers' Compensation Rehabilitation Services

The Minnesota Workers' Compensation Division has issued a notice that the maximum hourly rates for rehabilitation services for injured employees has been increased by 2.26%. The notice was issued September 11, 2024, and the adjusted maximum hourly rates are effective October 1, 2024.

Minnesota Updates ASC Addenda for Calculating Workers' Compensation Surgery Payment

The Minnesota Workers' Compensation Division has issued a notice updating the Ambulatory Surgical Center (ASC) addenda to be used to calculate payment for covered workers' compensation surgical procedures. The notice was issued on September 11, 2024, and applies to services provided by an ASC on or after October 1, 2024.

Minnesota Updates Hospital Outpatient Fee Schedule

The Minnesota Department of Labor and Industry (DLI) has issued a notice announcing the availability of the updated Hospital Outpatient Fee Schedule (HOFS) for payment of workers' compensation outpatient hospital bills. The notice was issued on September 11, 2024, and the updated fee schedule applies for services provided from October 1, 2024, through September 30, 2025.

Nebraska

Regulatory Activity

Regulatory Activity WC Notice of September 23, 2024

Dated September 23, 2024. The Nebraska Workers' Compensation Court unveiled the Nebraska Legal Link Access Kiosk (NELLAK) web portal. This initiative is designed to enhance access to the court and streamline its processes. The portal, accessible at <https://nellak.newcc.gov/>, currently offers users the ability to search the court's Employer Coverage as well as Decisions and Orders.

It is anticipated that future updates to the portal will introduce features for secure information exchange. These will include capabilities for case document searches, the application and submission process for self-insurance, requests for Independent Medical Examinations, and the application and submission process for Certified Vocational Rehabilitation Counselors.

Additionally, the portal aims to provide improved access to court forms and educational resources. As these updates become available, they will be announced on the NELLAK web portal.

Individuals seeking more information on workers' compensation in Nebraska are encouraged to visit the Nebraska Workers' Compensation Court's website at <https://www.newcc.gov/> or to contact the court's Information Line for further assistance.

New Mexico

Regulatory Activity

Regulatory Activity Bulletin 2024-015

This bulletin is issued in accordance with Sections 59A-2-8, 59A-2-10 and 59A-4-3 NMSA 1978, and with 13.1.2.9 NMAC.

The purpose of this bulletin is to inform all insurance companies that have issued property and casualty insurance policies covering risks located in the areas impacted by the Salt and South Fork Fires, that on September 6, 2024, the Superintendent of Insurance has declared a catastrophic loss pursuant to 13.7.4.7 NMAC due to these wildfires. Pursuant to 13.7.4.11 NMAC, insurers shall settle each catastrophic claim, a property insurance claim or a vehicle physical damage insurance claim directly resulting from the catastrophe, within 90-days from the date of the declaration.

Pursuant to Section 59A-16-20(F) NMSA 1978, it is an unfair claims practice for an insurer to fail to settle all catastrophic claims within a 90-day period after the assignment of a catastrophic claim number when a catastrophic loss has been declared.

Regulatory Activity Bulletin 2024-016

On September 12, 2024, the New Mexico Office of Superintendent of Insurance issued Bulletin 2024-016 to notify insurers that have issued residential property insurance policies covering risks in New Mexico to submit underwriting guidelines that were in effect on September 1, 2024 to the OSI by September 30, 2024. The OSI plans to evaluate the guidelines for unfair discrimination.

Insurance Holding Companies

On September 24, the Office of the Superintendent of Insurance proposed Rule NMAC 13.2.2, which adopt the requirement from the NAIC Insurance Holding Company Model Regulation for an insurer to give notice of a proposed transaction by filing Form D. It would also set forth the minimum requirements for agreements for cost sharing and management services.

South Dakota

Regulatory Activity

NAIC Life Insurance Buyers Guide / Producer Licensing

The effect of amending these rules is to update a reference guide, modernize a continuing education course attendance roster, and clarify the timeframe of when a producer must take a

continuing education course for long term care plans. The reasons for these rule changes are to clean-up these sections for overall improved clarity.

Utah

Regulatory Activity

Bulletin 2024-11

Dated September 5, 2024. The Utah Insurance Department introduces a new procedure for Utah Title Insurance Licensees to file complaints against other title licensees. Effective immediately, a title licensee's complaint against another title licensee must be submitted to the Insurance Department by filing a completed Title Licensee Complaint Form, available on the Department's website. The directive requires that the complaint form be fully completed and accompanied by sufficient documentation to support the allegations. The Department states it cannot guarantee the confidentiality of any information submitted through this process. All forms and supporting documents must be submitted via email to the provided address.

Utah Sets Licensing Fees for CE Providers, Captive Insurers, PBMs

The Utah Department of Insurance has adopted amendments to several rules, notably R590-142 on Continuing Education Provider Registration Requirements, R590-238 on Captive Insurance Companies Certificate of Authority Application Fee, and R590-282 on Pharmacy Benefit Manager Licensing Fees. These amendments update the fee-setting processes previously governed by the repealed Rule R590-102. The changes were effective Sept. 10, 2024.

Regulatory Activity Rule R909-19-5 Dated 09-03-2024

This amendment updates the language in Section R909-19-15 to allow vehicles towed as a result of a police generated tow to be stored anywhere within the tow rotation boundary where the tow originated and updates the language in Section R909-19-19 to allow towing storage fees to be automatically adjusted to account for inflation similar to other towing fees.

CALENDAR OF EVENTS

American Property Casualty Insurance Association

October 6-8, 2024 – Annual Meeting

InsurTech on the Silicon Prairie

October 28-29, 2024 – Omaha, Nebraska

National Association of Insurance Commissioners

November 16-20, 2024 - Fall National Meeting

ARTICLES OF INTEREST

2025 Global Insurance Symposium – Plan Now to Attend

Farm Bureau Financial Services is a corporate sponsor of the Global Insurance Symposium being held in Des Moines on April 15-16, 2025.

The Global Insurance Symposium offers an educational and networking opportunity that brings together over 500 insurance and financial services company executives, national and international regulators, state and federal government representatives, entrepreneurs, and startup tech firms. The Global Insurance Symposium is an opportunity for regulators, insurance professionals, and startups to discuss great content delivered by powerhouse speakers.

Registration is open now and costs are reduced for Farm Bureau employees to \$495 promo code: **fbjis2025x**.

<https://web.cvent.com/event/9fb71d3f-2bd6-42fe-aefe-36f52ef40939/regProcessStep1>

NAMIC Files Reply Brief in Disparate Impact Challenge

NAMIC has filed its reply brief with the U.S. Court of Appeals for the District of Columbia Circuit in its ongoing challenge to the Department of Housing and Urban Development's disparate impact rule.

The court does not resume session until November, at which time NAMIC expects the court to set oral arguments for early 2025 and a decision later that year. The case is likely to be appealed to the U.S. Supreme Court, which NAMIC believes may be sympathetic to the association's position given recent decisions limiting the scope of federal agency authorities.

Read the full filing here:

<https://fblfinancial.sharepoint.com/sites/LGOV/HotTopics/Forms/AllItems.aspx>

Insurer Trade Associations Respond to U.S. Treasury's RFI on Uses, Opportunities, and Risks of Artificial Intelligence in the Financial Services Sector

On June 6, 2024, the U.S. Department of the Treasury released a request for information on the Uses, Opportunities, and Risks of Artificial Intelligence (AI) in the Financial Services Sector. Through this RFI, Treasury seeks to increase its understanding of how AI is being used within the financial services sector and the opportunities and risks presented by developments and applications of AI within the sector, including potential obstacles for facilitating responsible use of AI within financial institutions, the extent of impact on consumers, investors, financial institutions, businesses, regulators, end-users, and any other entity impacted by financial institutions' use of AI, and recommendations for enhancements to legislative, regulatory, and supervisory frameworks applicable to AI in financial services. Treasury is seeking a broad range of perspectives on this topic and is particularly interested in understanding how AI innovations can help promote a financial system that delivers inclusive and equitable access to financial services.

Formal responses to this request for information have been submitted by our three member trade associations (ACLI, APCIA, and NAMIC) and can be found here:

<https://fbfinancial.sharepoint.com/sites/LGOV/HotTopics/Forms/AllItems.aspx>

Generally, these responses underscore the work that has already been undertaken by the National Association of Insurance Commissioners with the adopted Model Bulletin on the use of Artificial Intelligence Systems by Insurers. In addition, it reiterates that insurance is regulated at the state level and already have robust unfair discrimination legal frameworks set out in state insurance codes, thus obviates the need for any federal regulation specific to insurance.

The Mutual Factor Report

Now in its seventh iteration, NAMIC's 2024 Mutual Factor report follows the release of the second midyear report issued in late June, which previewed the high-level U.S. insurance company financials emanating from 2023 and the start of 2024. NAMIC and Aon appreciate the continued interest in this report, with the 2024 report providing a unique perspective on the impact that the past 24-30 months have had on our industry.

As the industry continues to navigate the challenging circumstances brought on by the clashing impact of inflation, weather, and legal system abuse, mutual insurers have remained steadfast in their commitment to their policyholders and the long-term stability they are known for. However, the perpetuation of the new era of risk has required swift underwriting action, active engagement with regulators, clear communication to agency partners, and short-, medium- and long-term strategic decision-making aimed at returning the industry to the position of steady profitability needed to allow mutual insurers to continue to meet the growing needs of their customers and agency partners.

Among the key findings on financial performance:

- In 2023, mutual insurers recorded loss and loss adjustment expenses of 84.0 percent of premium compared to the five-year average of 77.3 percent. Stock companies outperformed their mutual counterparts at 71.1 percent for 2023, which compares more closely to their five-year average of 70.8 percent.
- In 2023, the industry grew capital and surplus by 6.1 percent, a considerable shift from the 6.5 percent decrease in capital in 2022.
- The combined ratio for mutual insurers for Q2 2024 was 103.6, compared to 113.7 during the same period in 2023. Stock insurers saw combined ratios of 94.3 in Q2 2024 versus 100 in Q2 of 2023, reflecting their focus on returns.

The Mutual Factor 2024 concludes with a consumer opinion survey about the property/casualty industry conducted by research firms Readex Research and Dynata, following a similar benchmark study by a separate firm in 2018. Key findings include:

- Of respondents familiar with mutual insurance companies, eighty-eight percent said they were at least somewhat likely to choose a mutual insurance company for their next auto or home insurance purchase.

- Twenty-eight percent made a change in insurance company recently. Of those who made changes, 65 percent reported it being due to price of premium.

As the industry continues to steadily navigate the challenging environment, NAMIC and Aon continue to share an enthusiasm for the publishing and evolution of this report.

The full report can be found here:

<https://fbfinancial.sharepoint.com/sites/LGOV/HotTopics/Forms/AllItems.aspx>

Congressional Budget Office Releases Report on Climate Change, Disaster Risk, and Homeowner's Insurance

In this report, the Congressional Budget Office analyzes recent changes in property insurance markets and considers alternative insurance products as well as policy approaches to increase the availability and affordability of insurance for homeowners and renters. The highlights of that analysis include the following:

- Higher land and ocean temperatures, drought, sea level rise, and excessive precipitation are all features of climate change that contribute to increasing the risks of natural disasters, including wildfires, hurricanes, and floods. With increased uncertainty attributable to climate change, insurers may limit coverage for risks that are difficult to quantify or where regulators constrain their ability to set prices reflecting risk.
- Households may underinsure for natural disasters for a variety of reasons, including a lack of information about the risks and the extent of any post disaster government assistance.
- Means-tested subsidies would make coverage more affordable for low- and moderate-income households. That approach has the advantage of targeting assistance and preserving incentives for other policyholders to mitigate losses, but controlling costs and implementing the program could be difficult.
- Other approaches would expand the availability of insurance. States could lessen regulatory constraints on insurers' risk-based prices. The federal government could act as a catastrophic risk reinsurer or insurer, as it does for flood insurance, and bear more of the cost of disasters. The Congressional Budget Office (CBO) was tasked with producing the report in response to on-going congressional interest, including hearings, on growing concerns with the availability and affordability of homeowners' insurance and its impacts on moderate and low income individuals, communities, housing markets and programs. The report is high level but its focus on climate change as the major factor in availability and affordability issues and its discussion of potential new federal insurance programs are problematic. Regrettably, the report gives short shrift to loss control and mitigation, on the basis that it was beyond the scope of the report.

The full report: <https://fbfinancial.sharepoint.com/sites/LGOV/HotTopics/Forms/AllItems.aspx>