

Date: 7/18/24

Virtual Meeting

MARKET CONDUCT EXAMINATION GUIDELINES (D) WORKING GROUP

Tuesday, July 30, 2024

1:00 – 2:00 p.m. ET / 12:00 p.m. – 1:00 p.m. CT / 11:00 – 12:00 p.m. MT / 10:00 – 11:00 a.m. PT

ROLL CALL

Matthew Tarpley, Chair	Texas	Maureen Belanger/	New Hampshire
Brett Bache, Vice Chair	Rhode Island	Ellen Wilkins	
Maria Ailor	Arizona	Ralph Boeckman	New Jersey
Teri Ann Mecca	Arkansas	Alma Tapia	New Mexico
Nick Gill	Connecticut	Sylvia Lawson	New York
Sharon Shipp	District of Columbia	Teresa Knowles	North Carolina
Elizabeth Nunes/ Paula Shamburger	Georgia	Rodney Beetch	Ohio
Erica Weyhenmeyer	Illinois	Landon Hubbart	Oklahoma
Doug Ommen	Iowa	Tashia Sizemore	Oregon
Mary Lou Moran	Massachusetts	Gary Jones/ Paul Townsen	Pennsylvania
Jeff Hayden	Michigan	Karla Nuissl	Vermont
T.J. Patton/Bryce Wang	Minnesota	Bryan Wachter	Virginia
Teresa Kroll/Jo LeDuc	Missouri	Jeanette Plitt	Washington
Peggy Willard-Ross/ Hermoliva Abejar	Nevada	Desiree Mauller	West Virginia
		Rebecca Rebholz/ Darcy Paskey	Wisconsin

NAIC Support Staff: Petra Wallace/Lois E. Alexander

AGENDA

1. Consider Adoption of its May 22 Minutes—*Matthew Tarpley (TX)* Attachment 1
2. Discuss its 2024 Work Plans—*Matthew Tarpley (TX)*
 - A. New Pet Insurance Market Conduct Examination Standards Chapter and Standardized Data Requests (SDRs)
 - B. Clean-Up of the Conducting the Property and Casualty Travel Insurance Examination Chapter
 - C. Revising the Conducting the Life and Annuity Examination Chapter Re: *Actuarial Guideline XLIX-A—The Application of the Life Illustrations Model Regulation to Policies with Index-Based Interest Sold On or After Dec. 14, 2020 (AG 49-A)*
 - D. Shared Working Group Collaborative Space
3. Discuss Any Other Matters Brought Before the Working Group—*Matthew Tarpley (TX)*



4. Adjournment

Draft: 6/20/24

Market Conduct Examination Guidelines (D) Working Group
Virtual Meeting
May 22, 2024

The Market Conduct Examination Guidelines (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met May 22, 2024. The following Working Group members participated: Matthew Tarpley, Chair, and Stacie Parker (TX); Brett Bache, Vice Chair, and Brian Werbeloff (RI); Chris Erwin (AR); Tolanda Coker (AZ); Nick Gill (CT); Tina Ching and Pratima Lele (DC); Simone Edmonson, Paula Shamburger, and Tia Taylor (GA); Chris Heisler and Erica Weyhenmeyer (IL); Lori Cunningham and Ron Kreiter (KY); Airic Boyce, Jeff Hayden, and Danielle Torres (MI); T.J. Patton and Bryce Wang (MN); Cynthia Amann, Brad Gerling, Julie Hesser, Teresa Kroll, and Jo LeDuc (MO); Tracy Biehn and Teresa Knowles (NC); Ellen Wilkins (NH); Ralph Boeckman and Erin Porter (NJ); Sylvia Lawson (NY); Rodney Beetch (OH); Landon Hubbart, Zach Palank, and Shelly Scott (OK); Gary Jones and Paul Towsen (PA); Melissa Gerachis and Bryan Wachter (VA); Gregory Gray and Karla Nuissl (VT); John Haworth and Jeanette Plitt (WA); Barbara Belling, Darcy Paskey, and Mary Kay Rodriguez (WI); and Desiree Mauller (WV). Also participating were: Josh Guillory (LA) and Rachel Moore (SC).

1. Discussed its 2024 Work Plans

Tarpley extended a brief welcome and said the meeting's purpose is to provide the Working Group with a date for its 2024 work plans, which were last discussed during the Working Group's meeting on March 5.

Tarpley said that he, Bache, and Petra Wallace (NAIC) have been working on next steps since the last meeting. They have been working on: 1) the development of a new pet insurance exam standards chapter and pet insurance standardized data requests (SDRs); 2) revising five examination standards in the travel insurance exam standards chapter; 3) revising the life and annuity examination chapter of the *Market Regulation Handbook* (Handbook) based on revisions to *Actuarial Guideline XLIX-A—The Application of the Life Illustrations Model Regulation to Policies with Index Based Interest Sold on or After December 14, 2020* (AG 49), which were adopted by the NAIC in 2023; and 4) developing a shared regulator-only collaborative space for the Working Group that will serve as a repository for uniform market conduct tools, templates, etc.

Tarpley said state insurance regulator subject matter expert (SME) volunteers have come forward since the Working Group's March 5 meeting to work on the development of a new pet insurance exam standards chapter, a new in force policy pet insurance SDR and a new pet insurance SDR addressing claims. He thanked Wilkins, Cunningham, and Jody Ullman (WI) for volunteering for this drafting project. Tarpley said the SMEs will develop the exam standards chapter based on the adopted *Pet Insurance Model Act* (Model #633). When the pet insurance exam chapter draft is near completion, the SMEs will then begin drafting the SDRs. When the SMEs have completed and signed off on the pet insurance chapter and SDRs, they will proceed to the Working Group for exposure, a comment period, review, and eventually, consideration of adoption.

Bache said that during the Working Group's March 5 meeting, he and Tarpley had asked for state insurance regulator volunteers to help clean up Chapter 21A—Conducting the Property and Casualty Travel Examination in the Handbook. No volunteers came forward during the meeting. Bache said the scope of the project is quite small. There are five examination standards in the chapter that are missing review procedures/criteria (marketing and sales examination standards 3, 4, 8, and 11 and underwriting and rating examination standard 1). Bache said that the project would involve reviewing the applicable sections of the *Travel Insurance Model Act* (Model #632) by regulator SMEs and developing new market examiner review procedures/criteria in the five examination standards where content is missing. Josh Guillory (LA) and Rachel Moore (SC) volunteered to assist with the

drafting project. Tarpley and Bache asked for additional state insurance regulator volunteers to join the travel insurance SME drafting group.

Tarpley said that he will revise Chapter 19—Conducting the Life and Annuity Examination of the Handbook to incorporate updated guidance based on revisions to AG 49, which were adopted by the NAIC in 2023. Tarpley said he would be in contact with the Life Actuarial (A) Task Force chair, who is also with the Texas Department of Insurance (TDI), regarding any questions on the Task Force’s revisions. Tarpley said he plans to provide a redlined draft of Chapter 19 to the Working Group before their next meeting. Tarpley said that since the revised AG 49A contains adopted language, the changes made to Chapter 19 will conform the language of the chapter with the revised adopted guidance in AG 49A.

Wallace gave an update on the development of a shared regulator-only collaborative space for the Working Group. She said that one of the Working Group’s charges is to develop uniform market conduct procedural guidance in a space where regulator tools can be shared among regulators. One of the NAIC’s recent initiatives to enhance member connectivity is NAIC Connect, which is a newly developed member portal for state insurance regulators. While NAIC Connect is live, some of its functions are still being developed and fleshed out. When the available features of NAIC Connect are more fully developed, it will be a shared platform for the NAIC membership and each NAIC group will be able to build and share content, tools, resources, and related topics on their respective pages on the platform for use by regulator members.

Tarpley said he and Bache are monitoring the work of the Innovation, Cybersecurity, and Technology (H) Committee and its workstreams to learn what initiatives they are discussing that relate to regulator guidance in the Handbook.

Tarpley thanked the state insurance regulator SME volunteers and asked the Working Group members to participate in as many meetings as possible throughout the year.

2. Discussed Other Matters

Tarpley said a notice of the next Working Group meeting will be distributed when a meeting date and time have been determined.

Having no further business, the Market Conduct Examination Guidelines (D) Working Group adjourned.