



NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Date: 8/26/21

Virtual Meeting

MARKET CONDUCT EXAMINATION GUIDELINES (D) WORKING GROUP

Thursday, September 2, 2021

12:00 – 1:00 p.m. ET / 11:00 a.m. – 12:00 p.m. CT / 10:00 – 11:00 a.m. MT / 9:00 – 10:00 a.m. PT

ROLL CALL

Damion Hughes, Chair	Colorado	Leatrice Geckler/	New Mexico
Erica Weyhenmeyer, Vice Chair	Illinois	Joel Bengo	
Sarah Borunda	Arizona	Sylvia Lawson	New York
Crystal Phelps	Arkansas	Teresa Knowles	North Carolina
Kurt Swan	Connecticut	Todd Oberholtzer	Ohio
Frank Pyle	Delaware	Landon Hubbard	Oklahoma
Sharon Shipp	District of Columbia	Brian Fordham/	Oregon
Doug Ommen	Iowa	Tashia Sizemore	
Ron Kreiter	Kentucky	Katie Dzurec/	Pennsylvania
Mary Lou Moran	Massachusetts	Christopher Monahan	
Jill Huisken	Michigan	Matt Gendron/	Rhode Island
Paul Hanson	Minnesota	Brett Bache	
Win Nickens/Stewart Freilich	Missouri	Matthew Tarpley	Texas
Peggy Willard-Ross/	Nevada	Christina Rouleau	Vermont
Hermoliva Abejar		Julie Fairbanks	Virginia
Maureen Belanger/	New Hampshire	Jeanette Plitt	Washington
Edwin Pugsley		Desiree Mauller	West Virginia
Ralph Boeckman	New Jersey	Rebecca Rebholz/	Wisconsin
		Diane Dambach	

NAIC Support Staff: Petra Wallace/Lois E. Alexander

AGENDA

1. Review and Consider for Adoption New Draft Title Standardized Data Requests (SDRs) for Inclusion in the Reference Documents of the *Market Regulation Handbook* (Charge 3) — *Damion Hughes (CO)* Attachment 1
 - A. Title In-Force SDR, Aug. 26 Draft
 - B. Title Claims SDR, Aug. 26 Draft

2. Receive Updates from State Insurance Regulator Volunteers Reviewing Models Potentially Affecting the *Market Regulation Handbook* (Charges 1, 2, 7) — *Damion Hughes (CO)* Attachment 2
 - A. *Unfair Trade Practices Act* (#880) — *Erica Weyhenmeyer (IL)*
 - B. *Insurance Holding Company System Regulatory Act* (#440) — *Ron Kreiter (KY)*
 - C. *Corporate Governance Annual Disclosure Model Act* (#305) and *Corporate Governance Annual Disclosure Model Regulation* (#306) — *Cynthia Amann (MO)*
 - D. *Suitability in Annuity Transactions Model Regulation* (#275) — *Brian Werbeloff (RI)*
 - E. *Health Maintenance Organization Model Act* (#430) — *Darcy Paskey (WI)*



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- F. *Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651) — Mary Kay Rodriguez (WI)*
- 3. Discuss Any Other Matters Brought Before the Working Group — *Damion Hughes (CO)*
- 4. Adjournment

POLICY IN FORCE STANDARDIZED DATA REQUEST
Title Line of Business

Contents: This file should be downloaded from the company system(s) and contain one record for each title policy issued in [applicable state] at any time during the examination period.

For any fields where there are multiple entries, please repeat field as necessary.

Uses: Data will be used to determine if the company follows appropriate procedures with respect to the issuance and/or underwriting of title policies in [applicable state] within the scope of the examination.

- Cross-reference with the claims data file to validate the completeness of the in force file; and
- Cross-reference to state(s) licensing information to ensure proper agent licensure.

Field Name	Start	Length	Type	Decimals	Description
TAgency	1	20	A		Title agency name
TUnder	21	20	A		Underwriting title insurer
CoCode	41	5	A		NAIC company code
PolPre	46	3	A		Policy prefix (Blank if NONE)
PolNo	49	20	A		Policy number
PolSuf	69	3	A		Policy suffix (Blank if NONE)
PolTyp	72	1	A		Type of policy (Presumably an alphabetic character such as O (Owner), M (Mortgagee), L (Lender), S (Simultaneous), H (Hold Open)) Please provide a list to explain any codes used
PolForm	73	10	A		Policy form number as filed with the insurance department
Reissue PolTyp2	83	1	A		Reissue Is the policy reissued? (Y/N)
ArbProv	84	1	A		Arbitration provision (Y/N)
ClsFilNo	85	10	A		Closing file number
PropTyp	95	15	A		Property type – residential or non-residential
LiabAsmd	110	10	N	2	Amount of liability assumed
PolAmt	120	10	N	2	Dollar limit of coverage
FileNo	130	10	A		File identifier assigned by agent or company's issuing office (order number)
SalePre	140	10	N	2	Sale/Purchase price of subject property
LoanAmt	150	10	N	2	Loan amount
CommitDt	160	10	D		Date commitment issued [MM/DD/YYYY]
CloseDt	170	10	D		Date transaction closed [MM/DD/YYYY]
EffDt	180	10	D		Effective date of policy [MM/DD/YYYY]
PollssDt	190	10	D		Date policy issued/delivered to insured [MM/DD/YYYY]

Field Name	Start	Length	Type	Decimals	Description
DRecDt	200	10	D		Date deed is recorded [MM/DD/YYYY]
DPrsDt	210	10	D		Date deed was presented for recording [MM/DD/YYYY]
DisbDt	220	10	D		Disbursement date [MM/DD/YYYY]
AgCode	230	6	A		Company internal agent, CSR, or agency identification code Please provide a list to explain any codes used
NPN	236	6	A		National producer number
AgFirst	242	15	A		First name of agent
AgMid	257	15	A		Middle name of agent
AgLast	272	20	A		Last name of agent (or agency name, if applicable)
AgStat	292	15	A		Status of agent, CSR or agency appointment (active, inactive, terminated, etc.)
AgAddr	307	25	A		Agent's, CSR's or agency's street address
AgCity	332	25	A		Agent's, CSR's or agency's city
AgSt	357	2	A		Agent's, CSR's or agency's state abbreviation
PrZip	359	9	A		Agent's, CSR's or agency's ZIP code
RiskRate BasePrem	368	10	N	2	Base Total premium charged for the policy per company filed rates as defined by [Insert statutory citation here]
RateClas EndorLst	378	20	A		Risk rate classification List endorsements attached to the policy Please provide a list to explain any codes used
BasPrmCr EndorPrm	398	10	N	2	Basis for premium credit/loan payoff—prior Endorsement premium
DiscTyp	408	25	A		Type of policy discount (Employee, military, charitable organization, etc.) If codes are used, provide a list of codes along with their meanings
DiscAmt	433	10	N	2	Discount (percentage or amount)
AgRetPrm	443	10	N	2	Amount of premium retained by the agent or agency
RemitPrm	453	10	N	2	Premium remitted by agency to insurer
CPLetter	463	1	A		Closing protection letter (Y/N)
CPFee	464	10	N	2	Closing protection fee
TSChgs	474	10	N	2	Title service charges
ClosChgs	484	10	N	2	Closing charges
TranCode					Transaction code
RemitDt	494	10	D		Date premium remitted to insurer [MM/DD/YYYY]
LendName	504	50	A		Full name of lender insured by policy (if applicable)
OwnFirst	554	15	A		First name of owner insured by policy (if applicable)
OwnMid	569	15	A		Middle name owner insured by policy (if applicable)
OwnLast	584	20	A		Last name of owner insured by policy (if applicable)

Field Name	Start	Length	Type	Decimals	Description
PropAddr	604	25	A		Address of subject property
PropCity	629	20	A		City of subject property
PropSt	649	2	A		State of subject property
PropZip	651	9	A		ZIP code of subject property
PropCty	660	20	A		County of subject property
SellName	680	50	A		Name of seller of subject property
RealEst	730	50	A		Name of real estate agent involved in transaction
NewConst	780	1	A		Subject property a new construction (Y/N)
Endorse					Endorsements issued (Y/N)
Ref	781	1	A		Refinance transaction (Y/N)
Second	782	1	A		2 nd mortgage (Y/N)
EndRec	783	1	A		End of record marker. Please place an asterisk in this field to indicate the end of the record. This must be in the same character position for every record in this table.

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CLAIMS STANDARDIZED DATA REQUEST
Title Line of Business

Contents: This file should be downloaded from company system(s) and contain one record for each claim transaction (i.e. paid/denied/pending/closed w/o payment) that the company processed within the scope of the examination. Include all claims open during the examination period. Do not include expense payments to vendors.

Uses: Data will be used to determine if the company follows appropriate procedures with respect to the handling of Title claims within the scope of the examination.

- Cross-reference to annual statement claims data (amount) to ensure completeness of exam data submitted.

Field Name	Start	Length	Type	Decimals	Description
TAgency	1	20	A		Title agency name
TUnder	21	20	A		Underwriting title insurer
CoCode	41	5	A		NAIC company code
ClmNo	46	20	A		Claim number
ClmPre	66	3	A		Claim number prefix (Blank if NONE)
ClmSuf	69	3	A		Claim number suffix (Blank if NONE)
PolNo	72	20	A		Policy number
PolTyp	92	1	A		Type of policy (Presumably an alphabetic character such as O (Owner), M (Mortgagee), L (Lender), S (Simultaneous), H (Hold Open) Please provide a list to explain any codes used)
ClsFilNo	93	10	A		Closing file number
ClmName	103	50	A		Claimant name
LendName	153	50	A		Full name of lender insured by policy (if applicable)
OwnFirst	203	15	A		First name of owner insured by policy (if applicable)
OwnMid	218	1	A		Middle initial of owner insured by policy (if applicable)
OwnLast	219	20	A		Last name of owner insured by policy (if applicable)
RcvdDt	239	10	D		First notice of loss [MM/DD/YYYY]
ClmOpnDt	249	10	D		Date claim opened [MM/DD/YYYY]
ClmAckDt	259	10	D		Date company or its producer acknowledged the claim [MM/DD/YYYY]
NtcInvDt	269	10	D		Date of written notice to insured/claimant regarding incomplete investigation [MM/DD/YYYY] <i>This field was moved from its previous location (was formerly after ResEstDt)</i>
ResEstDt	279	10	D		Date reserves established for claim, if applicable [MM/DD/YYYY]
AggResAm	289	10	N	2	Aggregate amount of reserves established for claim <i>This field was moved from its previous location (was formerly after OutCnsl)</i>

Field Name	Start	Length	Type	Decimals	Description
AggClmEx	299	10	N	2	Aggregate amount of claim expenses (litigation, research fees, etc.) <i>This field was moved from its previous location (was formerly before ClmAmtPd)</i>
Litig	309	1	A		Is claim currently in litigation Claim litigated? (Y/N) <i>This field was moved from its previous location (was formerly after OwnLast)</i>
OutCnsl	310	1	A		Claim referred to outside counsel (Y/N) <i>This field was moved from its previous location (was formerly after RefDt)</i>
RefDt	311	10	D		Date referred for legal counsel [MM/DD/YYYY] <i>This field was moved from its previous location (was formerly after ClmPdDt)</i>
Arbt	321	1	A		Claim arbitrated? (Y/N)
ClmStat	322	1	A		Claim status P = Paid, D = Denied, N = Pending, H = Partial Payment, C = Closed Without Payment, R = Rescinded <i>This field was moved from its previous location (was formerly after ClmAmtPd)</i>
ClmPdDt	323	10	D		Claim paid date [MM/DD/YYYY] <i>This field was moved from its previous location (was formerly after ClmCIDt)</i>
ClmAmtPd	333	10	N	2	Claim payment amount <i>This field was moved from its previous location (was formerly after AggClmEx)</i>
ClmDnyDt	343	10	D		Date claim was denied [MM/DD/YYYY] <i>This field was moved from its previous location (was formerly after ClmOpnDt)</i>
ClmCIDt	353	10	D		Date claim closed [MM/DD/YYYY] <i>This field was moved from its previous location (was formerly after NtcInvDt)</i>
EndRec	363	1	A		End of record marker. Please place an asterisk in this field to indicate the end of the record. This must be in the same character position for every record in this table.

Market Conduct Examination Guidelines (D) Working Group 2021 Charges

(Posted on the Working Group's web page at https://content.naic.org/cmted_market_conduct_exam_guidelines.htm)

The Market Conduct Examination Guidelines (D) Working Group will:

1. Develop market conduct examination standards, as necessary, for inclusion in the Market Regulation Handbook.
2. Monitor the adoption and revision of NAIC models and develop market conduct examination standards to correspond with adopted NAIC models.
3. Develop updated standardized data requests, as necessary, for inclusion in the *Market Regulation Handbook*.
4. Develop uniform market conduct procedural guidance (e.g., a library, depository or warehouse with market conduct examination templates, such as an exam call letter, exam exit agenda, etc.) for inclusion in, or for use in conjunction with, the *Market Regulation Handbook*.
5. Coordinate with the Innovation and Technology (EX) Task Force to develop market conduct examiner guidance for the oversight of regulated entities' use of insurance and non-insurance consumer data and models using algorithms and artificial intelligence (AI).
6. Discuss the effectiveness of a group's supervision of market conduct risks and develop examination procedural guidance, as necessary.
7. Discuss the role of market conduct examiners in reviewing insurers' corporate governance as outlined in the *Corporate Governance Annual Disclosure Model Act* (#305) and the *Corporate Governance Annual Disclosure Model Regulation* (#306).

Potential Market Conduct Examination Guidelines (D) Working Group 2021 Tasks

For the purpose of generating discussion, the following is a list of recently adopted NAIC Market Regulation-related Models to consider for development of corresponding revisions to the exam standards in the *Market Regulation Handbook*. The below is a preliminary listing of potential tasks which the Working Group may be focusing on in 2021, in addition to other work deemed necessary by the Working Group (i.e., this listing does not preclude additional tasks which may be added during the year, by the Working Group, or at the request of the Market Regulation and Consumer Affairs (D) Committee or other Working Groups, Task Forces and Committees).

Model #	Title of Model
275	Suitability in Annuity Transactions Model Regulation
430	Health Maintenance Organization Model Act
440	Insurance Holding Company System Regulatory Act
651	Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (this was not really an amendment, rather published to reflect the annual fee changes)
805	Standard Nonforfeiture Law for Individual Deferred Annuities