

RHODE ISLAND INSURANCE DIVISION

A Regulator's Thoughts on Transactional Data

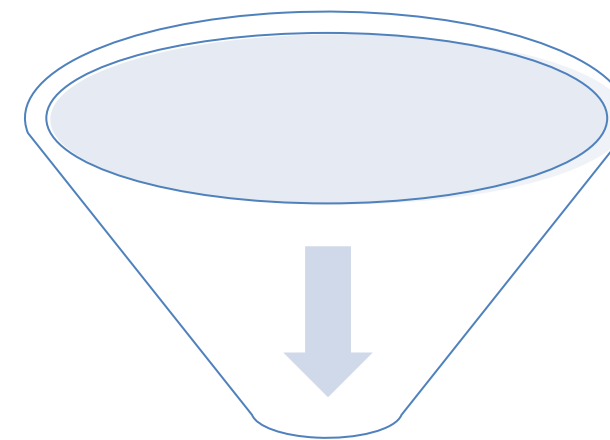
Presented by Matt Gendron**

**these thoughts are his own



Transactional Data

- Transactional Data is terrific and definitely has its place in the Market Conduct analyst and Examiner's plan, but it is not always applicable.
- In Rhode Island, we have limited Market Conduct resources, so we need to focus our efforts where they are most needed.
- We use the Funnel Technique, spending more time on fewer companies as we go deeper into the process.



Annual Market Analysis Procedures

- First, we conduct a Baseline Analysis, which starts with 1400 licensed companies and multiple lines of business.
- Second, we conduct roughly 100 individual company and line of business analyses to see whether the outlying status is explained by looking at all the summary data from the company, by the company itself in its internal Management Discussion and Analysis, or by reviewing the marketplace in general.
- For outlying ratio data with no simple explanation(s), we typically perform 5-year trend analysis by utilizing underlying data found in the MCAS company specific reports.



Annual Market Analysis Procedures

- Third, we perform initial follow-ups with roughly 50 companies regarding outlying data. A dozen or more of those initial follow-ups could lead to further communications with the company (including record testing).
- At the end of each MCAS cycle, we review the most concerning of those companies and prioritize them for further action along our continuum (including market conduct examinations, if warranted).
- At each stage, we prioritize companies for more detailed and granular analysis.



Competing Interests of the Market Conduct Team

Baseline Analysis	Continuum Inquiries
Summary Level Market Analysis	Targeted Market Conduct Exams
Enhanced Market Analysis	Special Projects
Follow-up on Prior Exams, Actions or Consent Agreements	NAIC Working Groups
Trainings to Expand and Enhance their Skills	Occasionally lending expertise other units in the Division or Department (a recent example was applying sampling techniques in an Auto Body enforcement matter)



Benefits of Requesting Transactional Data Upfront

- Time: Not having to wait for data requests when we're ready to look at the information
- Consistent and comparable data (by creating industry wide standards for data elements, definitions, formats, etc.)
- More potential opportunities for regulatory monitoring of MCAS data quality
- More opportunities for novel data analysis by regulators



Concerns About Requesting Transactional Data Upfront

- Additional information to filter
- Protection of data
- Theoretical additional cost to companies, which is passed along to consumers.
- Opportunity cost to states, as we learn how to manage and analyze this data
- Unclear what additional regulator analysis would warrant this increase in data collection
- Unclear what additional quality control data steps would be undertaken if regulators were given transactional-level data



Thank You for Your Attention

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