

Draft: 5/21/24

Market Regulation Certification (D) Working Group
Virtual Meeting
April 29, 2024

The Market Regulation Certification (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met April 29, 2024. The following Working Group members participated: John Haworth, Chair (WA); Bryan Stevens, Vice Chair (WY); Chelsy Maller (AK); Teri Ann Mecca (AR); Erica Weyhenmeyer (IL); Mary Kwei (MD); Jo LeDuc (MO); Tracy Biehn (NC); Martin Swanson (NE); Maureen Belanger and Douglas Rees (NH); Erin Porter and Ralph Boeckman (NJ); Don Layson (OH); Glynda Daniels (SC); Shelley Wiseman (UT); Melissa Gerachis (VA); and Isabelle Turpin Keiser (VT).

1. Adopted its Spring National Meeting Minutes

LeDuc made a motion, seconded by Biehn, to adopt the Working Group's Feb. 26 minutes (*see NAIC Proceedings – Spring 2024, Market Regulation and Consumer Affairs (D) Committee, Attachment xx*). The motion passed unanimously.

2. Discussed its Plans for the Summer National Meeting

Haworth said the Working Group has been approved to meet in regulator-to-regulator session for one hour on the first day of the Summer National Meeting, Aug. 12, at 4:00 p.m. CT. He said the date and time only conflicts with the Financial Regulation Standards and Accreditation (F) Committee meeting, which is scheduled from 2:00 – 5:00 p.m. CT on Aug. 12.

Haworth said during its last meeting, the Working Group invited jurisdictions to submit their self-certifications using the scoring matrix. He said he wants to use the in-person meeting at the Summer National Meeting so the Working Group can work together using the certification scoring matrix on real examples from each member and state planning to submit a request for provisional certification.

Haworth said the certification implementation plan also mentions that jurisdictions can request peer reviews. He said the Summer National Meeting will provide an opportunity for any jurisdiction to receive peer review. He noted that LeDuc has volunteered to assist with peer review if requested.

LeDuc asked if the self-certification reports must be submitted prior to the Summer National Meeting. Haworth said the self-certification reports are due prior to the Fall National Meeting, but it would be helpful to receive them sooner so the Working Group can address needs as they arise. Stevens said it is important to have this in-person meeting to review different drafts and discuss how different states interpret the requirements and the checklist. He said it would help all the jurisdictions to be more uniform in their assessments.

3. Reviewed the Market Regulation Certification Scoring Sheet

Haworth asked Stevens to review the certification scoring sheet from the perspective of a smaller market regulation department. Stevens said that each requirement on the scoring sheet is programmed into several sections. The requirements are meant to identify the areas necessary to have the basic framework in place to run a market conduct program. He noted that even a small state such as Wyoming has met all the mandatory conditions and almost all other conditions.

Stevens said the first requirement is whether the jurisdiction has the authority to regulate insurance entities and collaborate with other states. He said if the state is accredited already, the jurisdiction should meet the requirement.

Stevens said the second requirement concerns the jurisdiction's ability to use the *Market Regulation Handbook*. He said that would be easy for jurisdiction to meet that requirement. He said many of the requirements speak of having policies and procedures in place, and he plans to have more policies and procedures written prior to the Summer National Meeting so he can confidently answer those questions on the checklist.

Stevens said the third and fourth requirements work together and address staffing—the appropriate staffing level, the use of contractors, and the qualification of staff and contractors. He said that for smaller jurisdictions, it is helpful that contractors are allowed in place of having a large, dedicated staff. A number of questions address the appropriate oversight of contracted examiners. Haworth said that even if an individual has a lot of designations, it is important to continually learn since the industry changes quickly. Steven said producers and adjusters have continuing education (CE) requirements, and the state insurance regulators should do so for themselves.

Stevens said the fifth requirement concerns the ability to keep confidential information confidential. Again, he said if the state is accredited, it likely already meets this requirement and can answer the checklist questions positively.

Stevens said the sixth requirement regards attendance and participation in the Market Actions (D) Working Group. He said each state has a collaborative action designee (CAD) who attends and has the ability to send their alternate if necessary.

Stevens said the seventh requirement deals with the Market Conduct Annual Statement (MCAS), and almost all states are participating in MCAS. LeDuc noted that two states and four territories do not participate in MCAS and asked if there was any latitude for those states. Haworth said the MCAS requirement is not mandatory, so a jurisdiction can be certified without participating in MCAS.

Stevens said the eighth requirement is timely and complete data reporting to the Market Information System (MIS) databases at the NAIC. He said most states already do so.

Stevens said the ninth requirement is attendance and participation in the NAIC market regulation working groups; the tenth is the appointment of a CAD for the jurisdiction. He has verified that they have representation or are an interested state insurance regulator for all the working groups.

Stevens said the final requirement is appointing a market analysis chief (MAC) and communicating appropriately with other internal departments concerning any issues with regulated insurance entities. He said it is easy for a small market regulation department like Wyoming's to communicate frequently with the other internal departments as needed. He said he meets weekly with the other internal departments.

Stevens said his department is ensuring they meet all the mandatory, red-coded requirements first and will address any yellow-coded requirements next. By their five-year assessment, they plan to meet all the conditions on the checklist.

4. Discussed Certification Program Revisions

Haworth said the last agenda item is to discuss any certification program revisions anyone would like to propose. He said this will be a standing agenda item for Working Group meetings since the implementation plan requires

the Working Group to review feedback from jurisdictions concerning issues or recommended issues, and it will allow discussion of any issues or recommendations.

Having no further business, the Market Regulation Certification (D) Working Group adjourned.

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