

Draft: 5/20/26

Market Conduct Regulation Modernization (D) Working Group  
Virtual Meeting  
May 11, 2026

The Market Conduct Regulation Modernization (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met May 11, 2026. The following Working Group members participated: Ann Gillespie, Chair (IL); Angela L. Nelson, Vice Chair (MO); Heather Carpenter (AK); Jimmy Harris (AR); Pam O'Connell (CA); Sheryl Parker (FL); Dean L. Cameron represented by Shannon Hohl (ID); Timothy N. Schott (ME); Amy Bonito and Renee Campbell (MI); Sara Payne (MN); Martin Swanson (NE); Victoria Fowler (NH); Kaitlin Asrow (NY); Guy Self (OH); Michael Humphreys and David Buono (PA); Elizabeth Kelleher Dwyer, Matthew Gendron, and Brett Bache (RI); Travis Jordan, Tony Dorschner, and Haelly Pease (SD); Tanji J. Northrup (UT); Scott A. White, Andrea Baytop, and Julie Fairbanks (VA); Karla Nuisl and Mary Block (VT); Sandy Ray (WA); Jamie Adams (WI); and Joylynn Fix (WV). Also participating was: Colton Schulz (ND).

1. Adopted its April 9 Minutes

The Working Group met April 9 and discussed its charges and plans for 2026. Director Nelson made a motion, seconded by Swanson, to adopt the Working Group's April 9 minutes (Attachment ---). The motion passed unanimously.

2. Received a Public Update on Regulator-to-Regulator Calls of April 22 and April 30

Director Gillespie stated that summary materials of the regulator-only calls held April 22 and April 30 were included in the meeting materials. The calls focused on the Market Conduct Annual Statement (MCAS) data, NAIC Market Conduct Systems, and the NAIC's capabilities to support data analytics. Director Gillespie said Jeff Czajkowski (NAIC) and Scott Morris (NAIC) will advise the Working Group throughout the process. Director Gillespie encouraged all parties to review the materials and said that any questions should be raised as the Working Group's discussions continue.

3. Heard Comments from Property/Casualty Industry Representatives

Director Nelson led the Working Group's first industry listening session focused on the property/casualty (P/C) industry. Director Nelson said the Working Group would like to receive structured, substantive feedback on what is working and where modernization can deliver value for regulators, consumers, and insurers. Director Nelson said a detailed set of questions for the industry was distributed with the meeting materials. Industry representatives were given until July 15 to submit written responses.

A. Market Conduct Data

Nelson said the goal is to gather input on both how regulators collect market conduct data and how that data is used to inform regulatory actions. Nelson requested feedback on whether data collection could be streamlined, whether existing definitions and submission processes are working effectively, and how concerns about data validation and data quality might be addressed to improve regulatory analysis and decision-making.

Lisa Brown (American Property Casualty Insurance Association—APCIA) said the industry's primary request is for more uniform definitions of data elements across states, which would allow companies to program queries once

and reuse them to produce data to states in a more efficient and consistent manner. Brown said state-specific data calls using different definitions result in costly reprogramming and lower-quality data. Brown recommended the NAIC develop standardized data call templates and regularly train department staff on available resources, citing the Northeast Zone post-disaster data call template as a successful model. Brown said short turnaround times contribute to data quality issues. Brown said the NAIC has standardized data requests in the NAIC *Market Regulation Handbook*, and that there is a need to raise greater awareness about these requests and their use in a uniform manner. Erica Weyhenmeyer (National Association of Mutual Insurance Companies—NAMIC) reinforced the consistency theme, noting that legacy systems make reprogramming particularly costly.

Schulz described the work of the Data Call (H) Study Group of the Innovation, Cybersecurity, and Technology (H) Committee, which is indexing all existing data definitions to create a single inventory and reduce duplicative ad hoc data elements. He explained the goal as identifying authoritative definitions for data elements so regulators and the industry can reference a shared inventory of data definitions and eliminate the need for regulators to request data already collected through standardized NAIC data collections, such as MCAS. Miguel Romero (NAIC) stated that he was coordinating a briefing by Schulz for the Working Group's leadership.

J.P. Wieske (Council for Affordable Health Coverage—CAHC) introduced a concept drawn from HIPAA's "minimum necessary" principle, stating that regulators should request only the minimum amount of information necessary to meet regulatory goals. Brown offered to share the APICIA's board-adopted data call principles and best practices document, which recommends pre-issuance consultation with the industry.

#### B. Examination Handbook and Processes

Director Nelson said the Working Group wants feedback on exam processes, starting with pre-exam expectations, risk identification, targeting, operational exam tools, and ways to reduce burdens on the industry while recognizing that burdens also fall on regulators.

Brown stated that the handbook provides a roadmap for both regulators and the industry, but many states are not using it, which undermines uniformity. Weyhenmeyer stated the handbook was appropriately developed as a guideline but noted significant variation in state statutes, which creates inconsistency in exam triggers, scope, and expectations.

Director Nelson said insurers have expressed a desire for greater transparency into the reasoning behind exams. Brown said this helps companies determine which staff to engage to address examination questions. Chris Palmieri (Travelers) suggested developing an information-sharing tool, similar to the System for Electronic Rates & Forms Filing (SERFF), to capture regulator requests during an examination. Weyhenmeyer noted that the Market Conduct Examination Guidelines (D) Working Group has a charge to develop standardized templates for reports and criticisms, though progress has been slow.

#### C. Interstate Collaboration

Director Nelson said interstate collaboration is a challenge in market regulation compared to financial regulation due to differences in state laws and the complexity of coordinating multi-state actions. She emphasized interest in ideas that reduce duplication and asked how insurers could be incentivized to remediate problems identified in one state across all impacted states, rather than limiting remediation to the initiating state.

Brown stated that companies would be more willing to self-audit and remediate across states if they did not face the potential of fines for self-reporting, describing this as the self-audit privilege issue. Brown recommended the NAIC compile and publish anonymized common exam findings so the industry can proactively self-audit against trends. Carol Emory (APCIA) stated that more than 50% of states make some exam information publicly available and offered to provide a summary of her findings. Brown said that if regulators could share common criticisms across states, this might reveal unclear statutes/regulations (leading to differing carrier interpretations) or widespread errors that carriers could identify through self-audits. There was discussion about a self-audit privilege model act, which Tim Mullen (NAIC) mistakenly referenced as an NAIC model rather than a National Council of Insurance Legislators (NCOIL) model act. Brown said she would include a proposed plan regarding the self-audit privilege in written comments.

#### D. Corrective Actions, Communications, and Enforcement

Director Nelson asked for feedback on realistic remediation timelines that could potentially be standardized. She also asked what data sets or metrics could demonstrate that remediation worked and what reporting could show improved consumer outcomes. Weyhenmeyer said standardized timelines for corrective actions are difficult because each corrective action depends on the issue and the company system involved. Industry representatives indicated that additional details would be provided in their written responses after they have had an opportunity to confer with their member companies.

#### E. Consumer Complaints

Director Nelson said consumer complaint processing is a frequent topic and previewed multiple sub-issues, including transparency in complaint coding, state-to-state variability, complaint reconciliation practices, and how complaints can be a primary factor for initiating examination activity.

Brown emphasized the need for consistency in complaint coding and raised concerns about NAIC complaint data released on the NAIC's Consumer Insurance Search being used by academics and media to rank companies. Brown supported a centralized complaint portal and raised the growing challenge of AI-generated complaints. Weyhenmeyer agreed on coding consistency, especially regarding the coding of confirmed and non-confirmed complaints.

Amy Bach (United Policyholders) cautioned against discounting complaints because they appear AI-generated and emphasized that market conduct exams evaluating claim handling remain a core regulatory function. Ken Klein (NAIC Consumer Representative) urged caution before marginalizing any consumer complaint, noting that most consumers who experience problems do not file complaints. Brendan Bridgeland (Center for Insurance Research) stated that consumers need public information on insurer market conduct performance for competitive market purposes. Brown and Weyhenmeyer clarified that they were not suggesting that complaints be ignored and offered to participate in a follow-up session after collecting member input.

#### 4. Discussed Other Matters

Director Gillespie said the next meeting is scheduled for May 26 and will be a listening session with health insurance industry representatives.

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

Draft: May 8, 2026

## **Market Conduct Modernization – Industry Discussion Document**

### **Purpose**

This document is designed to guide the insurance industry in providing structured, substantive feedback for the Market Conduct Regulation Modernization Working Group Discussion. Questions are grouped into six categories:

1. Market Conduct Data (Collection & Analysis)
2. Examination Handbook & Processes
3. Interstate Collaboration
4. Other Entity Oversight (Third-Party Oversight)
5. Corrective Actions, Communications & Enforcement
6. Consumer Complaints

A final list of general discussion questions is included for miscellaneous, rapid-input items.

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### **1. Market Conduct Data (Collection & Analysis)**

#### **Data Standards, Definitions & Transport**

1. Are there data standards (e.g., API specifications, common data models, standardized layouts) that industry would adopt uniformly to reduce rework across states?
2. Which specific data fields or definitions currently create the most friction, inconsistency, or manual work?
3. Are there MCAS-related or market-conduct-related data elements needing clearer definitions to ensure uniform reporting?

#### **Systems, Feasibility & Legacy Constraints**

4. What changes to your internal systems (policy administration, claims, complaints, reporting) would modernization require—and what are realistic implementation timeframes?

#### **Data Quality, Validation & Minimization**

5. What data quality checks are insurers performing currently prior to submission, and where is regulator-provided validation logic necessary?
6. Which data elements are unnecessary for modernized market conduct oversight and could be removed without sacrificing predictiveness?

#### **Market Conduct Data (Collection & Analysis)**

In addition to the questions already asked, are there any other issues or aspects of the scope of work that you believe are important for the working group to consider?

## 2. Examination Handbook & Processes

### Pre-Exam Expectations & Feasibility

1. What standardized pre-exam data sets or dashboards could your organization produce within 10 business days?
2. Which items require longer lead times due to system complexity or third-party involvement?
3. What standardized data extracts (policy files, claims inventories, complaint logs) are currently feasible within 10 business days?

### Risk Identification & Targeting

4. Which indicators—complaint trends, claim cycle times, denial rates, communication failures—best predict conduct-related risk from the insurer perspective?
5. How could regulators tailor exam scope using shared risk models so low-risk entities or topics experience lighter exams while higher-risk entities or areas undergo deeper reviews?

### Exam Operations, Tools & Burden Reduction

6. Which examination practices create unnecessary burden, and what alternatives would maintain regulatory goals while improving efficiency?
7. Are insurers experiencing consistency amongst regulators in the use or interpretation of the *Market Regulation Handbook*?
8. I have heard frequently that insurers would like greater transparency into the reasoning or justification behind the examination. Why would that be helpful to an insurer?
9. Which collaboration tools or secure data rooms would industry support for remote data exchange, tracked interrogatories, and version-controlled document sharing?
10. Are there common vendor platforms or tools the industry would be willing to adopt and utilize to reduce duplicative custom work? I have heard of platforms like Neota that have been used by some companies and states to experiment with.

### Examination Handbook & Processes

In addition to the questions already asked, are there any other issues or aspects of the scope of work that you believe are important for the working group to consider?

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### 3. Interstate Collaboration

#### Definitions, Expectations & Uniformity

1. What variations across states create the largest operational challenges—definitions, timelines, file formats, expectations?
2. Where do statutory or handbook interpretations diverge the most today, and how could consistency notes be published for industry to rely on?

#### “One-Ask” Principles & Simplification

3. How can processes be designed so insurers answer once for all states (shared templates, standard definitions, uniform due dates)?
4. What templates, definitions, or filing expectations should be standardized across jurisdictions to reduce manual rework?
5. How can insurers be encouraged or incentivized to remediate problems identified by one state to other states the insurer operates in?

#### Pilot Strategy

6. Which lines of business could be ideal to pilot or launch modernization initiatives (based on readiness, data availability, volume, diversity)?
7. What success metrics should be used to evaluate effectiveness?

#### Interstate Collaboration

In addition to the questions already asked, are there any other issues or aspects of the scope of work that you believe are important for the working group to consider?

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### 4. Other Entity Oversight (Third-Party Oversight)

#### Documentation & Transparency

1. What documentation (model cards, monitoring reports, validation materials) can insurers realistically provide during market-conduct reviews?
2. What materials would be burdensome or infeasible without additional regulatory guidance?

#### Vendor and Model Governance

3. How do you supervise third-party models and data sources today, and what standard artifacts could vendors reasonably provide to regulators?

4. What challenges arise when third-party vendors operate models or provide data used in underwriting, claims, or consumer interactions?

#### **Regulatory Expectations & Accountability**

5. How could regulators streamline expectations to ensure accountability while recognizing vendor constraints?

#### **Other Entity Oversight**

In addition to the questions already asked, are there any other issues or aspects of the scope of work that you believe are important for the working group to consider?

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### **5. Corrective Actions, Communications & Enforcement**

#### **Proportionality & Predictability**

1. What tiered corrective actions (warnings, remediation plans, restitution) are predictable and proportionate for common findings?
2. I have been told an industry frustration is inconsistency amongst states in terms of their approaches on self-reporting and fines generally. Is this an industry concern?

#### **Timelines & Feasibility**

3. What realistic timelines (30/60/90 days) can insurers commit to for specific fixes (policy language changes, claims workflow updates)?

#### **Verification & Consumer Impact**

4. Which artifacts best demonstrate that remediation worked (before/after metrics, audit trails, consumer communications)?
5. What metrics or narrative reporting could insurers produce to show improved consumer outcomes after remediation is completed?

#### **Correction Actions, Communications & Enforcement**

In addition to the questions already asked, are there any other issues or aspects of the scope of work that you believe are important for the working group to consider?

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## 6. Consumer Complaints

### Transparency Into Complaint Coding

1. How does the lack of visibility into whether a complaint is coded as *confirmed* or *not confirmed* affect your ability to conduct root-cause analysis and implement corrective action?
2. What type of transparency or feedback loop would help you understand how states determine confirmation status?
3. What definitions, examples, or coding criteria should be standardized across states to reduce variation?

### State-to-State Variability

4. What discrepancies among states—such as coding logic, investigation standards, timelines, or documentation requirements—create the greatest operational challenges for your teams?
5. Which aspects of complaint handling are most in need of national alignment to ensure consistent expectations and reporting?

### Complaint Portals, Submission Processes & Tracking

6. How does the absence of a uniform complaint portal across states impact your ability to organize, coordinate, and respond to complaints?
7. What minimum portal features (status visibility, communication logs, document exchange, audit trail) would meaningfully improve your complaint-handling operations?
8. What challenges do you encounter when trying to determine whether a complaint remains open or has been closed, given current state systems?

### Reconciliation Processes

9. In states that offer a reconciliation or correction process, what elements are most valuable (e.g., dispute correction, clarification opportunities)?
10. What would a functional and fair *national* reconciliation framework look like, and what process steps or timelines should it include?
11. What kinds of coding errors or discrepancies most frequently need correction from your perspective?

### Industry Engagement & Collaboration on Coding

12. What opportunities for joint engagement with regulators—such as training sessions, calibration workshops, or a shared coding guide—would improve accuracy and fairness in complaint categorization?

13. How frequently should regulators and insurers collaborate or recalibrate on complaint coding to ensure alignment across the states?

**Confidentiality & Records Handling**

14. How do differing confidentiality standards among states affect your ability to provide complete, candid responses and share internal information appropriately?
15. What uniform confidentiality protections would help balance consumer privacy with insurer transparency and operational clarity?
16. What guidance or clarification do you need regarding how complaint files are treated under public records laws to reduce uncertainty and risk?

Consumer Complaints

In addition to the questions already asked, are there any other issues or aspects of the scope of work that you believe are important for the working group to consider?

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**General Discussion Questions (5 Minutes)**

- What **one modernization change** would deliver the greatest efficiency gain—and why?
  - What would make industry participation easier (templates, sandboxes, test data, checklists)?
  - Where do you need regulator decisions first (definitions, file specifications, timelines)?
  - What requirement could be simplified tomorrow with no reduction in consumer protection?
  - What is the **biggest technical blocker** from the insurer side for modernization?
  - Is there one area of training for examination staff states should focus their efforts on first?
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