Market Analysis Procedures (D) Working Group
Conference Call
February 20, 2020

The Market Analysis Procedures (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met via conference call Feb. 20, 2020. The following Working Group members participated: John Haworth, Chair (WA); Rebecca Rebholz, Vice Chair (WI); Ryan James (AR); Maria Ailor (AZ); Don McKinley (CA); Damion Hughes (CO); Kurt Swan (CT); Scott Woods (FL); Erica Weyhenmeyer (IL); Tate Flott (KS); Sandra Stumbo (KY); Jeffrey Zewe (LA); Dawna Kokosinski (MD); Timothy Schott (ME); Paul Hanson (MN); Stewart Freilich and Teresa Kroll (MO); Jeannie Keller (MT); Reva Vandevoorde (NE); Karen McAllister (NH); Ralph Boeckman (NJ); Peggy Willard-Ross (NV); Larry Wertel (NY); Angela Dingus (OH); Landon Hubbart (OK); Jeffrey A. Arnold (PA); Matt Gendron (RI); Michael Bailes (SC); Tracy Klausmeier (UT); Julie Fairbanks (VA); Christina Rouleau (VT); Tom Whitener (WV). Also participating was: Sarah Crittenden (GA).

1. Adopted its Jan. 30 Minutes

The Working Group met Jan. 30 and took the following action: 1) adopted its Dec. 8, 2019, minutes; 2) discussed revisions to the MCAS Best Practices Guide; and 3) discussed a proposal to add travel insurance as the next line of business in the Market Conduct Annual Statement (MCAS).

Ms. Dingus made a motion, seconded by Mr. James, to adopt the Working Group’s Jan. 30 minutes (Attachment). The motion passed unanimously.

2. Discussed Revisions to the MCAS Best Practices Guide

Ms. Rebholz said the small group began work revising the MCAS Best Practices Guide. She said revisions to the MCAS Best Practices Guide should be complete by March 4.

3. Discussed the Market Analysis Framework

Mr. Haworth asked for volunteers to form a small group to review the NAIC Market Regulation Handbook market analysis chapters. Ms. Rebholz agreed that was a good idea. Ms. Crittenden volunteered to be in the group. Mr. Haworth asked anyone who is interested to contact Randy Helder (NAIC).

4. Discussed New Lines of Business for the MCAS

Mr. Haworth said a suggestion was received from Birny Birnbaum (Center for Economic Justice—CEJ) to add travel insurance as the next line of business to be added to the MCAS. He said the Market Regulation and Consumer Affairs (D) Committee adopted travel insurance examination standards for the Handbook. He said since there is an examination standard, state insurance regulators need data to determine which companies may need to be examined. Mr. Haworth also noted that pet insurance may be proposed by the Property and Casualty Insurance (C) Committee.

Ms. Ailor said travel insurance needs to be considered for the MCAS because of the growth in the line of business. She said it is important to know who is writing travel insurance and to what degree.

Mr. James said only a few states have adopted the Travel Insurance Model Act (#632) and are still promulgating rules. He asked if it is possible to create a travel insurance blank if not all states may define travel insurance the same way. Mr. Haworth said the MCAS asks for items such as policies written and claims paid. The MCAS measures the activity in the state and can help determine what companies are writing in the state.

John Fielding (United States Travel Insurance Association—UStiA) asked if interested parties will be allowed to submit comments. Mr. Haworth said the Working Group would welcome comments.

Mr. Birnbaum said that given the timelines for adopting new lines of business if the travel insurance line of business were adopted at this meeting, the earliest it could possibly be implemented would be for 2022 data reported in 2023. He said if the
rate of growth for the travel insurance line of business continues at the same pace, there will be more than 100 million policies in the market when the MCAS collection begins.

5. Discussed Private Flood Insurance MCAS Scorecard Ratios

Mr. Haworth said the private flood MCAS blank was adopted in 2019, and the initial filing will be April 30, 2021, for the 2020 data year. He said the Working Group is responsible for developing the scorecard ratios for the MCAS lines of business. He said the number of ratios per line of business varies. He asked if there were any thoughts regarding the number of ratios that would be needed for the private flood MCAS blank. Ms. Ailor said it is difficult to say how many scorecard ratios are needed. She suggested that the available data elements need to be examined and that the Working Group needs to know what state insurance regulators need. She said referring to other line of business scorecard ratios would be a good idea to see which scorecard ratios have been useful and which have been less useful.

Mr. Haworth said a small group will be formed to begin the process of developing scorecard ratios for the private flood insurance MCAS blank. He said volunteers should contact Mr. Helder. Mr. Helder said the scorecard ratios would need to be developed by September or October 2020.

Having no further business, the Market Analysis Procedures (D) Working Group adjourned.

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