

Draft: 3/9/22

Market Analysis Procedures (D) Working Group  
Virtual Meeting  
March 3, 2022

The Market Analysis Procedures (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met March 3, 2022. The following Working Group members participated: John Haworth, Chair (WA); Rebecca Rebholz, Vice Chair (WI); Crystal Phelps (AR); Sarah Borunda (AZ); Don McKinley (CA); Damion Hughes (CO); Kurt Swan (CT); Frank Pyle (DE); Scott Woods (FL); Erica Weyhenmeyer (IL); Tate Flott (KS); Sandra Stumbo (KY); Dawna Kokosinski (MD); Timothy Schott (ME); Jill Huisken (MI); Cynthia Amann, Teresa Kroll, and Jo LeDuc (MO); Paul Hanson (MN); Martin Swanson and Reva Vandevoorde (NE); Edwin Pugsley (NH); Ralph Boeckman (NJ); Guy Self (OH); Landon Hubbard (OK); Jeffrey Arnold (PA); Brett Bache (RI); Glynda Daniels (SC); Tracy Klausmeier (UT); Will Felvey (VA); Isabelle Turpin Keiser (VT); and Theresa Miller (WV).

1. Adopted its 2021 Fall National Meeting Minutes

Mr. Haworth said the Working Group met Nov. 18, 2021, and took the following action: 1) adopted its 2021 Summer National Meeting minutes; 2) discussed market analysis training; 3) discussed the proposed standard ratios for the travel insurance and short-term, limited- duration (STLD) insurance Market Conduct Annual Statement (MCAS) blanks; and 3) discussed the market analysis tools in i-Site+ that will be replaced with enhanced tools and dashboards.

Ms. Weyhenmeyer made a motion, seconded by Ms. Rebholz, to adopt the Working Group's Nov. 18, 2021, minutes (*see NAIC Proceedings – Fall 2021, Market Regulation and Consumer Affairs (D) Committee, Attachment Seven*). The motion passed unanimously.

2. Reviewed its Charges for 2022

Mr. Haworth said the Working Group's charges for 2022 have not changed. He said the charges are deliberately broad and could encompass numerous activities. He encouraged everyone to consider what tasks may be important for the Working Group to consider and address in 2022.

Mr. Haworth said the first charge is "to recommend changes to the market analysis framework based over the last five years, including the current set of Level 1 and Level 2 questions." He said the charge is the reason agenda item 4 was added to the agenda for this meeting. He said he had received a request for the Working Group to consider adding the MCAS data from lender-placed insurance and disability insurance into the Market Analysis Review System (MARS) Level 1 data set. He said he is recommending the Working Group submit a Uniform System Enhancement Request (USER) form to the Market Information Systems Research and Development (D) Working Group to prioritize the request.

Mr. Haworth said the Working Group's second charge is "to discuss market data collection issues and make recommendations, as necessary." He said the charge is the reason the Working Group schedules at least one or two discussions regarding the latest MCAS filings and any issues that analysts are encountering with them. He said the charge also covers the Complaints Database System (CDS), the Regulatory Information Retrieval System (RIRS), the Market Action Tracking System (MATS), the Market Analysis Prioritization Tool (MAPT), and other databases.

Mr. Haworth noted that the Market Information Systems Research and Development (D) Working Group annually reports on the completeness, accuracy, and timeliness of the data in the market information systems. He

suggested that when the report is ready, the Market Analysis Procedures (D) Working Group should review and provide feedback, as the market analysis experts, to the Market Information Systems Research and Development (D) Working Group and the Market Information Systems (D) Task Force on ways to address the concerns arising from the metrics report.

Mr. Haworth said the third charge is to consider recommendations for new lines of business for the MCAS. He said the most recent recommendations were in November 2019 to add other health insurance to the MCAS and in March 2020 to add travel insurance to the MCAS. He said the Working Group did not make any recommendations in 2021, and he recommended that the Working Group consider which, if any, lines of business, need to be added to the MCAS.

Mr. Haworth said any requests for agenda items relating to the Working Group charges should be sent to Randy Helder (NAIC).

### 3. Discussed Standard Ratios for the Travel and STLD MCAS Blanks

Mr. Haworth said the proposed standard ratios for the travel and STLD MCAS blanks were originally exposed for the Working Group's Nov. 18, 2021, meeting, and the Working Group asked for volunteers to review them, make edits and bring them back to the Working Group.

Mr. Haworth said there are five proposed ratios for travel insurance and 11 ratios for STLD. He said along with the proposed ratios, the drafting group made two suggestions for new data elements.

Mr. Haworth said the first suggestion is a new element for the travel MCAS blank of "policies in-force during the period" to assist in analyzing complaint trends from year to year and from company to company. He said the second new data element is for the STLD blank and is the "dollar amount of claims paid during the reporting period."

Mr. Haworth said the Working Group will consider the new data elements separate from the ratios.

Lisa Brown (American Property Casualty Insurers Association—APCIA) said the APCIA supports the five new ratios for the travel insurance MCAS blank and the new data elements. She said the date element of "policies in-force during the period" is a better comparison to the number of complaints. She thanked state insurance regulators that participated in the drafting of the ratios and said industry appreciated the open dialogue.

Duke de Haas (Allianz) also thanked state insurance regulators for the work put into developing the ratios. He agreed that "policies in-force" is a better denominator for the complaints ratio and is more consistent with the other lines of business.

Mr. Haworth said the proposed ratios are posted on the Working Group web page and asked that comments on the ratios and data elements be sent to Mr. Helder by April 15. He said it is important to get these adopted in time for next year's MCAS data collection.

### 4. Discussed Market Analysis Tools and Data Elements

Mr. Haworth said this agenda item addresses the Working Group's first charge to "recommend changes to the market analysis framework based over the last five years, including the current set of Level 1 and Level 2 questions." He said he plans to continue this agenda item throughout the year.

Mr. Haworth said he would like to make a recommendation that the Working Group submit a USER form to the Market Information Systems Research and Development (D) Working Group to incorporate the disability insurance and lender-place insurance MCAS data into the MARS Level 1 set of questions.

Ms. LeDuc made a motion, seconded by Mr. Pyle, to add the disability insurance and lender-place insurance MCAS data into the MARS. The motion passed unanimously.

#### 5. Discussed Other Matters

Birny Birnbaum (Center for Economic Justice—CEJ) noted that the proposed standard ratios for travel insurance do not include a ratio to measure cancellations. He said this is inconsistent with the other MCAS lines of business. He said there is no purpose to have a data element capturing the number of cancellations if no ratio is developed regarding cancellations. He noted the travel insurance MCAS blank does not have the appropriate data elements to create a denominator for a good cancellation ratio. Ms. Brown noted that was why industry proposed the addition of the data element of “policies in-force during the period,” but she also noted that most cancellations are consumer initiated and that a ratio to measure cancellations would not be of much value since state insurance regulators would already know the number of cancellations. Mr. Birnbaum said a high cancellation ratio compared with other companies would tell state insurance regulators there may be marketing issues with the reporting company.

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

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## DRAFT - MCAS Ratios

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### Travel

**Ratio 1. The number of claims closed without payment compared to the total number of claims closed**

$$\left( \frac{[\text{\# of claims closed without payment (20)}]}{[\text{\# of claims closed with payment (19)}] + [\text{\# of claims closed without payment (20)}]} \right)$$

**Ratio 2. Percentage of claims unprocessed at the end of the period**

$$\left( \frac{\text{claims open at the Beginning of period (17) + claims opened during period (18)} - \text{of claims closed with payment (19) - of claims closed without payment (20)}}{\text{\# of claims open at the Beginning of period (17) + \# of claims opened during the period (18)}} \right)$$

**Ratio 3. Percentage of claims paid beyond 30 days**

$$\left( \frac{[\text{total \# of claims settled beyond 30 days (24+25)}]}{[\text{total \# of claims settled for all durations (23+24+25)}]} \right)$$

**Ratio 4. The percentage of lawsuits closed with consideration for the consumer**

$$\left( \frac{[\text{\# of lawsuits closed with consideration for consumer (34)}]}{[\text{total \# of lawsuits closed during the period (32)}]} \right)$$

**Ratio 5. Complaints to Direct Premium Written (per \$1 mill)**

$$\left( \frac{[\text{total \# of complaints received (35+36)}]}{[\text{Written Premium: individual+group+blanket (44+45+46)/\$1,000,000}]} \right)$$

**Commented [HR1]:** The drafting group recommends adding a new data element of "Policies in Force During the Reporting Period".

## DRAFT - MCAS Ratios

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**STLD**

**Commented [HR2]:** The drafting group recommends adding a new data element of "Dollar Amount of Claims Paid During the Reporting Period."

Ratio 1. **The number of claims denied, rejected or returned to the total number of claims paid, denied, rejected or returned**

$$\left( \frac{[\# \text{ of claim denied, rejected or returned (4-3)]}{[\# \text{ of claims pending at beginning of period (4-1) + \# \text{ of claims received (4-2)} - \# \text{ of claims pending at end of period (4-13)}]} \right)$$

Ratio 2. **Pre-existing Condition Denials to Total Denials**

$$\left( \frac{[\# \text{ of claim denied, rejected or returned as subject to pre – existing condition exclusion (4 – 8)]}{[\# \text{ of claims denied, rejected or returned (4 – 3)]} \right)$$

Ratio 3. **Prior Authorizations Denied to the Total Number of Prior Authorizations Received During the Period**

$$\left( \frac{[\text{total \# of prior auths denied during the period (3-4)}]}{[\# \text{ of prior auths received during the period (3-1 + 3-3)}]} \right)$$

Ratio 4. **Member Months for Policies/Certificates Renewed/Reissued which had an option to renew/reissue without Underwriting to Total Member Month for Policies/Certificates Renewed/Reissued**

$$\left( \frac{[\# \text{ of member months on policies renewed/reissued without underwriting (2-16)}]}{[\text{total \# of member months on total number of policies renewed/reissued during the period (2-15)}]} \right)$$

Ratio 5. **Cancellations During Free Look Period**

$$\left( \frac{[\# \text{ of policies/certificates cancelled during free look period (2-20)}]}{[\text{total \# of policies issued during the period (2-6 all STLDI columns)}]} \right)$$

Ratio 6. **Claims Appeals per Claims Denied, Rejected, and Returned**

$$\left( \frac{[\# \text{ of claims appeals pending at beginning (4-18) + \# of claims appeals received (4-19)}]}{[\# \text{ of claim denied, rejected or returned (4-3)}]} \right)$$

## DRAFT - MCAS Ratios

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**Ratio 7. Claims Appeals In which the Company Claims Decision is Overturned**

$$\left( \frac{[\text{Number of Claim Decision Appeals Resulting in Decisions Overturned or Modified during the period (4-21)}]}{[\text{\# of claims appeals pending at beginning (4-18) + \# of claims appeals received (4-19)}]} \right)$$

**Ratio 8. Number of Complaints received per 1,000 Policies/Certificates In Force During the Period**

$$\left( \frac{[\text{\# of complaints received by company (5-1) + complaints received through DOI (5-2)}]}{[(\text{policies/certificates in force at beginning (2-3) + policies/certificates issued (2-6) } ]} \right)$$

**Ratio 9. Percentage of Lawsuits Closed with Consideration for the Consumer**

$$\left( \frac{[\text{\# of lawsuits closed with consideration for the consumer (5-7)}]}{[\text{\# of lawsuits closed during the period (5-6)}]} \right)$$

**Ratio 10. Lawsuits to Policies/Certificates In Force During the Period**

$$\left( \frac{[\text{\# of lawsuits opened during the period (5-5)}]}{[(\text{policies/certificates in force at beginning (2-3) + policies/certificates issued (2-6) } ]} \right)$$

**Ratio 11. Renewal/Reissue Applications Denied to Total Renewal/Reissue Applications**

$$\left( \frac{[\text{\# of renewal/reissue applications denied during the period (6-6)}]}{[(\text{\# of renewal/reissue applications received during the period(6-3)}]} \right)$$