

Draft: 11/29/21

Market Analysis Procedures (D) Working Group
Virtual Meeting (*in lieu of meeting at the 2021 Fall National Meeting*)
November 18, 2021

The Market Analysis Procedures (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met Nov. 18, 2021. 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); Steve DeAngelis (CT); Susan Jennette (DE); Scott Woods (FL); Erica Weyhenmeyer (IL); Tate Flott (KS); Sandra Stumbo (KY); Mary Lou Moran (MA); Dawna Kokosinski (MD); Connie Mayette (ME); Jill Huisken (MI); Cynthia Amann, Teresa Kroll, and Jo LeDuc (MO); Paul Hanson (MN); David Dachs (MT); Reva Vandevoorde (NE); Maureen Belanger (NH); Erin Porter (NJ); Joel Bengo (NM); Hermoliva Abejar (NV); Guy Self (OH); Landon Hubbard (OK); Jeffrey Arnold (PA); Matt Gendron (RI); Shelley Wiseman (UT); Will Felvey (VA); Isabelle Turpin Keiser (VT); and Theresa Miller (WV). Also participating were: October Nickel (ID); Shane Quinlan (NC); Tony Dorschner (SD); and Stacie Parker (TX).

1. Adopted its Summer National Meeting Minutes

Mr. Flott made a motion, seconded by Ms. Rebholz, to adopt the Working Group's July 1 minutes (*see NAIC Proceedings – Summer 2021, Market Regulation and Consumer Affairs (D) Committee, Attachment Four*). The motion passed unanimously.

2. Discussed Market Analysis Training

Mr. Haworth said comments and suggestions have been sent in by interested state insurance regulators and compiled. He said the suggestions can be divided into three types: 1) training methods; 2) training topics; and 3) discussion.

Mr. Haworth said the training method suggestions for how training can be delivered include: 1) more virtual sessions; 2) recorded sessions that are available on demand; 3) tutorials; 4) the use of outside vendors; and 5) leveraging and adapting what is already available through the NAIC. He noted that these suggestions are not mutually exclusive. For example, any training that is provided can be presented both virtually and in person and also be recorded at the same time.

Mr. Haworth said training topic suggestions include: 1) Market Analysis Review System (MARS), Level 1, and Level 2 training; 2) MCAS ratios and the identification of outliers; 3) the use of Tableau and other visualization tools; and 4) general training for new analysts and smaller departments.

Mr. Haworth said the ideas labeled as discussion do not fit neatly into the other two categories. He said they include: 1) the creation of monthly market analyst groups to discuss analysis techniques; and 2) a suggestion to reorganize i-Site+ to put all market conduct tools on one page.

Mr. Haworth said he and Ms. Rebholz will review these ideas with NAIC staff support to come up with some ideas for implementing the suggestions and begin moving forward with enhanced training for market analysts. He said he will report back to the Working Group.

Mr. Hughes said a training course could start with an overview of the tools in i-Site+ and then drill down into the individual tools. Mr. Dorschner noted that the NAIC's Market Analysis Techniques – Online course provides a lot of insight.

3. Discussed Standard MCAS Ratios for Travel Insurance MCAS and STLD Insurance MCAS

Mr. Haworth said the Market Conduct Annual Statement Blanks (D) Working Group adopted the travel and short-term, limited-duration (STLD) MCAS blanks earlier in 2021. He noted that after a new MCAS blank is adopted, it is the responsibility of the Market Analysis Procedures (D) Working Group to develop and adopt scorecard ratios for the new blanks. He said the scorecard ratios are the ratios that are publicly made available on the MCAS web page, usually on a state-wide basis, so no individual company ratios are identifiable. He said that typically there are less than 10 ratios that are identified for publication on the MCAS scorecard page for a line of business, but the Working Group can adopt more ratios if it makes sense to do so.

Mr. Haworth said that to begin the discussion of which ratios to adopt for the travel and STLD blanks, NAIC staff support drafted a list of possible ratios for both lines of business. He said the draft ratios are only suggestions. The Working Group can

adopt all of them or just some of them. He said the Working Group could also come up with different ratios or different ways of calculating the ratios. He said the draft's main purpose is just to begin the discussion.

Mr. Haworth said there are six proposed ratios for the travel line of business. He said the ratios closely follow the ratios already used on the homeowners and auto MCAS lines of business. These ratios are for the entire blank and are not broken down by coverage type. He noted that if it makes sense to have any particular ratios broken out by coverage type, that also can be considered.

Mr. Haworth said there are 16 potential ratios proposed for the STLD line of business. He said that is a lot of ratios, but this is merely a list of suggestions, and not all of them need to be adopted. He said the ratios closely track with the health MCAS line of business but focus more on the issues or concern with STLD, such as the percentage of policies sold through associations not situated in the state.

Ms. LeDuc said the proposed travel ratio 3, "Percentage of Claims Paid Beyond 30 Days," included the data element for "claims paid under 30 days" in both the numerator and the denominator. Randy Helder (NAIC) said that would be an error and should only be included in the denominator. He said he would edit that.

Ms. LeDuc asked why ratio 4, "Cancellations by Insured to Total Cancellations and Expirations," used total cancellations in the denominator. She said cancellations are normally compared to policies issued. Mr. Helder said policies issued was not a data element in the travel blank, and policies in-force at the beginning or policies in-force at the end of the reporting period would miss a number of policies since travel policies are usually written for a period less than a year.

Ms. LeDuc asked what the ratio would tell the analyst. Mr. Helder said he thinks that a high percentage on this ratio compared to other companies may indicate a problem with the product or service that is causing the consumer to cancel with more frequency. Birny Birnbaum (Center for Economic Justice—CEJ) said ratio 4 has no purpose since most, if not all, cancellations will be by the consumer. He said the ratio would be near 100% for all companies. Mr. Helder noted that the denominator includes not just cancellations but also all policies that expired, so the ratio would usually be well below 100%. He said the expirations were included in the denominator to capture all policies that were in-force at some point in the year.

Mr. Birnbaum said it is important to publish ratio information by coverage part. He also suggested publishing the premium information that will be reported on the travel MCAS blank since there is no other source for travel insurance premium information.

Mr. Hughes said that for the STLD MCAS ratio, it would be helpful to have a ratio comparing the number of claim denials for preexisting conditions to the total number denials for any reason. He said this ratio may indicate the consumer did not understand that coverage was not compliant with the federal Affordable Care Act (ACA) and was only STLD.

Ms. Rebholz suggested forming two subject matter expert (SME) groups to hone the ratios and bring them back to the Working Group. Mr. Haworth agreed that was a good idea. Ms. LeDuc and Ms. Weyhenmeyer volunteered to be on the SME groups. Mr. Haworth asked anyone who is interested in being on one or both groups to let Mr. Helder know. He said that comments can also be sent to Mr. Helder.

4. Discussed Market Analysis Tools

Mr. Haworth said the current i-Site+ market analysis tools and data elements will be affected by the creation of improved tools and dashboards. He said one of the projects in the NAIC's *State Ahead* strategic plan is to create Tableau dashboards to replace current i-Site market regulation tools and applications. He said NAIC staff prepared a list of market information system tools that are in line for elimination because they will become obsolete once the new dashboards are completed. He said it would be inefficient to dedicate resources to maintaining two tools that do essentially the same job. Mr. Haworth said that during the creation of the Tableau dashboards, it became clear that some of the current tools in i-Site+ are not being used very often and two of the reports—the MCAS Line Report and the Market Analysis Profile (MAP) Demographics—are included on the list.

Mr. Haworth said the Working Group is not making the decision on the elimination of these tools. He said that will be the task of the Market Information Systems Research and Development (D) Working Group, which will be reviewing the same list. He said that since the Market Analysis Procedures (D) Working Group is responsible for the market analysis that relies heavily on

these tools, he thinks it is important that the Working Group have an opportunity to review and make any suggestions or recommendations about the list.

Ms. LeDuc said she is supportive of using visualization in market analysis, but she cautioned against just importing the current data and replicating the tools in Tableau. She said the current reports have data elements that have not been found to be useful and some data elements that should be added. She said it would be useful to take the opportunity to improve the data being presented.

Mr. Quinlan asked if the underlying data that support the new tools would be available for download to the market analyst. He said that there are instances where multiple Tableau dashboards need to be opened to obtain the same data available in one i-Site+ tool. Teresa Cooper (NAIC) said the Market Analysis Prioritization Tools (MAPT) is not going away at this time. She said the data will be available for download, and the Enterprise Data Platform teams are working on improving the way ad hoc querying is done. She also encouraged the state insurance regulators to provide advice and feedback on the tools being developed.

Mr. Quinlan noted that some of the Tableau reports can be difficult to work with, such as the plots of all the data of companies for one data element. All the representative points of data are congested. Kyle Lichtenberger (NAIC) said he is working on making the dashboards intuitive and noted that choosing a company on the report will highlight the dots representing the company for each year. He said he is happy to work with the state insurance regulators to explain and improve the dashboards.

Ms. Nickel said she appreciates Ms. LeDuc's advocacy for visualization, but she would still like to have the data presented as it is presented in the MAPT and not always in a visualization. Ms. Nickel said downloadable options for the data need to be made available also. Ms. LeDuc said that in Missouri, they will download the data and merge it with internal data, so they still need access to the data.

Mr. Haworth asked that comments on the market analysis tools be sent to Mr. Helder by Dec. 10.

5. Discussed Other Matters

Ms. Parker asked the Working Group for clarification on the MCAS reporting of multiyear guaranteed annuities (MYGA) that have a term of three or five years. She said that at the end of the term, the owner of the MYGA has the option to purchase a new contract using the cash value from the previous contract. She said Texas thinks this should be reported as an internal replacement and a surrender of the old contract. She said she sent this question to the Market Analysis Bulletin Board, and a few states responded in agreement with Texas that the transaction is a surrender of the original contract. She wanted to know if anyone else on the Working Group had thoughts about this. She also asked if there should be some clarifications of the data call and definitions.

Ms. Nickel said she responded to the bulletin board question and agrees that there needs to be a clarification in the definitions of "replacement" and "surrender." Ms. Parker says that the writers of MYGAs may get identified as outliers because they write the short-term products and would report more replacements and surrenders, even if there are no surrender fees. Ms. Nickel suggested new data elements may be necessary for this product. She said she has reached out to companies that seem to be outliers and determined everything is alright, but it takes time to do that. Mr. Flott and Mr. Gendron agreed that new data elements may be appropriate. Mr. Gendron said this also happens with safe harbor sales, and he said he encourages companies to put explanations in the interrogatories if they think their numbers inaccurately identify them as an outlier.

Ms. Nickel said that on the property/casualty (P/C) side, there are also carriers that continually misreport their claims data. She asked if that should continue to be allowed or if the carriers should have their feet held to the fire on this issue.

Mr. Haworth asked for comments to be sent to Mr. Helder by Dec. 10.

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

[MAPWG 2021 Fall National Meeting Minutes](#)

DRAFT - MCAS Ratios

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

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**

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

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**

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

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

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

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

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

DRAFT - MCAS Ratios

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

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