

Draft: 6/30/25

Market Regulation Certification (D) Working Group  
Virtual Meeting  
May 21, 2025

The Market Regulation Certification (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met May 21, 2025. The following Working Group members participated: Bryan Stevens, Chair (WY); T.J. Patton, Vice Chair (MN); Chelsy Maller, Sarah Bailey, and Molly Nollette (AK); Lori Plant (AR); Will Speicher (IA); Mary Lou Moran (MA); Mary Kwei (MD); Teresa Kroll (MO); Robert Croom and Shane Quinlan (NC); Erin Porter (NJ); Cassie Soucy (OR); Gary Jones (PA); Rachel Moore (SC); Traci Klausmeier (UT); and Andrea Baytop (VA). Also participating were: Lisa Fullington and Joshua Guillory (LA); and Brett Bache and Matthew Gendron (RI).

1. Discussed its Spring National Meeting Session

Stevens said the Working Group met in regulator-to-regulator session at the Spring National Meeting and considered three main topics:

- The Working Group discussed the formation of a peer review group and considered the group's composition and responsibilities. Stevens said he was pleased to report that the following regulators have volunteered to be on the group: Jo A. LeDuc (MO); Baytop; Soucy; and Jones. Stevens said that along with Patton and him, the peer review group incorporates seasoned market regulators from a cross-section of large and small states from the Western, Midwest, Northeast, and Southeast Zones. The peer review group members are making themselves available to any jurisdictions that would like assistance and advice in reviewing their compliance with the certification program requirements.
- The Working Group started reviewing the self-certification applications submitted to the Working Group. He said this proved to be difficult to do during a formal Working Group meeting, so he asked the peer review group to review the self-certification applications. The peer review group will provide constructive feedback to the applicants.
- The Working Group discussed a certification requirement for Market Analysis Review System (MARS) Level 1 reviews. He said this discussion would continue during this meeting.

2. Discussed Drafting a New Market Analysis Certification Requirement

Stevens said the request for a new requirement comes to the Working Group from the Market Analysis Procedures (D) Working Group. The Market Analysis Procedures (D) Working Group began a discussion of the minimum requirements for the number of MARS Level 1 reviews that all jurisdictions should complete annually. He said the discussion ranged from the current requirement of 30 analyses per jurisdiction to a requirement that could vary for each state, depending on the department size or number of domestic companies. There was also some thought given to the fact that some jurisdictions rely more on interrogatories and other continuum actions to achieve the same results as a MARS Level 1 analysis. He said that toward the end of the Market Analysis Procedures (D) Working Group discussion, the chair, LeDuc, said that since this issue relates to a market analysis requirement for jurisdictions, it should be referred to this Working Group for consideration of either creating a new requirement or incorporating a MARS Level 1 section into a current requirement.

Stevens said that MARS Level 1 reviews have interdepartmental importance. When a Level 1 analysis is completed and approved by the analyst's supervisor, the analysis is available to any analyst in any NAIC jurisdiction. The analyses become a valuable resource for other states analyzing the same company. In effect, multiple perspectives

on a company and its market conduct are available in MARS. Stevens said that because of this, a requirement to complete a minimum number of MARS Level 1 analyses benefits every jurisdiction, and it seems appropriate to include in the certification program.

Guillory said that using the number of domestics to determine the number of Level 1 analyses to be completed would be difficult for smaller departments of insurance (DOIs). He said Louisiana does about 40 Level 1 analyses per year, or 10 per quarter, which seems to work well. The analyses are usually done on non-domestics because the Louisiana domestics tend to be small and specialized. He said he has a staff of three analysts, himself and his manager. Patton said using the number of domestics would create a burden for small DOIs with many domestics.

Quinlan said the original requirement was based on the state's premium size, and North Carolina is a fairly large market. He said North Carolina does the currently required 30 analyses per year, but he would not want to see his staff just doing Level 1 analyses to meet a requirement. He said that in addition to the 30 Level 1 analyses, North Carolina does about 100 continuum actions. The Level 1 analyses are based on prioritization using the Market Analysis Prioritization Tools (MAPT). He said performing more Level 1 analyses, just because they are a larger state, does not make much sense. Quinlan said they are only now fully staffed. He questioned whether there is a need to increase the requirement. He said he does not think it is good to only do Level 1 analyses to meet a requirement.

Stevens said that when they become aware of an issue in Wyoming, they address it immediately, and a Level 1 analysis is not necessarily needed. He suggested that it may be better to have a requirement that includes continuum actions. Quinlan said some continuum actions are closed quickly while others take a long time. He said he would not want his analysts doing something just for the sake of doing it. Stevens said having a baseline number of reviews and actions would ensure that analyses are available for collaboration with other jurisdictions.

Gendron said that Rhode Island does a lot of MARS reviews. He said that many of its continuum actions result in more information input as Level 2 reviews in MARS, just so the communication with the company can be recorded somewhere. It may be put into the Market Actions Tracking System (MATS) if the issue is problematic. Quinlan said North Carolina's continuum actions are tracked in State Based Systems (SBS), and he understands that other states cannot view them in SBS. He said Rhode Island will share the information with NAIC member jurisdictions.

Nollette said Alaska has no staff dedicated to market conduct. She said Alaska has a small population and a small overall premium, so it would need flexibility in the standards. She said she liked the idea of counting continuum actions. She said Alaska's staff members have multiple responsibilities in the department and need flexibility in the requirements. Moore said South Carolina only has one person dedicated to market conduct. Stevens said Wyoming is in the same situation. He said the question is whether states feel a requirement is needed so there is a base number of analyses in MARS, or if it is inappropriate because some states just do not have the staff.

Soucy said the discussion makes it clear that different states approach MARS analyses differently, and it would help states to meet specific metrics if there were examples of how a level analysis is completed and recorded among small and larger states, and how much time is needed to do a review. She said it helps to determine the resources needed to meet a requirement of "X" number of reviews.

Bache said that when Rhode Island completes a Level 2 review, it is not usually a comprehensive review; rather, it is often just adding more information in the market analysis section so the information is available for other regulators. Bache asked if a market analysis requirement is to make sure states are doing some sort of analysis in their states, or if it is to make sure states are getting a good overview of the market in their state. He said some states may be doing something other than MARS reviews to get a good overview of their markets. He suggested

that if the goal is only to be sure states know how to do a MARS review, then a smaller required number would be enough.

Baytop said she believed the purpose of having a requirement is to be sure every state is doing some type of analysis. She said if that is the purpose, then maybe the requirement could be variable; for example, a set number of analyses per analyst, a Level 2 review for every examination done, or evidence of data calls and continuum actions. She said each state could show some evidence of analysis, regardless of the number of staff it has for market analysis. Baytop also suggested that the requirement should be an even number if it is measured per employee, because some employees have multiple roles, and the count of analysts may include half of an employee.

Fullington said Louisiana does at least 40 Level 1 reviews per year with three staff members. She said there is an amazing amount of information in the MARS Level 1 reviews, which drives their investigations. She said industry should know that these reviews are being used and analyzed, and it is critical that they report accurate numbers to the states. She said that when Louisiana is planning an investigation, it will do a Level 1 review as part of its market conduct work prior to the investigation. She said she has used the MARS Level 1 reviews to train new employees with little or no insurance background.

Patton said it is important that the criteria are flexible enough so all jurisdictions can qualify. He agreed with Baytop about having various criteria to measure compliance. He noted that Minnesota has not done MARS reviews in a couple of years but has done other market analyses that he thinks should be included in the requirement.

Stevens said it seems that everyone agrees that a requirement is needed. He said that he, Patton, and NAIC staff will draft and distribute a proposed requirement for comment.

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

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**From:** Helder, Randy

**Sent:** Monday, June 9, 2025 3:46 PM

**Cc:** Stevens, Bryan <[bryan.stevens@wyo.gov](mailto:bryan.stevens@wyo.gov)>; Patton, Theodore <[theodore.patton@state.mn.us](mailto:theodore.patton@state.mn.us)>

**Subject:** Mkt Reg Certification (D) Working Group - Draft Requirement for Market Analysis

***This message is being distributed on behalf of Bryan Stevens (WY), Chair of Market Regulation Certification (D) Working Group, to Working Group Members, and Interested Regulators***

The Market Regulation Certification Working Group is considering the adoption of a market analysis requirement. The below proposal is a starting point for discussion. The Working Group's intent is to develop a standard that it is both attainable for every jurisdiction and produces analysis accessible to all jurisdictions.

- 6 market analysis actions per full-time employee in the market regulation section
- "Market analysis actions" will be defined as actions that have been uploaded into MARS and/or MATS
- Combining and updating 3h-3j under section 3 of the Market Regulation Certification Program requirements to read:
  - 3h. Has the department uploaded a minimum of 6 actions per full-time employee into MARS and/or MATS in the prior year? Please attach a list of actions that were uploaded in the prior year.
- Renumbering the rest of the requirements in Section 3 appropriately.

For reference, the current language for requirements 3h-3j is:

*3h. Has the department performed any targeted exams or market continuum actions in the prior two years?*

*3i. If the answer to item 3h. is "Yes," please provide a list of such exams or market continuum actions and the scope of the exams/actions.*

*3j. If the answer to item 3h. is "No," does the department have the on-staff resources or the ability to contract additional resources to perform targeted exams/actions, if deemed necessary?*

Please respond to this proposal with any changes your jurisdiction would propose to this language or to voice your support for this language. The Working Group will continue its discussion of the requirement during the next Working Group meeting.

Thank you,

**Randy Helder**

Assistant Director of Market Regulation

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