

August 14, 2019



Pete Ricketts, Governor

John Haworth, Chair
Market Analysis Procedures (D) Working Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

RE: Fraternal Organizations in Market Conduct Annual Statement Process

Dear Mr. Haworth,

Thank you for accepting comments on whether to include fraternal organizations in the Market Conduct Annual Statement (MCAS). Following are reasons, I do not believe that collecting fraternal organizations would be useful at this time. I would also like to propose an alternative to fraternal reporting for MCAS.

MCAS data seems effective when there are significant numbers of insurers reporting. Data also tends to be more reliable for insurers with significant premium volume. Ratios and measurements for companies with smaller premium volume tend to be volatile and less meaningful. I believe there are only 70 to 75 fraternal organizations operating and of those, the largest 8 account for 90% of their premium volume. With this in mind, I do not believe the resulting ratios will be of great value to market analysis endeavors.

Additionally, many of these fraternal organizations have been undertaking IT projects relating to other regulatory requirements. Gearing up for MCAS would add to the burden, especially for smaller organizations.

Distribution and marketing structures for fraternal organizations vary depending on the nature, structure, and purpose of the organization. The regulatory structure for fraternal organizations is likely not consistent from state to state. It would not be appropriate to include their data with other life insurance companies.

As an alternative to a full MCAS report, I suggest having fraternal organizations send in their complete complaint register. I believe that information would be valuable for market analysis purposes.

Thank you for your consideration of these remarks.

Sincerely,

A handwritten signature in blue ink that reads "Bruce R. Ramge".

Bruce R. Ramge
Director

cc: Randy Helder
Teresa Cooper

Bruce R. Ramge, Director

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