

COMMONWEALTH OF VIRGINIA



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November 18, 2022

VIA E-MAIL DELIVERY

Randy Helder
Assistant Director Market Regulation
NAIC Central Office
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RE: Implementation Plan
Voluntary Market Regulation Certification Program

Mr. Helder and Market Regulation Certification (D) Working Group:

We have reviewed the Implementation Plan as requested in the October 27, 2022 meeting. We would like to first thank the members for the work completed so far. Upon reviewing the Implementation Plan, we have the following questions, comments and recommendations:

Three Year Self-Certification Program

1. The steps of the Implementation Plan (Plan) should be updated so the timing of the plan is based upon when the Program goes into effect instead of specifying certain years. For example, bullet two specifies 2018 and 2019 Fall National Meetings. This could be replaced with the next two subsequent Fall National Meetings after the Program effective date.
2. The Plan should define what provisional certification means and its importance/impact on a jurisdiction's certification status.
3. Does a jurisdiction have to submit self-certification every year during the three-year period, even if it would already qualify for full certification?
4. Can a jurisdiction apply for full certification prior to the third year? No clear benefit of doing self certification three times if already appear to be fully certified.
5. The Plan does not provide a timeline for the Market Regulation and Consumer Affairs (D) Committee to finish assessing the self-certifications.
6. The purpose of the review by the Market Regulation and Consumer Affairs (D) Committee is not clear since this is self-certification where all submissions are provisionally certified.
 - a. How will the Committee assess the self-certifications?
 - b. Can the Committee reject self-certifications and what is that process?
 - c. What is the committee's responsibility for monitoring progress?

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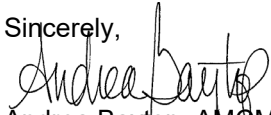
7. The Plan does not state if and how results of the aforementioned review would be communicated to the jurisdictions.
 - a. We recommend that jurisdictions receive feedback from the Market Regulation and Consumer Affairs (D) Committee review before the full certification is due, two weeks before Spring National Meeting.
 - b. This will help jurisdictions determine if they should apply for full certification or continue with self-certification.
8. In Year One, the self-certification is submitted to NAIC staff. In Years 2 and 3, the self-certification is submitted to the Market Regulation and Consumer Affairs (D) Committee. Is this change intentional?
9. Will the Market Regulation Certification (D) Working Group also accept feedback regarding the Implementation Plan? It is not included in the 3rd bullet where other feedback is accepted.

Full Certification Program

1. Jurisdictions submit full certification prior to the Spring National Meeting while self-certification is submitted two weeks prior to the Fall National Meeting. Is this to allow jurisdictions that fail full certification to still apply for self-certification annually?
2. Is the intent that full certification uses the same self-certification criteria as the Three Year Self Certification Program?
3. Has the application for full certification been drafted?
4. Has the annual self-assessment audit been drafted?
5. We would like to recommend that the self-assessment be completed every 2 years after full certification is achieved instead of every year or propose submission of a self-assessment halfway through the 5 year period similar to financial accreditation.
6. We have concerns with the fourth bullet.
 - a. It may take more than five years for all initial full certification applications to be reviewed, depending on when the jurisdictions start to apply.
 - b. It is not clear what part of the process from the Three Year Self Certification would apply to Full Certification.
 - c. Therefore, we recommend the following revision: Because no more than 12 reviews are conducted each year, all jurisdictions that submit an application for full certification will be provisionally certified by the Market Regulation and Consumer Affairs (D) Committee until their application for full certification is reviewed and a decision on the application is made by the Market Regulation Standards and Certification Committee.
7. The Plan does not specify any repercussions for failing to submit the annual self-assessment or if the self-assessment is not considered adequate.

We appreciate your time and the opportunity to provide comments for your review.

Sincerely,

A handwritten signature in black ink that reads "Andrea Baytop". The signature is written in a cursive style with a large initial 'A'.

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