

Draft: 7/2/26

Market Conduct Regulation Modernization (D) Working Group
Virtual Meeting
June 9, 2026

The Market Conduct Regulation Modernization (D) Working Group met June 9, 2026. The following Working Group members participated: Ann Gillespie, Chair (IL); Angela L. Nelson, Vice Chair (MO); Heather Carpenter (AK); Jimmy Harris (AR) Pam O'Connell (CA); Sheryl Parker (FL); Timothy N. Schott (ME); Danielle Torres (MI); Gregory Maus (MN); Martin Swanson (NE); Ned Gaines (NV); Avani Shah (NY); Todd Oberholzer (OH); Landon Hubbart (OK); David Buono (PA); Matt Gendron (RI); Tony Dorschner (SD); Adrea Baytop and Julie Fairbanks (VA); Mary Block (VT); Karen Brooks (WA); Jamie Adams (WI); and Joylynn Fix (WV). Also participating was: Colton Schulz (ND).

1. Adopted its May 26 Meeting Minutes

The Working Group adopted its May 26 meeting minutes. During this meeting, it took the following action: 1) adopted its May 11 minutes; and 2) heard comments from the health insurance industry representatives.

Commissioner Harris made a motion, seconded by Director Carpenter, to adopt the Working Group's May 26 minutes (Attachment xx). The motion passed unanimously.

2. Heard Comments from Life Insurance Representatives

Director Nelson led the Working Group's third industry listening session, focused on life insurance, Insurtech, and specialty lines insurance. Kristen Wolfford (American Council of Life Insurers—ACLI) and Sarah Wood (Insured Retirement Institute—IRI) provided comments, noting that written feedback with more detailed examples and recommendations would follow.

A. Market Conduct Data Collection and Analysis

Wolfford said this is the area where ACLI expects to provide the most written detail. She said insurers want to understand why specific data elements are requested and how they will be used, because without that context data can inadvertently signal something unintended or fail to get to the real issue. Wolfford said clearer explanations, FAQs, and more standardized understanding of data elements would be helpful.

Wood said there is broad support for standardization that allows insurers to build one repeatable process. Wolfford noted interest in standardized file layouts and validation tools to improve data quality and efficiency.

Consumer representative Birny Birnbaum (Center for Economic Justice) commented that one granular data report can be more efficient than multiple limited data calls and cited detailed principles-based reserve reporting in life insurance as an example of a more efficient model.

B. Examination Handbook and Processes

Wolfford stated that ACLI members frequently cite inconsistency in the interpretation of the NAIC *Market Regulation Handbook* and want greater transparency about why exams are being conducted and what information is needed, so they can involve the right internal staff and provide the best information. She also

noted that secure collaboration tools should account for file size and format limitations. Wood said IRI members also reported issues with scope changes during exams, short deadlines for complex data requests, and overlapping follow-up requests from multiple examiners.

C. Interstate Collaboration

Wolfford stated that while full uniformity is not possible because of statutory differences, required timeliness of company responses often vary significantly and can create a non-uniform consumer experience because companies must devote disproportionate resources to some states. She also noted practical issues with how deadlines are calculated and suggested that providing actual due dates, rather than ambiguous day counts, would be helpful. Wolfford said ACLI supports exploration of the “one ask” principle across jurisdictions and proposed one, centralized point for companies to update contacts for insurance departments.

Wood said that a lead-state model for multistate exams generally works well and that complaint handling may be a strong pilot candidate for improved coordination.

Schulz asked whether industry groups already promote common data standards or definitions that regulators could leverage. Wolfford said ACLI would address that question in its written comments. Gendron said some standardized response-time rules exist in NAIC model regulation, but lack of adoption can contribute to inconsistency.

D. Other Entity Oversight (Third-Party Oversight)

Wolfford stated that ACLI had less developed feedback at this stage but noted practical problems involving third-party permissions and access. Sarah Wood said turnaround times for answering requests involving third-party administrators are also a recurring challenge.

E. Corrective Actions, Communications, and Enforcement

Wolfford stated that members have seen examples where informal dialogue prior to a formal inquiry or exam clarified issues early and avoided a more time-consuming process. She said ACLI would provide more detail on opportunities for informal communication, realistic timelines, and tiered approaches to corrective action.

F. Consumer Complaints

Wolfford stated that members report wide variation in definitions such as confirmed/not confirmed, justified/unjustified, resolved/closed, complaint reason, disposition, line of business, allegation category, and company error. She said ACLI members want greater visibility into whether a complaint has been confirmed or justified so they can conduct root-cause analysis. Wolfford also said there is significant state-to-state variation in the amount of detail requested for complaints and that any complaint portal or communication system, which could be developed, should support large files and secure, company-based authentication.

Wood stated that IRI members reported similar concerns, including the need for standard definitions, better visibility into complaint status, and more consistent timelines.

3. Discussed Other Matters

Tim Mullen (NAIC) said the next meeting would be held July 7, 2026, and would focus on consumer representatives. Director Gillespie outlined several themes she would like consumer representatives to address, including their reactions to issues raised during the industry sessions, broad consumer issues, what data they seek and how they would use it, and where the market conduct exam process remains unclear.

Erica Eversman (Automotive Education & Policy Institute) and Ken Klein (California Western School of Law) asked whether consumer representatives could raise concerns with NAIC imposed data access and transparency restrictions. Director Gillespie said the Working Group would be open to receiving comments on those issues.

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

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Market Conduct Modernization – Industry Discussion Document

Purpose

This document is designed to guide the insurance industry in providing structured, substantive feedback for the Market Conduct Regulation Modernization Working Group Discussion. Questions are grouped into six categories:

1. Market Conduct Data (Collection & Analysis)
2. Examination Handbook & Processes
3. Interstate Collaboration
4. Other Entity Oversight (Third-Party Oversight)
5. Corrective Actions, Communications & Enforcement
6. Consumer Complaints

A final list of general discussion questions is included for miscellaneous, rapid-input items.

1. Market Conduct Data (Collection & Analysis)

Data Standards, Definitions & Transport

1. Are there data standards (e.g., API specifications, common data models, standardized layouts) that industry would adopt uniformly to reduce rework across states?
2. Which specific data fields or definitions currently create the most friction, inconsistency, or manual work?
3. Are there MCAS-related or market-conduct-related data elements needing clearer definitions to ensure uniform reporting?

Systems, Feasibility & Legacy Constraints

4. What changes to your internal systems (policy administration, claims, complaints, reporting) would modernization require—and what are realistic implementation timeframes?

Data Quality, Validation & Minimization

5. What data quality checks are insurers performing currently prior to submission, and where is regulator-provided validation logic necessary?
6. Which data elements are unnecessary for modernized market conduct oversight and could be removed without sacrificing predictiveness?

Market Conduct Data (Collection & Analysis)

In addition to the questions already asked, are there any other issues or aspects of the scope of work that you believe are important for the working group to consider?

2. Examination Handbook & Processes

Pre-Exam Expectations & Feasibility

1. What standardized pre-exam data sets or dashboards could your organization produce within 10 business days?
2. Which items require longer lead times due to system complexity or third-party involvement?
3. What standardized data extracts (policy files, claims inventories, complaint logs) are currently feasible within 10 business days?

Risk Identification & Targeting

4. Which indicators—complaint trends, claim cycle times, denial rates, communication failures—best predict conduct-related risk from the insurer perspective?
5. How could regulators tailor exam scope using shared risk models so low-risk entities or topics experience lighter exams while higher-risk entities or areas undergo deeper reviews?

Exam Operations, Tools & Burden Reduction

6. Which examination practices create unnecessary burden, and what alternatives would maintain regulatory goals while improving efficiency?
7. Are insurers experiencing consistency amongst regulators in the use or interpretation of the *Market Regulation Handbook*?
8. I have heard frequently that insurers would like greater transparency into the reasoning or justification behind the examination. Why would that be helpful to an insurer?
9. Which collaboration tools or secure data rooms would industry support for remote data exchange, tracked interrogatories, and version-controlled document sharing?
10. Are there common vendor platforms or tools the industry would be willing to adopt and utilize to reduce duplicative custom work? I have heard of platforms like Neota that have been used by some companies and states to experiment with.

Examination Handbook & Processes

In addition to the questions already asked, are there any other issues or aspects of the scope of work that you believe are important for the working group to consider?

3. Interstate Collaboration

Definitions, Expectations & Uniformity

1. What variations across states create the largest operational challenges—definitions, timelines, file formats, expectations?
2. Where do statutory or handbook interpretations diverge the most today, and how could consistency notes be published for industry to rely on?

“One-Ask” Principles & Simplification

3. How can processes be designed so insurers answer once for all states (shared templates, standard definitions, uniform due dates)?
4. What templates, definitions, or filing expectations should be standardized across jurisdictions to reduce manual rework?
5. How can insurers be encouraged or incentivized to remediate problems identified by one state to other states the insurer operates in?

Pilot Strategy

6. Which lines of business could be ideal to pilot or launch modernization initiatives (based on readiness, data availability, volume, diversity)?
7. What success metrics should be used to evaluate effectiveness?

Interstate Collaboration

In addition to the questions already asked, are there any other issues or aspects of the scope of work that you believe are important for the working group to consider?

4. Other Entity Oversight (Third-Party Oversight)

Documentation & Transparency

1. What documentation (model cards, monitoring reports, validation materials) can insurers realistically provide during market-conduct reviews?
2. What materials would be burdensome or infeasible without additional regulatory guidance?

Vendor and Model Governance

3. How do you supervise third-party models and data sources today, and what standard artifacts could vendors reasonably provide to regulators?

4. What challenges arise when third-party vendors operate models or provide data used in underwriting, claims, or consumer interactions?

Regulatory Expectations & Accountability

5. How could regulators streamline expectations to ensure accountability while recognizing vendor constraints?

Other Entity Oversight

In addition to the questions already asked, are there any other issues or aspects of the scope of work that you believe are important for the working group to consider?

5. Corrective Actions, Communications & Enforcement

Proportionality & Predictability

1. What tiered corrective actions (warnings, remediation plans, restitution) are predictable and proportionate for common findings?
2. I have been told an industry frustration is inconsistency amongst states in terms of their approaches on self-reporting and fines generally. Is this an industry concern?

Timelines & Feasibility

3. What realistic timelines (30/60/90 days) can insurers commit to for specific fixes (policy language changes, claims workflow updates)?

Verification & Consumer Impact

4. Which artifacts best demonstrate that remediation worked (before/after metrics, audit trails, consumer communications)?
5. What metrics or narrative reporting could insurers produce to show improved consumer outcomes after remediation is completed?

Correction Actions, Communications & Enforcement

In addition to the questions already asked, are there any other issues or aspects of the scope of work that you believe are important for the working group to consider?

6. Consumer Complaints

Transparency Into Complaint Coding

1. How does the lack of visibility into whether a complaint is coded as *confirmed* or *not confirmed* affect your ability to conduct root-cause analysis and implement corrective action?
2. What type of transparency or feedback loop would help you understand how states determine confirmation status?
3. What definitions, examples, or coding criteria should be standardized across states to reduce variation?

State-to-State Variability

4. What discrepancies among states—such as coding logic, investigation standards, timelines, or documentation requirements—create the greatest operational challenges for your teams?
5. Which aspects of complaint handling are most in need of national alignment to ensure consistent expectations and reporting?

Complaint Portals, Submission Processes & Tracking

6. How does the absence of a uniform complaint portal across states impact your ability to organize, coordinate, and respond to complaints?
7. What minimum portal features (status visibility, communication logs, document exchange, audit trail) would meaningfully improve your complaint-handling operations?
8. What challenges do you encounter when trying to determine whether a complaint remains open or has been closed, given current state systems?

Reconciliation Processes

9. In states that offer a reconciliation or correction process, what elements are most valuable (e.g., dispute correction, clarification opportunities)?
10. What would a functional and fair *national* reconciliation framework look like, and what process steps or timelines should it include?
11. What kinds of coding errors or discrepancies most frequently need correction from your perspective?

Industry Engagement & Collaboration on Coding

12. What opportunities for joint engagement with regulators—such as training sessions, calibration workshops, or a shared coding guide—would improve accuracy and fairness in complaint categorization?

13. How frequently should regulators and insurers collaborate or recalibrate on complaint coding to ensure alignment across the states?

Confidentiality & Records Handling

14. How do differing confidentiality standards among states affect your ability to provide complete, candid responses and share internal information appropriately?
15. What uniform confidentiality protections would help balance consumer privacy with insurer transparency and operational clarity?
16. What guidance or clarification do you need regarding how complaint files are treated under public records laws to reduce uncertainty and risk?

Consumer Complaints

In addition to the questions already asked, are there any other issues or aspects of the scope of work that you believe are important for the working group to consider?

General Discussion Questions (5 Minutes)

- What **one modernization change** would deliver the greatest efficiency gain—and why?
 - What would make industry participation easier (templates, sandboxes, test data, checklists)?
 - Where do you need regulator decisions first (definitions, file specifications, timelines)?
 - What requirement could be simplified tomorrow with no reduction in consumer protection?
 - What is the **biggest technical blocker** from the insurer side for modernization?
 - Is there one area of training for examination staff states should focus their efforts on first?
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