Draft: 9/23/26

Market Analysis Procedures (D) Working Group
Virtual Meeting
September 14, 2026

The Market Analysis Procedures (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met Sept. 14, 2026. The following Working Group members participated: Raymond A. Guzman, Chair (MD); Chelsy Maller (AK); Teri Ann Mecca (AR); Don McKinley (CA); Isaac Nevole (CO); Steve DeAngelis (CT); Pratima Lele (DC); Jessica R. Luff (DE); Karen McGlynn (FL); Patrick Tallman (IL); Charles Thomas (KS); Lori Cunningham (KY); Robert Barnes and Lisa Fullington (LA); Miranda Rampulla (ME); Danielle Torres (MI); David Dachs (MT); Robert McCullough (NE); Moli Abejar (NV); Ralph Boeckman (NJ); Elouisa Tyler (NM); Larry Wertel (NY); Ben Hauck (OH); Landon Hubbart, Zach Palank, and Shelly Scott (OK); August Hall (PA); Brett Bache and Matthew Gendron (RI); Rachel Moore (SC); Tanji J. Northrup (UT); Melissa Gerachis (VA); Jared Holshouser and Marcia Violette (VT); Sandy Ray (WA); Tom Whitener (WV); and Darcy Paskey (WI).

1. Adopted its July 30 Minutes

The Working Group met July 30 and took the following action: 1) adopted its June 18 minutes; 2) discussed the Market Conduct Annual Statement (MCAS) ratios; 3) discussed lender-placed insurance MCAS ratio 18; 4) discussed the MCAS rankings and their usefulness in analysis; and 5) continued its work on the Market Analysis Review System (MARS) Level 2 guidance.

Hubbart made a motion, seconded by Gerachis, to adopt the Working Group's July 30 minutes (Attachment ---). The motion passed unanimously.

2. Discussed MCAS Ratios

Guzman said the Working Group continued its review of the private passenger auto and homeowners MCAS ratios discussed at the June 18 meeting. He said Maryland's proposal would revise ratio 7 to measure lawsuits against exposure units and would add new ratios utilizing data elements already collected in the blank, including a ratio capturing complaints received directly by a company rather than through a department of insurance.

Hubbart made a motion to adopt Maryland's proposal. The motion did not receive a second.

Torres said combining all the proposed ratios into a single motion made it difficult to gauge support for each one individually and suggested the Working Group consider which ratios provide the most value to analysts. Bache agreed and said Rhode Island already tracks similar ratios on its own. He asked which specific ratios states had concerns with, so the discussion could continue on those items. Moore asked whether the proposed ratios would create an additional reporting burden for companies. Guzman said no additional data would be requested from companies. All the data is already collected in the MCAS blanks.

Guzman said the item will remain on the agenda for the next meeting so the Working Group can consider each of the proposed private passenger auto and homeowners ratios individually.

Guzman then turned to Maryland's proposed new ratios for individual life (cash value and non-cash value) and individual annuity, which would measure: 1) internal replacement contracts to total replacements; 2) internal replacements with an affiliate to total replacements; 3) contracts surrendered with a surrender fee to total

contracts surrendered; and 4) free look cancellations to total contracts issued. Gendron said he reviewed the proposal and confirmed Rhode Island tracks similar data internally.

Gendron made a motion, seconded by Northrup, to adopt Maryland's proposal as drafted in its entirety. The motion passed unanimously.

Guzman noted that the data element underlying the second proposed ratio was changed from "external" to "internal" replacements in the blank at some point, which appears to be a cosmetic correction rather than a substantive change. Guzman said the Working Group will take up the long-term care MCAS ratios at its next meeting.

3. Discussed MCAS Rankings

Guzman reopened the discussion of Virginia's motion from a prior meeting, which did not receive a second, to remove the MCAS rankings from NAIC systems. Gendron asked whether the rankings are publicly displayed. Randy Helder (NAIC) confirmed the rankings are used only in internal NAIC systems and are not public.

Guzman explained that certain ratios for newer lines of business, including approximately five to eight health MCAS ratios and four pet MCAS ratios, have an inverse interpretation that causes the automated rankings to display incorrectly. Dachs asked whether removal would apply across all lines of business. Helder recommended removing the rankings entirely, noting that rankings move analysts a step further from the raw ratio data. Palank agreed and said the overall ranking calculation is currently incorrect because it adds together properly ranked and inversely ranked measures. Guzman said removing the rankings would not affect any other data in the underlying Market Analysis Prioritization Tool (MAPT) reports, only the ranking values. He suggested the Working Group consider developing a revised ranking methodology in the future.

Moore made a motion, seconded by Bache, to remove the MCAS rankings. The motion passed unanimously.

4. Discussed the Individual and Group Accident and Health/Annuity MAPT

Guzman asked Teresa Cooper (NAIC) for an update on the increase in the number of companies appearing on the individual and group accident and health MAPT, an issue first raised at a prior meeting, and noted that Torres had reported a similar increase on the annuity line MAPT. Cooper said NAIC committee support found that some companies were not consistently reporting on the Financial Annual Statement's Supplemental Health Care Exhibit, and that the Financial Annual Statement's Accident and Health Policy Experience Exhibit provides more complete premium data. The NAIC has switched to sourcing accident and health premium data from the Accident and Health Policy Experience Exhibit, which should reduce the risk that a company is missed from the MAPT, though companies reporting premium in the "other health" category now appear on both the individual and group MAPT because it is not always clear which category applies. Cooper said she would follow up directly with Torres regarding the annuity line increase. Guzman said the item will remain on the agenda for the next meeting to address the annuity MAPT concern.

5. Discussed the Lunch-and-Learn Schedule

Guzman said the second-quarter lunch-and-learn was July 23 and covered the MCAS process for collection and reporting MCAS data. The next lunch-and-learn is scheduled for the third quarter, and the Working Group is still looking for a volunteer to lead a discussion on the health insurance MCAS ratios. Anyone interested in leading the

discussion should contact Helder. Guzman suggested a future lunch-and-learn on reviewing regulatory actions data in ThoughtSpot and Tableau.

6. Discussed Revisions to MARS Level 2 Guidance

The Working Group continued its review of the MARS Level 2 Guidance, picking up where it left off with the regulatory actions section. Members noted that the five-year regulatory action summary report referenced in the guidance is no longer available in the same form. Cooper explained that the regulatory action report was temporarily reverted to the legacy report format, which can be accessed from the company page, to address regulator concerns following the transition to ThoughtSpot, and that NAIC is rebuilding the report using data sourced from Snowflake as part of the Regulatory Information Retrieval System (RIRS) rewrite. She said there is no timeline yet for how long the legacy reports will remain available. The Working Group agreed to revise the guidance to refer generally to the regulatory action history and remove the reference to the five-year summary report. Gerachis suggested that the guidance clarify that some questions, such as whether a company implemented a remedial or corrective action plan, may require research beyond the RIRS system, including review of exam reports. Guzman agreed and also recommended language reminding analysts to exercise discretion and consult a supervisor rather than requesting every order or exam report from another jurisdiction. The Working Group made minor wording changes, agreeing to resume with the remaining items at the next meeting.

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

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Maryland Recommendations - MCAS Ratios

MAPWG MCAS Ratio Recommendations for PPA and HO:

- Ratio 7 (Revised): Total number of claims related lawsuits opened during the period/total claims closed (with payment and without),
- Ratio 8 (PPA Additional): Total number of lawsuits opened during the period (claims related and not)/Total number of Insured Autos (Per 1000),
- Ratio 8 (HO Additional): Total number of lawsuits opened during the period (claims related and not)/Total Number of Dwellings (Per 1000),
- Ratio 9 (Additional): Complaints Received from Other than DOI/ Total Policies in Force (Per 1000)

Non-Public Regulator-Only Ratio Recommendations (to be considered, could also be public):

- Total Number of Policies Enrolled in a Telematics Program/Total PIF at End of the Year,
- Total Number of Non-Standard Policies in Force at the End of the Year/Total PIF at End of the Year,
- Total Number of Policies with Comprehensive Coverage at the End of the Year/Total PIF at End of the Year,
- Total Number of Policies with Collision Coverage at the End of the Year/Total PIF at End of the Year,
- Total Number of Policies with PIP at End of the Year/Total PIF at End of the Year,
- Total Number of New Business Policies Issued/Total PIF at End of the Year,
- Lawsuits Closed with Consideration for the Consumer/Total Lawsuits Closed,
- Consider Ratios for Claims Broken Down by Digital, Hybrid, Non-Digital (this is almost like sub-coverage, probably not very useful),
- Number of claims closed during the period, without payment, because the amount claimed is below the insured's deductible/Total Number of Claims Closed without Payment,

And consider:

- Total Number of Policies Cancelled at Request of Insurer/Total PIF at End of the Year and
- Total Number of Policies Cancelled Due to Non-Payment/Total PIF at End of the Year.

Long Term Care

Schedule 1 - General

Ratio 1.

The percentage of replacements to new business issued

$$\left(\frac{[\text{Number of internal replacement policies issued} + \text{Number of external replacement policies issued}]}{[\text{Number of new business policies issued}]}\right)$$

Ratio 2.

The number of complaints per 1,000 policies in-force as of the end of the reporting period

$$\left(\frac{[\text{Number of complaints received from consumers}]}{([\text{Number of policies in-force}] \div 1{,}000)}\right)$$

Schedule 2 - Claimants

Ratio 3.

The average number of claimants per policy in-force

$$\left(\frac{[\text{Number of claimants approved for benefits at the end of the period}]}{[\text{Number of policies in-force}]}\right)$$

Schedule 3 – Claimant Requests Denied/Not Paid

Ratio 4.

The percentage of denied claimant requests to new claimants

$$\left(\frac{[\text{Number of requests denied or not paid}]}{\left[\begin{array}{c}\text{Number of new claimants during the period}\\ + \text{Number of pending claimant requests at the beginning of period}\end{array}\right]}\right)$$

Schedule 4 – Claimant Request Determination Timeliness

Ratio 5.

The percentage of claim determination made more than 60 days from notice of claim

$$\left(\frac{\left[\begin{array}{c}\text{Number of claim determinations made within 60 to 90 days}\\ +\text{ Claim determinations made beyond 90 days}\end{array}\right]}{[\text{Total number of claim determinations made}]}\right)$$

Schedule 5 – Benefit Payment Requests

Ratio 6.

The percentage of benefit payment requests denied

$$\left(\frac{[\text{Number of payment requests denied or not paid}]}{[\text{Total requests received} + \text{Total requests pending at beginning of period}]}\right)$$

Schedule 6 – Benefit Payment Request Timeliness

Ratio 7.

The percentage of benefit request payments made more than 60 days from notice of request

$$\left(\frac{[\text{Number of benefit requests paid within 60 to 90 days} + \text{Benefit requests paid beyond 90 days}]}{[\text{Total number of benefit payments paid}]}\right)$$

Ratio 8.

The percentage of benefit request denials made more than 60 days from notice of request

$$\left(\frac{\left[\begin{array}{c}\text{Benefit requests denied or not paid within 60 to 90 days}\\ +\text{ Benefit requests denied or not paid beyond 90 days}\end{array}\right]}{[\text{Total number of benefit requests denied or not paid}]}\right)$$

Schedule 7 - Lawsuits

Ratio 9.

The percentage of lawsuits closed with consideration for the consumer

$$\left(\frac{[\text{Number of lawsuits closed with consideration for consumer}]}{[\text{Total number of lawsuits closed during the period}]}\right)$$

Chapter 11—Level 2 Analysis Guide

Note: ***Add a best practices paragaph*** – documenting L2 in MARS; and adding a note on reason and scope of the L2 review; detailed description how the guide is organized (meant to be able to pick up at any point)

The Level 2 Analysis Guide is a guide to assist market analysts in performing a Level 2 Analysis of a specific company. The Guide consists of 2 sections, Core Areas of Review and Additional Areas of Review. The core areas of review are required for every Level 2 Analysis of a company unless there is a valid reason not to review a particular area. The number and specific additional areas reviewed during a Level 2 Analysis of a company will be dependent on many different factors, such as the line of business under review, the areas of concern identified during earlier analysis, the rules and regulations of the jurisdiction performing the analysis and the company itself.

Prior to beginning any additional areas of review, the analyst should identify which of the additional areas of the Level 2 Analysis Guide should be completed based on the specific situation of the company under review and the areas of concern identified via other levels of review. Identification of these key areas prior to starting the review of any additional areas will help the analyst focus on the areas of concern and assist in obtaining and reviewing the information necessary to complete a Level 2 Analysis.

During the course of completing a Level 2 Analysis of a company, the analyst may find information that requires the review of one or more areas not initially selected for review. If this happens, the analyst should expand the scope of the Level 2 Analysis to include those areas of review not previously identified. The analyst may also want to do a Level 2 Analysis on related companies (companies under the same management or ownership) if the areas of concern for the company under review have the potential to be present in the related company.

Note: It is important for the analyst to be familiar with the line of business under review and the marketplace within the analyst's state. The analyst should also be familiar with the rules/regulations applicable to the line of business under review, including any recent legislative changes that might affect the company's operations. The analyst may want to review the applicable rules/regulations and general marketplace information for the line of business under review before beginning a Level 2 Analysis.

Core Areas of Review

Good business practice would be to Six core areas should be reviewed for each Level 2 Analysis done on a company unless there is a valid reason why a review of the area is not warranted. Consumer Complaints must be completed. The six core areas of review are:

1. Consumer complaints;
2. Continuum activity;
3. Examinations;
4. Interdepartmental communications;
5. Market analysis; and
6. Regulatory actions.

For each core area of review, the following provides the analyst with information about the area to be reviewed, where applicable potential resources to aid in the review of the area and specific items to consider during the review of the area.

Area of Review:	**Consumer Complaints**

Suggested Review

A detailed analysis of actual complaints filed with the insurance department by consumers against a company can provide valuable information about the company and its business practices. It can also help pinpoint specific areas of concern that may be having an adverse impact on consumers.

The analyst should review summary information about consumer complaints against the company for the line of business under review for both the analyst's state and other states. In addition, the analyst should also review the complaint file itself for the complaints filed in the analyst's state for line of business under review.

In cases where the complaint volume is significant, internal system reports can assist in identifying specific complaint reasons that appear to be problematic. This should help the analyst to focus on reviewing only those complaints that appear to stem from areas of concern.

For example, if a company received 1,000 complaints over the last year for the line of business under review, it may not be possible to review all of the complaints. If a review of an internal system report summarizing the complaint reasons indicates that the most material area of concern is claim delays, the analyst may want to focus specifically on those complaints that involve allegations of claim delays.

If it is not practical to review all of the complaints against the company for the line of business under review even after narrowing the scope of complaints, the analyst may review a random sample of the complaints filed against the company, or a random sample of the specific type of complaint.

~~Note: Not all states currently produce summary reports that will allow the analyst to complete some of the suggested review items. However, the analyst should review these items when the summary reports are available.~~

Specific Items to Look For

Please note that if the analyst has completed a level 1 review of the company prior to completing a level 2 review, the analyst may already have addressed some of the suggested items to look for. It's not the intention for analysts to duplicate work if it has already been addressed in a level 1 review.

In reviewing summary information regarding consumer complaints that involve the company for the line of business under review, the following items should be considered:

1. Are there trends in particular areas of noncompliance, number of complaints, the origin of the complaints or areas of consumer concern? For example, are there any patterns in who is complaining, the geographic origin (zip code/county) of the complaints, the reasons for the complaints, whom the complaints are about, or the outcome of the complaints?
2. Does the data on iSite+ for other states indicate similar patterns of noncompliance, number of complaints or areas of consumer concern?
3. How long has any pattern or trend been occurring?
4. Are there any regulatory actions or market conduct examination findings in the analyst's or other states related to similar complaint patterns? If yes, has the company been advised to correct the situation and has it reportedly done so?
5. Do the complaint patterns align with the industry norms for the line of business under review? For example, if 30% of the complaints received by the insurance department for the line of business under review are usually claims related, one would expect that the company's ratio would be similar to the rest of the industry.

In reviewing specific complaints that involve the company regarding the line of business under review, the following items should be considered:

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1. Are there complaints of a specific nature related to a growing area of concern in the market (e.g. credit;;; telematics; improper marketing of health/life business; digital claims handling; use of aerial images in underwriting; accelerated underwriting; suitability of annuities; producer misconduct or misrepresentation; etc.) even if the company is compliant with the laws?
2. Are there problems with specific vendors, adjusters, other company personnel, producers, providers, networks or business segments?
3. How quickly and completely does the company respond to a complaint?
4. Are there complaints that involve a specific business practice of the company that may be technically compliant with the laws but a questionable business practice?
5. Are there consumer complaints that involve a previously identified issue that the company has been ordered to or agreed to correct? If yes, does the complaint stem from an incident that occurred after the company reportedly implemented the correction?

Area of Review:	**Continuum Activity**

Suggested Review

Insurance regulators have a broad continuum of market actions available to them when determining the appropriate regulatory response to an identified issue or concern. The continuum of market actions includes such initiatives as office-based information gathering, interview with the company, correspondence, policy and procedure reviews, interrogatories, desk audits, on-site audits, investigations, enforcement actions, company self-audits and voluntary compliance programs.

The NAIC Market Action Tracking System (MATS) database is used to track both market conduct examinations and other significant market conduct actions not tracked in the Regulatory Information Retrieval System (RIRS). A review of the non-examination initiatives (focused inquiries and other non-examination regulatory intervention) related to the company contained in MATS may provide the analyst with useful information about the company.

If the MATS action relates to the company, line of business and issue being reviewed, the analyst may also find it helpful is encouraged to contact the originating state's Market Analysis Chief (MAC) of a MATS initiative related to the company to discuss the initiative in detail. However, the decision to contact a state directly to discuss a specific initiative is at the discretion of the state performing the Level 2 Analysis.

Specific Items to Look For

In reviewing a summary of non-examination initiatives involving the company, the following items should be considered:

1. Are there a high number of MATS actions involving the company? If yes, are the majority of the initiatives originating from just a few states, or are the initiatives spread across the states in which the company does business?
2. Have the number of market actions increased, decreased or remained the same over the last 5 years?
3. How old are the majority of the initiatives? Have the initiatives been concluded within the past 3 years?
4. Are the reasons for the initiatives similar? Are there any patterns of concern in the reason for the initiatives?
5. Are the dispositions of the initiatives similar? Are there any patterns of concern in the dispositions of the initiatives?

In reviewing an individual initiative involving the company (whether the initiative has been finalized or is pending), the following items should be considered:

1. How old is the specific initiative? Was it concluded within the past 3 years?
2. Are the functional areas and/or line(s) of business currently under review covered under the subject of the initiative?
3. Does the initiative identify issues that are similar to the areas of concern currently under review?

4. Could the issues related to the initiative also manifest themselves in the analyst's state and/or the line of business or functional areas currently under review?
5. To what extent would the issues contained in the initiative have an impact on the consumers in the analyst's state (consider statutes, codes, Unfair Trade Practices Act, Unfair Claims Settlement Practices Act, etc.)?
6. Are the issues contained in the initiative considered "repeat" issues in either the analyst's state or other states (i.e., was the company cited previously for violations related to the issues)?
7. Are the issues involved with the initiative isolated occurrences, or systemic in nature and likely to affect an entire class of business and/or consumers in the analyst's state?
8. Are there any regulatory actions or market conduct examination findings in the analyst's or other states similar to the issues involved with the initiative? If yes, has the company been advised to correct the situation and has it reportedly done so?
9. Was the company required to implement a remedial action plan or take other corrective measures as a result of the initiative that might address issues that have a potential impact on consumers in the analyst's state? If so, has the company reportedly implemented the action plan or reportedly taken the necessary corrective measures?
10. Was the company required to refund restitution and/or interest because of the initiative? If yes, is the amount a concern?
11. For issues that may have a direct impact on consumers in the analyst's state, does the company response appear to adequately address the areas of concern?
12. Has the analyst's state received consumer complaints regarding the subject of the initiative? If yes, does the complaint stem from an incident that occurred after the company reportedly implemented the correction?

Area of Review:	**Examinations**

Suggested Review

Examination reports that include a market conduct component and the company response to the examination reports can be valuable sources of information about a company. By reviewing the reports and the company's response, the analyst may be able to identify specific issues found during an examination that have the potential to have an adverse impact on the consumers in the analyst's state. The analyst may also discover that a situation has already been corrected by the company as a result of the examination and therefore may not present an issue in the analyst's state that requires further investigation.

Review the history of the examinations called on the company over the last five years. When readily available, review the most recent examination reports of the company and any company response to the report for examinations done by:

1. Analyst's insurance department; and
2. Other state insurance departments.

In addition to reviewing recent examination reports, it may also be helpful to contact the market conduct area of the insurance department that conducted the examination should a review of an examination report raise concern regarding the company's operations in the analyst's state.

The analyst should also review information about examinations that are pending within the insurance department. It may also be helpful for the analyst to contact other states with pending examinations to discuss the examinations.

Information about examinations called on the company is available via the NAIC Market Action Tracking System (MATS) accessible on iSite+. The MATS Detailed Report provides a history of examinations called through MATS for the company under review over a five-year period. It is important to note that MATS is an essential resource for market regulators and states should ensure its high quality by taking care to accurately record all

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examinations. Analysts however, should not rely solely on the MATS reports, as the potential exists that all examinations and any related actions might not be recorded in MATS for a variety of reasons. The analyst may find it helpful to:

1. Cross check the MATS Detailed Report with the RIRS Action Report; and/or
2. Check individual state insurance department websites for recent examinations.

Examination reports and any company response may be posted on iSite+, available on the website of the examining state insurance department or in the company files of the analyst's insurance department. If an examination report is not readily available, the analyst may be able to obtain a copy of the examination report by contacting the state that did the examination. However, the decision to contact a state directly to obtain or discuss a specific examination report is at the discretion of the state performing the Level 2 Analysis.

Specific Items to Look For

In reviewing a summary of examinations that involve the company, the following items should be considered:

1. Are there a high number of market examinations? If yes, are the majority of the examinations originating from just a few states? Or are the examinations spread across the states in which the company does business?
2. Have the number of examinations increased, decreased or remained the same over the last 5 years?
3. How many of the examinations were conducted within the past 3 years?
4. Are the examination triggers (statutory, complaints, market share analysis, etc.) similar? Are there any patterns of concern in the examination triggers?
5. Are the lines of business covered by the examinations the same or different?
6. Are the types of examinations (comprehensive, targeted, etc.) similar?
7. How many of the market examinations are currently open? How many are closed? How many were closed with an order? How many were closed with an order and fine?

In reviewing an individual examination report and the company response or a pending examination, the following items should be considered where applicable:

1. How old is the examination/report? Was the examination conducted within the past 3 years?
2. Are the functional areas and line(s) of business under review covered in the examination/report?
3. Could the findings of the examination also manifest themselves in the analyst's state and/or the line of business or functional areas under review?
4. To what extent would the violations contained in the examination report have an affect on the consumers in the analyst's state (consider statutes, codes, Unfair Trade Practices Act, Unfair Claims Settlement Practices Act, etc.)?
5. Are the violations contained in the examination report considered to be "repeat" violations in either the analyst's state or another state (i.e., was the company cited previously for the violations)?
6. Are the violations isolated occurrences, or systemic in nature and likely to affect an entire class of business? Could the cause of the violations have implications that would affect consumers in the analyst's state?
7. Did the examination report include discussion of any non-violation business practices of concern?
8. Does the examination require the company to implement a remedial action plan or take other corrective measures that might address issues that have a potential impact on consumers in the analyst's state? If yes, has the company reportedly implemented the action plan or taken the necessary corrective measures addressed?
9. Was a monetary penalty imposed on the company as a result of the examination? If yes, is the size of the penalty a concern?
10. For issues that may have a direct impact on consumers in the analyst's state, does the company response appear to adequately address the cited violations and/or areas of concern?
11. Was the company required to refund restitution and/or interest as a result of the examination? If yes, is the amount a concern?

12. Has the analyst's state received consumer complaints related to the findings of the examination? If yes, does the complaint stem from an incident that occurred after the company reportedly implemented the correction?

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Area of Review:	**Interdepartmental Communications**

Suggested Review

One of the 3 basic mechanisms for gathering information described within the *Market Regulation Handbook* is the analysis of existing information that insurance departments already collect. The best way of doing this is to survey and communicate with other units through a "Systematic Interdepartmental Communication Program" as outlined in the *Market Regulation Handbook*. This should be a process of formalizing and improving the communication between the analyst and other work units within the insurance department.

A discussion of the companies selected for a Level 2 Analysis should be included during intradepartmental meetings. However, because the timing of regularly scheduled interdepartmental meetings may not be conducive to the timely completion of a Level 2 Analysis, the analyst may want to the contact other insurance departments individually in between the regularly scheduled meetings regarding a specific company.

Establishing a 'best practice' to notify other areas of companies selected for a Level 2 Analysis is highly recommended. States may find it helpful to notify all other units about companies selected for Level 2 Analysis and solicit information and documentation from these other units. In addition, other work units should be encouraged to initiate communication regularly about any other companies or issues they may have about a company as the issues/concerns arise.

Note: A substantial amount of information will already be gathered by other areas of review for the Level 2 Analysis. The intent of this section is to capture information that is not already being collected in other areas of review.

Examples of sources of interdepartmental information not specifically outlined in other areas of the guide include, but are not limited to:

1. Meetings with companies: Other sections of the insurance department may have meetings with companies that the analyst may not be aware of. These meetings may be related to the introduction of a new product, withdrawal from a line of business or geographical area within the analyst's state, a systems problem, or other possible noncompliant areas;
2. Correspondence from companies: Other sections of the insurance department may periodically receive correspondence from companies informing them of new products, marketing changes, discovery of noncompliance in a certain area, etc.;
3. Outreach program(s): Some insurance departments have specific outreach employees who meet with other government agencies (e.g., SHIP) regarding insurance matters or attend consumer outreach programs. These individuals may include staff from the consumer services area or the public information office. Because of their interaction with other agencies and consumers, these individuals may be a valuable source of information about the general market and specific companies; and
4. Other types of consumer requests: Certain inquiries and/or grievances may not be handled by the area that handles consumer complaints (e.g., health care appeals or prompt-pay/provider grievances). Information regarding these areas may need to be gathered from other work units.

Specific Items to Look For

In reviewing the interdepartmental communication section, the following items should be considered:

1. Meetings with companies: Has the section met with the company? If so, was the meeting requested by the company or the section? What was the purpose for and outcome of the meeting?
2. Correspondence from companies: Has the section received correspondence from the company notifying it of substantial changes that may have potential impact on the consumers in the analyst's state? If so, what markets are affected and how will these markets be affected?

3. Outreach program(s):
    a. Have the "outreach" program employees met with any other governmental agencies regarding insurance matters? If so, what was the nature of the meeting? What companies or market(s) are affected?
    b. Have the "outreach" program employees met with any insurance consumer groups? If so, what was the nature of the meeting? What companies or market(s) were affected?
    c. Have the "outreach" program employees received a high volume of calls related to a particular insurance company or issue? If so, what was the nature and outcome of the calls?
4. Other types of consumer requests:
    a. Have there been a high number of provider grievances or prompt-pay complaints received against this company? If so, what was the resolution of the grievances?
    b. Have there been any health care appeals received against this company? Of the health care appeals received, 1) how many were upheld in favor of the insurance company, 2) how many were overturned in favor of the consumer, or 3) how many remain pending?

Area of Review:	**Market Analysis**

Suggested Review

Companies doing business in multiple states may have similar issues arise in those states. As such, the analyst may not be the first analyst to identify potential issues with a company. Reviewing any recent Level 1and Level 2 Analysis completed by the analyst's insurance department and/or another state for the company under review may provide the analyst with additional information and/or insight related to the analyst's Level 2 Analysis.

An analyst may find it useful to review the Baseline Analysis results (available since summer 2006) for the line of business under review before reviewing any Level 1 or Level 2 Analysis of the company. A review of the Baseline Analysis results may allow the analyst to gain an understanding of how the various measures contained in this prioritization tool for the company compare to the other companies writing business in the state.

When a state similar to the analyst's own has not performed a recent Level 1 Analysis of the company, the analyst may find it useful to conduct a Level 1 Analysis of the company using the company's data for that state.

In addition, the analyst may find it helpful to contact a particular state regarding a recently completed Level 1 Analysis and/or Level 2 Analysis recently completed for the company. However, the decision to contact another state directly to discuss a specific analysis is at the discretion of the state's MAC ..

Note: Level 1 Analyses completed on specific companies are available in the Market Analysis Review System (MARS), which can be accessed on iSite+. Access to MARS is restricted to those people authorized by the individual insurance departments. If the analyst does not currently have access to MARS, the analyst must follow his/her insurance department's internal procedures for obtaining proper authority to access MARS.

Specific Items to Look For

In reviewing the Level 1 Analysis completed by the analyst's insurance department, another state, the analyst's own Level 1 Analysis of the company's data for a similar state, or a Level 2 Analysis completed by another state, the following items should be considered:

1. Does the analysis cover the same line of business currently under review?
2. Does the analysis identify any significant issues that could have implications in the analyst's and multiple states? If yes, consider referring to the Market Actions (D) Working Group.
3. Does the analysis identify issues that are similar to the areas of concern currently under review?

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Area of Review:	**Regulatory Actions**

Suggested Review

Regulatory actions taken against a company can provide a great deal of information about a company. It is important to note that a prior regulatory action in and of itself does not necessarily mean that the company is currently doing anything wrong. However, reviewing information about specific actions taken against the company may allow the analyst to identify specific issues that may have the potential to have an adverse impact on the consumers in the analyst's state. The analyst could also discover that the company as a result of the action in another state may have already addressed an area of concern identified by his/her analysis.

Review the history of the regulatory actions taken against the company over the last five years. When readily available, review the details of recent regulatory actions taken against the company by:

1. The analyst's insurance department; and
2. Other state departments.

In addition to reviewing the regulatory actions, it may also be helpful to contact the enforcement area of the department that took the action should a review of an action raise concern regarding the company's operations in the analyst's state.

The analyst should also review information about enforcement actions that are pending within the insurance department and are therefore not yet recorded in RIRS.

Information about finalized regulatory actions is available via the NAIC Regulatory Information Retrieval System (RIRS) accessible on iSite+. RIRS tracks adjudicated regulatory actions against companies, producers and agencies reported to the NAIC by the state that took the action. RIRS provides a history of information on regulatory actions against companies including the origin, reason, and disposition of the regulatory action.

It is important to note that RIRS is an essential resource for market regulators and states should ensure its high quality by taking care to accurately report all actions. Analysts however, should not rely solely on the RIRS reports, as the potential exists that all adjudicated actions may not be recorded in RIRS for variety of reasons. The analyst may find it helpful to:

1. Cross check the RIRS Action Report with the MATS Detailed Report; and/or
2. Check individual state insurance department websites for recent actions.

More detailed information about each regulatory action, such as a copy of the order issued by the state, may also be available on the website of the state insurance department that took the action or in the company files of the analyst's insurance department. If information about a regulatory action is not readily available, the analyst may be able to obtain information about the action by contacting the state that took the action. However, the decision to contact a state directly to obtain or discuss a specific regulatory action is at the discretion of the MAC of the jurisdiction performing the Level 2 Analysis.

Specific Items to Look For

In reviewing the ~~5-year summary report of~~ regulatory actions against the company, the following items should be considered:

1. Are there a high number of RIRS actions against the company? If yes, are the majority of the actions originating from just a few states? Or are the actions spread across the states in which the company does business?
2. Have the number of regulatory actions increased, decreased or remained the same over the last 5 years?
3. How old are the majority of the regulatory actions? Have a higher percentage of the regulatory actions been concluded within the past 3 years?

4. Are the origins of the regulatory actions similar? Are there any patterns of concern in the origins of the actions?
5. Are the reasons for the actions similar? Are there any patterns of concern in the reason for the actions?

In reviewing an individual regulatory action against the company (whether the action has been finalized or is pending), the following items should be considered:

1. How old is the specific regulatory action? Was it concluded within the past 3 years?
2. Are the functional areas and/or line(s) of business under review covered under the subject of the regulatory action?
3. Could the findings of the regulatory action also manifest themselves in the analyst's state and/or the line of business or functional areas being researched?
4. To what extent would the violations contained in the regulatory action have an effect on the consumers in the analyst's state (consider statutes, codes, Unfair Trade Practices Act, Unfair Claims Settlement Practices Act, etc.)?
5. Are the violations contained in the regulatory action considered to be "repeat" violations in either the analyst's state or other states (i.e., was the company cited previously for the violations)?
6. Are the violations isolated occurrences, or systemic in nature and likely to affect an entire class of business? Could the cause of the violations have implications that would affect consumers in the analyst's state?
7. Does the regulatory action require the company to implement a remedial action plan or take other corrective measures that might address issues that have a potential impact on consumers in the analyst's state? If yes, has the company reportedly implemented the action plan or reportedly taken the necessary corrective measures?
8. Was a monetary penalty imposed on the company as a result of the regulatory action? If yes, is the amount of penalty a concern?
9. Was the company required to refund restitution and/or interest as a result of the regulatory action? If yes, is the amount a concern?
10. For issues that may have a direct impact on consumers in the analyst's state, does the company response appear to adequately address the cited violations and/or areas of concern?
11. Has the analyst's state received consumer complaints regarding the subject of the regulatory action? If yes, does the complaint stem from an incident that occurred after the company reportedly implemented the correction?

Additional Areas for Review – begin here next mtg

For a Level 2 Analysis, any areas of additional review done by the analyst of a specific company will be dependent on many different factors, such as the line of business under review, the areas of concern identified during earlier analysis, the rules and regulations of the jurisdiction performing the analysis and the company itself.

The additional areas of review are:

1. Insurance Department Filings (Rates, Rules, Policy Forms, and/or Underwriting Manuals);
2. Dispute Resolution Activity;
3. Financial Analysis;
4. Financial Rating Agencies;
5. Geographic Analysis;
6. Human Resource Department;
7. Internet/World Wide Web;
8. Legal Information;
9. NAIC Bulletin Boards;
10. Other Governmental and Quasi-Governmental Agencies;
11. Producer Licensing;

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12. State-Mandated Items (Reports, Data Requests, Surveys and Exhibits);
13. Trade Publications and Other Media Sources; and
14. Voluntary Accreditation/Certification Programs

For each additional area of review, the following provides the analyst with information about the area to be reviewed, where applicable potential resources to aid in the review of the area and specific items to consider during the review of the area.

Area of Review:	**Insurance Department Filings (Rates, Rules, Policy Forms, and/or Underwriting Manuals)**

Suggested Review

Many states require companies to file and sometimes receive prior approval of rates, rules, underwriting manuals and/or policy forms before the company can use these items. For those states that have such filing requirements, a review of the information on file with the insurance department can provide valuable information about the company and its marketing strategies.

It is important for the analyst to know the filing requirements that apply to the rates, rules, underwriting guidelines and/or policy forms (e.g., file & use; prior approval, etc.) for the line of business under review before beginning the review of this area. In addition, the analyst should be familiar with any laws specific to the line of business under review that would affect the company's filings.

For those states that have filing requirements, the analyst may need to review the various filings on file with the insurance department. For those states that have prior approval requirements, the analyst should talk with the rate/form analysts involved regarding any concerns he/she may have about the company and/or its filings.

Note: Not all states currently produce summary reports that will allow the analyst to complete some of the suggested review items. However, the analyst should review these items when the summary reports are available.

Specific Items to Look For

In reviewing information about the filing activity for the company, the following items should be considered:

1. Has there been a significant change in the number and/or types of filings being made by the company over the last 3 years? A change in the volume or types of filings may indicate a change in the marketing focus of the company.
2. Has the company made any filings within the past 3 years that would indicate a substantial change in marketing practice/focus of the company?
3. Are there an unusually high number of filings rejected and/or questioned by the rate/form analysts? A high number of rejected/questioned filings may be an indication of the company's attitude toward compliance and how well it keeps up to date on compliance issues.
4. Is there a lack of filing activity by the company over the last 3 years where the marketplace for the line of business under review is currently experiencing change? A lack of filing activity may be an indication that the company is not keeping its filings up-to-date or keeping up with changes in the marketplace.
5. Are there filings currently under review for this line or with the company overall? If yes, does the rate/form analyst or analysts reviewing the filings have any specific concerns about the pending filings?
6. Are there any pending filings related to a growing area of concern in the market (e.g., use of credit in underwriting/rating, coverage for mold, etc.)?
7. Are there consumer complaints related to the filings (specifically any evidence that the company is not complying with filed rates, forms or utilizing appropriate guidelines to cancel or nonrenew coverage, etc.)?
8. Are there any regulatory actions or market conduct examination findings of concern, in the analyst's or other states related to the company's filings?

9. Are any areas of concern identified through Level 1 Analysis problematic in the company's filings?
    a. Rates: Do any of the recent filings by the company contain rate increases or decreases that are not in line with the industry average or current norms for the line of business under review? Is the company requesting rate increases or decreases for a specific territory or block of business that could be a source of concern for the line of business under review?
    b. Underwriting manuals: Do the procedures/provisions of the company's underwriting manual comply with the laws applicable to the line of business under review?
    c. Policy forms: Has the company made any recent filings that introduce new or unusual policy language (including any language that may be unusually restrictive) that could be a source of concern for the line of business under review?

Area of Review:	**Dispute Resolution Activity**

Suggested Review

Many states have formal dispute resolution processes (such as external reviews by independent review organizations or IROs) available to its consumers to assist in resolving insurance issues. These formal dispute resolution processes are those processes in addition to any complaint resolution process available to the consumer via the insurance department. A review of the information related to the use of these formal resolution processes by consumers of the analyst's state that involve the company can provide valuable information about the company's business practices.

Note: Not all states currently produce summary reports that will allow the analyst to complete some of the suggested review items. However, the analyst should review these items when the summary reports are available.

Specific Items to Look For

In reviewing information about the activity of the company in any dispute resolution process available within the analyst's state, the following items should be considered:

1. Has there been a sharp increase or decrease in the number of cases filed against the company?
2. Are there any trends of concern in the nature of the appeals involving the company going through the dispute resolution processes?
3. How does the number of cases against the company compare to the industry averages or with the number of cases against companies of similar premium volume, lives insured and/or market segment?
4. Are resolutions available and if so, does the company have a high number of adverse decisions compared to the industry average or with the number of adverse decision for companies of similar premium volume, lives insured and/or market segment?
5. For managed care plans where the company is required to file a grievance report with the state, do the patterns in the number of reviews requested move in the same direction as the number of grievances received?

Area of Review:	**Financial Analysis**

Suggested Review

There may be a correlation between significant financial risk for a company and a firm's market behavior. Currently, the relationship between financial indicators and market behavior has not been studied in any rigorous or scientific way. Analysts should therefore exercise caution when interpreting financial ratios. Analysts should seek the counsel of a financial analyst in those instances where summary ratios indicate financial stress, to determine what, if any, implications for market behavior might be indicated.

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Numerous summary financial ratios and other financial information are available on iSite+. This information includes:

1. Analyst Team Summary Report;
2. Handbook Summary (last annual and most recent quarterly summary);
3. Financial Analysis Solvency Tools (FAST);
    a. Annual/Quarterly Scoring System–Summary Totals Report;
    b. Company Profile Report; and
    c. Insurance Regulatory Information System (IRIS) Ratios
4. Information Systems Questionnaire (ISQ);
5. Analyst Team Summary Report; and
6. Company Summary Report (if further detailed information is required).

Analysts not trained in financial analysis should not attempt to formulate conclusions about the financial state of a company on their own. After reviewing the summary indicators and ratios, an expert within an insurance department's financial division should be consulted. If it appears that a company is financially stressed, the analyst should formulate specific and explicit conclusions about how a specific form of financial impairment might impact market behavior. When formulating such conclusions, the financial data should be interpreted within the context of all other available market -related information.

Analysts should, however, have some familiarity with the basic financial surveillance tools. The following resources for the appropriate line of business are available from the NAIC website (StateNet/NAIC Publications Online/Financial Analysis and Receivership):

1. *Financial Analysis Handbook*;
2. *NAIC Scoring System*; and
3. *Using the Insurance Regulatory Information System*.

Specific Items to Look For

In reviewing financial information for the company, the following items should be considered:

1. Analyst team summary report: Has the company been designated Level A (highest priority) or B (elevated priority)?
2. Handbook summary: Did the handbook summary report return a high number of "yes" responses for any one area, or in total? If so, what areas of possible concern were identified (categories are those of the *Financial Analysis Handbook* checklists)?
3. Annual/Quarterly scoring system summary: Did the annual or quarterly summary report ratios indicate areas of financial stress? If so, which ones (for P&C, for example, RBC, Profitability, Leverage, Asset & Liquidity (A&L) or Misc.)?
4. ISQ: Did the ISQ reveal any vulnerabilities or systemic IS problems that might have implications for policyholders or claimants? If yes, what areas of possible concern were identified?
5. IRIS ratios: Are areas of financial stress indicated by IRIS ratio outliers? If yes, what areas (e.g., P&C—Overall, Profitability, Liquidity and Reserves)?
6. Is there a pattern demonstrated by the financial data that would raise concern for market behavior? If so, in what way? Document overall conclusion.

Area of Review:	**Financial Rating Agencies**

Suggested Review

It is common for a company's compliance and/or marketing strategies to change when there is a change in the company's rating by one or more of the five principal rating agencies. The analyst should review the company's financial rating from one or more of the main financial rating agencies to determine if there is a possible correlation between the company's rating and market regulatory practices.

Review rating history for the last five years and the most current analysis of the company provided by one or more of the following financial rating agencies:

1. **A.M. Best Company**: The A.M. Best Company has been rating insurance companies since 1900. The objective of A.M. Best's rating system is to evaluate the factors affecting the overall performance of an insurance company and to provide its opinion as to the company's relative financial strength and ability to meet its contractual obligations. Ratings are available at *www.ambest.com*;
2. **Fitch Ratings**: Fitch Ratings was founded as the Fitch Publishing Company in 1913. Fitch's rating evaluations are qualitative and quantitative and provide two basic types of ratings—insurer financial strength ratings and issuer and fixed income security ratings. Fitch Ratings are available at *www.fitchratings.com*;
3. **Moody's Investors Service**: Moody's Investors Service was founded in 1900. Moody's insurance financial strength ratings reflect its opinion as to an insurer's ability to discharge senior policyholder claims and obligations. Ratings are available at *www.moodys.com*;
4. **Standard & Poor's**: Standard & Poor's has been rating bonds since 1923 and insurance companies' claims-paying ability since 1983. Standard & Poor's claims-paying ability rating is an assessment of an operating insurance company's financial capacity to meet its policyholder obligations in accordance with its terms. Ratings are available at *www.standardandpoors.com*; and
5. **Weiss Ratings, LLC** (formerly TheStreet.com): In 2006, Weiss Group sold Weiss Ratings to TheStreet.com. In 2010, TheStreet.com sold the insurance and bank ratings back to the Weiss Group. Weiss' financial strength rating indicates its opinion regarding an insurer's ability to meet its commitments to its policyholders under current economic conditions Ratings are available at *www.weissratings.com*.

Note: The amount of information available free of charge varies with each rating agency. It is recommended that the analyst check with other areas within his/her insurance department to determine if the information is currently being maintained elsewhere in the agency. For example, the financial area of many states may already be subscribing to one or more of the services.

Information about rating changes for individual companies can also be found in news articles of the various trade publications that may currently be available within the analyst's state insurance department. In addition, information regarding company ratings from A.M. Best may be available through the NAIC library.

Specific Items to Look For

In reviewing the rating history and any additional information about the company available from a rating agency, the following items should be considered:

1. Has the company's rating changed in the last 5 years? If the company rating has changed, is there anything of concern in the rationale behind the rating change?
2. Is there anything of concern in the most recent rating rational provided by the rating agency?
3. Is there anything of concern in the operations areas of any additional information about the company provided by the rating agency?
4. Is the company currently on a watch list for potential change in its rating? If so, why was it placed on the watch list?

Note: Ratings from each agency should be reviewed independently. Each rating agency uses its own rating methodology to rate a company. Therefore a cross comparison of the ratings between agencies would not be appropriate.

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Area of Review:	**Geographic Analysis**

Suggested Review

Some states collect personal lines data by ZIP code, county, or other sub-state level of geography. This data may be put to good use for market analysis. Additional analytical value can be realized by merging insurance with census data, vehicle registration data obtained from states' DMVs, and a DOI's own internal data, including complaints and agent appointments.

ZIP code data can be aggregated into larger geographic units, such as metropolitan statistical areas (MSAs), or areas with common demographic features. For example, the analyst might want to examine all poorer urban areas. In some instances, the use of larger geographic units is necessary to ensure that results are credible.

Areas of potential review for a geographic analysis include, but are not limited to:

1. Underserved areas: Analysts should review the *Market Regulation Handbook* (Chapter 8—Enhancing State Market Analysis) for information on how to identify underserved or non-competitive areas, and evaluating geographic based rating variables (such as automobile insurance rating territories). Whether or not a formal and comprehensive analysis is produced, the analyst should have a good working knowledge of which areas of the state exhibit affordability and availability problems.

Useful indicators include market penetration ratios, residual market share, average premium relativities, agent location, complaint rates, and other indicators of market structure and performance. Markets in geographic areas that score highly on a multitude of these indicators might be candidates for a designation of "underserved":

1. Spatial business patterns: Assess a company's market share across different areas of the state, including underserved areas. Examine such patterns through time;
2. Underwriting and rating variables: Identify any likely relationships between spatial patterns and underwriting and rating variables employed by a company. Rating territories bear the most obvious and direct relationship to geographic patterns, but there may well be non-geographic variables that possess geographic implications;
3. Agents per capita: Calculate the number of agents per 10,000 residents (or homes or autos). Select a geographic unit of analysis that is large enough to support credible inferences. ZIP codes are unlikely to be sufficient for this purpose; and
4. Complaint rates: Identify areas where complaint rates (e.g. complaints per 10,000 insureds) are unusually high. Complaints may be interpreted as an indicator of the level of service and adherence to obligations by a company. Again, ZIP codes are probably too small to support credible inferences based on a single company's complaints.

Note: Geographic or statistical patterns by themselves do not indicate anything untoward about a company's business practices. Rather, such patterns, when interpreted within the context of an analyst's total knowledge about a company's market conduct, may merit additional scrutiny. Analysts should be able to formulate explicit and logical connections between particular business practices and a market outcome prior to initiating any heightened regulatory scrutiny.

Census data can be downloaded from the website of the Bureau of the Census *www.census.gov* or purchased on other storage media. In some instances, this data can be obtained in a form that is relatively ready for use. If not, the raw summary file data can be downloaded and the necessary information extracted at the appropriate geographic level, from census block to ZIP code to county, etc. A good introduction to data available from the 2020 census can be found at: *https://www.census.gov/programs-surveys/decennial-census/decade.2020.html*.

Vehicle registration data should also be obtained from the state DMV where possible.

Specific Items to Look For

In reviewing geographic data, emphasis should be placed on overall patterns across a variety of indicators and the following items should be considered:

1. Underserved areas: are there areas of the state that score highly on a variety of indictors? For example, do some areas exhibit elevated premiums, high rates of uninsured vehicles or homes, few available agents, high complaint rates, and so forth?
2. Market share: Are there dramatic market share differences for the company in different areas of the state? Have there been any significant increases or decreases over time in some areas, compared to the statewide market share?
3. Agent location: Do geographic patterns of agent location suggest anything about the company's business strategies?
4. Complaint rates: Are there geographic areas where complaint rates are unusually elevated? If so, what appears to be the cause of such complaints?
5. Rating territories: Are there any identifiable geographic patterns in territorial rating factors? Do loss ratios across territories indicate that premiums are commensurate with losses?
6. Underwriting and rating variables: Can underwriting or rating variables account for observed patterns? If so, does a company employ atypical variables or factors that are not well understood or actuarially supported? Might such variables be applied in an arbitrary and capricious manner? If so, such variables may warrant additional scrutiny.
7. Loss ratio: Loss ratios, or losses expressed as a percent of premium, are an indicator of whether the price of coverage is commensurate with risk. Analysts should identify whether there are patterned variations in loss ratios across geographic areas, and determine whether such patterns might indicate a problem with a company's rating structure or a lack of market competition. Loss ratios that are consistently and significantly lower than the statewide average in a geographic area may indicate that an area is comparatively over-charged (policyholders receive less "return" per premium dollar than average). Conversely, consistently high loss ratios indicate that an area is systematically under-charged. In the event that either trend is found, an analyst should try to determine whether cross-subsidies exist, whereby an over-charged area in effect subsidizes an under-priced area.

Depending on the line of business or the presence of unpredictable or catastrophic losses, loss ratios may be subject to significant random fluctuations from year to year. Analysts should therefore assess trends over a period of several years. An examination of loss ratios over 3, 5 or even 10 years may be appropriate.

Analysts should try to determine whether patterns have an identifiable systemic origin, such as territorial rating structures, other aspects of rating plans, catastrophe loadings in rates, underwriting criteria, or other business or marketing practices.

Area of Review:	**Human Resource Department**

Suggested Review

When possible the analyst may also want to check with the Human Resource Department for his/her insurance department as it may have useful information regarding a company. For example, the Human Resource Department may have noticed a large number of applications to the insurance department from employees of a specific company. An influx of resumes or applicants from a single company could be a sign of stress and/or change at the company.

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Specific Items to Look For

In checking with the Human Resource Department about the company, the following item should be considered:

1. Has there been an influx in the number of resumes or applications to the insurance department from employees of the company? If yes, are the resumes or applications being submitted coming from a specific functional or geographic area?

Area of Review:	**Internet/World Wide Web**

Suggested Review

The Internet/World Wide Web (the web) makes a lot of information available on virtually any topic imaginable. It can be a very useful tool and the analyst can learn a great deal about a specific insurance company. However, the amount of information can itself be a problem. It can be overwhelming, especially to those that are not proficient in navigating the web successfully. Nevertheless, finding relevant information about a specific insurance company can be easy if the analyst is able to search the web in an effective and efficient manner.

It is important to note that much of the information gathered for other areas of review for the Level 2 Analysis will be collected via the web. However, the information collected in this section relates to items not covered in the other areas of review. For example, the web contains a large variety of information about legal activity. Information found on the web regarding legal activity that involves the insurance company under review should be considered in the Legal Information area of review, not this section.

Information located on the web related to the company not covered in other areas includes items such as:

1. The Company's website;
2. Agent websites; and
3. Other independent websites.

The company's website may contain a wealth of information related to the company itself and its history. It is common for a company to post information about the company's mission, its core business and its affiliates. Many companies also post items such as its annual report, news releases and employment opportunities with the company. Reviewing the company website may also give the analyst insight on the company's marketing strategies, distribution system, business territories and product mix.

A review of agent websites may also provide a great deal of information about the company under review. Reviewing a sample of agent websites may help the analyst determine what types of business the company is marketing, the extent of the company's agency system and the territories in which the company is operating.

Independent sites that contain information about the company may include quoting services or anti-company sites. Anti-company sites are those sites that attack the company, perhaps set up by an aggrieved employee or consumer. A review of these sites may provide the analyst with additional information about the company that may not find elsewhere and it may help the analyst identify potential areas of regulatory concern.

As noted above, the web can be overwhelming and the analyst can easily spend hours "surfing" the web for information only to turn up little or no relevant information about a company. As such, it is important to develop skills that allow the analyst to quickly locate information about the target company.

It is also important that the analyst develop skills on how to evaluate the information that is found. Because so much information is available, and because anyone can write a re, information of the widest range of quality, written by authors of the widest range of authority, is available. Excellent relevant sources of information exist right along side the most suspect so it is important that in addition to reviewing the information the analyst evaluate the source.

The University of California – Berkeley has a very good online tutorial program about the web that provides general information about the web itself, how to perform effective efficient searches and how to evaluate the information presented.

This tutorial is found at *http://www.lib.berkeley.edu/TeachingLib/Guides/Internet/FindInfo.html*.

Specific Items to Look For

In reviewing information available about the company via the web, the following items should be considered:

Company Website

1. Are there any recent (within the last 2 years) new releases by the company regarding the insurance company itself and/or the line of business under review that are noteworthy? If so, explain.
2. Does the Annual Report highlight any area of concern for the company? If so, in what area and what is the concern?
3. Are there any proposed or recent changes in company structure, management, mergers or acquisitions, change in product offerings, etc. that are of concern? If so, in what area and what is the concern?
4. Does the company provide links to individual agent websites? If yes, do these agents maintain information regarding the specific insurance under review on his or her website?
5. Are there consumer complaints against the company regarding the company's website?
6. Does the company allow an individual to get quotes or apply for insurance online? If yes:
    a. What sort of information is requested from the consumer?
    b. Is any of the information collected considered to be personally identifiable information covered by the applicable privacy rules and regulations?
    c. Does the information presented comply with the applicable advertising rules and regulations?
7. Does the website contain a privacy statement or privacy policy?
8. Does the company post current job openings on the website? If yes, are there an unusual number of openings for a specific functional area or in a particular location?

Agent Websites

1. Do individual agents maintain information regarding the specific insurance under review on his or her website? If yes:
    a. What sort of information is presented?
    b. Does the information presented comply with the applicable advertising rules and regulations?
    c. If the information provided appears to target a particularly vulnerable group of consumers, such as senior citizens, does the information appear to conform to suitability standards (set forth in either statute or regulation, or commonly enforced suitability provisions) for marketing to these consumers?
    d. Is the agent representing just the company under review? Or does he/she represent additional unrelated companies and is information about these other companies also contained on the agent's website?
2. Are there any consumer complaints against the company that involve an agent's website and the company?

Other Independent Websites—Quote Sites

1. Does the company allow third-party quoting services to provide a quote for the line of business under review? If yes,
    a. What sort of information is requested from the consumer?
    b. Is any of the information collected considered to be personally identifiable information covered by the applicable privacy rules and regulations?
    c. Does the information presented comply with the applicable advertising rules and regulations?

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Other Independent Websites—Anti-Company Websites

1. Did the analyst find any anti-company websites? If yes,
    a. Is the subject matter on the website related to the line of business under review?
    b. Are there consumer complaints against the company regarding the issues noted on the website?
    c. Do the allegations seem credible and warrant further investigation?
    d. Is there any reason to suspect that a competitor might be sponsoring or assisting the website?

Area of Review:	**Legal Information**

Suggested Review

Pending legal activity that a company is involved in may be an indication of potential issues with a company that may have an adverse impact on consumers in the analyst's state. Investigating the legal activity involving a company may alert the analyst to litigation that may adversely affect the company's financial situation and may eventually have an adverse impact on the consumers of the analyst's state.

Check to see if there is any legal activity of concern involving the company under review using some or all of the following resources:

1. Insurance department staff responsible for this area;
2. State-specific court system accessible via the Internet; and
3. Miscellaneous Internet sites that collect/maintain information about litigation, such as:
    a. *https://www.lawyersandsettlements.com/*;
    b. *https://www.ama-assn.org/litigation-center*;
    c. LexisNexis (*https://www.lexisnexis.com/en-us/gateway.page*)—provides access to legal, news, public records and business information; including tax and regulatory publications in online, print or CD-ROM formats; and
    d. Westlaw (*https://legal.thomsonreuters.com/en*)—a legal research service that provides access to a collection of statutes, case law materials, public records, and other legal resources, along with current news articles and business information.

Note: LexisNexis and Westlaw are fee-based services. It is recommended that the analyst check with other areas within his/her agency to determine if access to either service is available elsewhere in the agency. For example, the legal department in many states may already be subscribing to one of these services and depending on the terms of the contract between the state insurance department and the service, it may be possible for the analyst to obtain access to the service at little or no additional cost to the agency.

Specific Items to Look For

In reviewing information regarding legal activity involving the company, the following items should be considered:

1. Is the company involved in any significant litigation that could affect its financial condition?
2. Was the litigation noted in the management discussion or in other areas of the financial statement?
3. Is the subject of the litigation related to the line of business under review?
4. Does the subject of the litigation have potential impact on the policyholders in the analyst's state?
5. Is the litigation a class action suit and if so is it at the state or federal level? Has the class been certified?
6. What state, county court or federal district court is involved?
7. Are there consumer complaints against the company regarding the subject of the litigation?
8. Is the conduct alleged in the litigation an area for which the company has been fined or cited on market conduct exams in the analyst's or other states?
9. If known, is the company attempting to settle the litigation or defending the suit?

Area of Review:	**NAIC Bulletin Boards**

Suggested Review

The NAIC maintains market-related electronic bulletin boards to which members of the boards may post and receive messages regarding specific companies and/or issues. The two market regulation-related bulletin boards are the Market Regulation Bulletin Board and the Market Analysis Bulletin Board; both bulletin boards are available on iSite+ and on StateNet.

The Market Regulation Bulletin Board is an electronic forum designed for state market conduct regulators to communicate global issues, concerns and information about entities engaged in the business of insurance or the specific rules/laws that help to govern the industry.

The Market Analysis Bulletin Board is an electronic forum designed for state analysts to communicate issues, questions, concerns and information about the market analysis process.

A review of these bulletin boards for postings regarding the company under review may provide useful information about the company that the analyst may not otherwise discover. Postings regarding individual companies may be found by logging on to the desired bulletin board and using the search function to query for postings related to a specific company.

Caution: There is no uniform method used by the members of the boards for identifying a specific company by name. As a result, a single company could appear on the boards in multiple postings each with a slightly different name. This can make it very difficult to search for postings for a specific company.

To ensure that as many references as possible to the company are found, the analyst may want to try several different versions of the specific company name when querying the boards. The analyst may also want to use a shortened version of the company name or the generic group name for the company in his/her query. While this method will produce more false hits, it will help ensure that all possible postings related to a company are unearthed.

To help reduce the problems associated with inconsistent use of company names, individuals posting to the bulletin boards are strongly encouraged to include the 5-digit NAIC company code in a posting when ever possible.

Note: To access either bulletin board, a regulator must be a registered member of the board which the regulator wishes to access.

Specific Items to Look For

In reviewing postings about the company from either bulletin board, the following items should be considered:

1. Are there any recent (within the last 2 years) postings regarding the insurance company that are noteworthy? If yes,
    a. Are the functional areas and/or line(s) of business under review covered under the subject of the posting?
    b. Does the posting identify any significant issues that could have implications in the analyst's state? Could the issue(s) presented in the posting manifest itself in the analyst's state? If so, to what extent would the issues contained in the posting have an affect on the consumers of the analyst's state?
    c. Are there areas of concern or need for further review identified in Level 1 Analysis that are the subject of a posting?
    d. Has the analyst's state received any consumer complaints regarding the issue raised in the posting?

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Area of Review:	**Other Governmental and Quasi-Governmental Agencies**

Suggested Review

The review of information collected by other governmental agencies and quasi-governmental agencies may provide the analyst with information about a company and related activity involving the company not found elsewhere.

Other governmental and quasi-governmental agencies that may have relevant information about a company, include, but are not limited to:

1. **U.S. Securities and Exchange Commission (SEC)**;
   U.S. Securities and Exchange Commission (SEC): The SEC oversees the key participants in the securities world, including securities exchanges, securities brokers and dealers, investment advisors and mutual funds. The SEC is concerned primarily with promoting the disclosure of important market-related information, maintaining fair dealing and protecting against fraud. The SEC website *www.sec.gov* provides information on publicly held companies, as well as on entities licensed to sell securities products. The SEC's Electronic Data Gathering, Analysis and Retrieval (EDGAR) database provides free public access to corporate information, allowing the user to research a company's financial information and operations by reviewing registration statements, prospectuses and periodic reports filed on Forms 10-K and 10-Q.

   Documents that may be helpful to the analyst regarding a particular company include:
   a. Annual and quarterly filings (Forms 10-K and 10-Q), which can provide additional information about the company's structure, management, products and distribution, and a detailed management discussion of the financial condition and operating results; and
   b. The 8-K report, which contains information if a company has undergone a major change such as change in control or bankruptcy.

   These reports can be lengthy and some information may have already been reviewed in a Level 1 Analysis. The analyst may wish to only review these records if the Level 1 Analysis of financial information and/or the Management Discussion and Analysis page of the company's NAIC Annual Financial Statement identifies areas of concern or need for further review.

2. **U.S. Centers for Medicare & Medicaid Services (CMS)**;
   The Health Insurance Portability and Accountability Act of 1996 (HIPAA) established minimum federal standards regarding access to and the portability and renewability of private health insurance, including provisions that assist individuals who change or lose their jobs in maintaining health coverage. Congress has also enacted a number of amendments to HIPAA, which provided additional federal standards that addressed private health insurance coverage of mental health, maternity and newborn and post-mastectomy reconstructive surgical benefits.

   In states that have standards that substantially conform to or exceed these federal standards, or in states that otherwise enforce the federal standards, state insurance regulators have primary enforcement authority for companies. For those states that do not have such standards, CMS enforces HIPAA and the related amendments.

   In states in which CMS is responsible for enforcement, CMS has assumed many of the responsibilities undertaken by state insurance regulators, such as responding to consumers' inquiries and complaints, reviewing company policy forms and business practices, performing market conduct examinations, and imposing civil money penalties, if necessary, for violations of HIPAA and the amendments.

3. **Financial Industry Regulatory Authority (FINRA)**;
FINRA is the largest non-governmental regulatory organization for all securities firms doing business in the United States. FINRA was created through the consolidation of NASD and the member regulation, enforcement and arbitration operations of the New York Stock Exchange. The consolidation, which was announced on Nov. 28, 2006, and approved by the Securities and Exchange Commission on July 26, 2007, became effective July 30, 2007.

FINRA's chief role is to protect investors by maintaining the fairness of the U.S. capital markets. FINRA is responsible for rule writing, firm examination, enforcement and arbitration and mediation functions, along with all functions that were previously overseen solely by NASD, including market regulation under contract for NASDAQ, the American Stock Exchange, the International Securities Exchange and the Chicago Climate Exchange.

FINRA is involved in registering and educating industry participants to examining securities firms; writing rules; enforcing those rules and the federal securities laws; informing and educating the investing public; providing trade reporting and other industry utilities; and administering the largest dispute resolution forum for investors and registered firms.

FINRA takes disciplinary actions against firms and individuals for violations of NASD rules; federal securities laws, rules and regulations; and the rules of the Municipal Securities Rulemaking Board. Information about disciplinary actions taken by FINRA is available via FINRA's BrokerCheck at *www.finra.org/BrokerCheck*.

4. **Joint Commission on Accreditation of Healthcare Organizations (Joint Commission)**;
The Joint Commission is a not-for-profit organization that sets the standards by which health care quality is measured and evaluates the quality and safety of care for health care organizations. The Joint Commission maintains an accreditation program under which health care organizations are reviewed at least once every 3 years to determine if it meets or exceeds the Joint Commission's standards and quality expectations. A list of Joint Commission accredited organizations and survey results are posted in the Quality Check section of the Joint Commission website at *www.jointcommission.org*.

5. **Better Business Bureau (BBB)**; and
The BBB is a voluntary system of regional BBBs. The BBB collects information about companies who are members or nonmembers of the BBB and makes Reliability Reports on companies (complaint information filed by consumers with the BBB) available to the public on its website *www.bbb.org*.

Complaint information on companies is generally national without state-specific data. The number of complaints received by the BBB on a given company tends to drive the detail in the report. For larger companies with more complaints, information is broken out by nature of complaint (service, sales, refunds, contracts, billing) and type of resolution (resolved, company made good faith effort to resolve, unresolved, no response, etc.). In some cases, government action information, such as multistate resolution of national problems is indicated.

Note: It is important to note that a "clean" BBB report does not necessarily indicate that there are no problems, only that complaints were not processed by this voluntary system.

6. **Other State Agencies/Departments/Divisions**.
    a. Securities;
    b. Banking;
    c. Consumer Affairs/Protection;
    d. Labor; and
    e. Attorney general.

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Other state insurance departments not primarily engaged in regulating insurance, that may share joint regulation of certain activities of a company may provide additional information to the analyst. These may include departments regulating financial institutions and securities, the state insurance departments for consumer affairs/protection, the state attorney general and the state department of labor.

Specific Items to Look For

In reviewing SEC filings that involve the company, the following items should be considered:

1. Does the annual filing highlight an area of concern for the company? If so, in what area and what is the concern?
2. Are there any proposed or recent changes in company structure, management, mergers or acquisitions, etc. that are of concern? If so, in what area and what is the concern?
3. Are there any significant changes in the marketing of the line of business under review for this company? Is the company expanding or limiting marketing?
4. Has the company changed product offerings and if so, will this change impact the line of business under review?
5. Are there any 8-K filings for the company and if so, what change is indicated and is this of concern?
6. Are there any significant lawsuits discussed in the 10-K filing that have not been previously noted by the analyst? If so, are the lawsuits in areas of concern to the analyst's state?
7. Is there a pattern demonstrated in the management discussion information and financial data that would raise concern for market behavior? If so, in what way?

In reviewing enforcement actions taken against the company by CMS or market conduct examinations of the company done by CMS, the following items should be considered:

1. Are there any recent (within the last 2 years) CMS enforcement actions against the company that are noteworthy? If yes,
    a. Are the functional areas and/or line(s) of business under review covered under the subject of the CMS enforcement action?
    b. Does the CMS enforcement action identify any significant issues that could have implications in the analyst's state?
    c. Does the CMS enforcement action involve issues that are similar to the areas of concern currently under review?
    d. Does the CMS enforcement action highlight an area of concern for the company? If so, in what area?
    e. Has the analyst's state received any consumer complaints regarding the issue(s) raised in the CMS enforcement action?

2. Are there any recent (within the last 2 years) CMS market conduct examinations of the company? If yes,
    a. Are the functional areas and/or line(s) of business under review covered under the CMS examination report?
    b. Does the CMS examination report identify any significant issues that could have implications in the analyst's state?
    c. Does the CMS examination report involve issues that are similar to the areas of concern currently under review?
    d. Does the CMS examination report highlight an area of concern for the company? If so, in what area?
    e. Has the analyst's state received any consumer complaints regarding the issue(s) raised in the CMS examination report?

In reviewing disciplinary actions taken against the company by FINRA, the following items should be considered:

1. Are there any recent (within the last 2 years) FINRA disciplinary actions against the company that are noteworthy? If yes,
    a. Are the functional areas and/or line(s) of business under review covered under the subject of the FINRA disciplinary action?
    b. Does the FINRA disciplinary action identify any significant issues that could have implications in the analyst's state?
    c. Does the FINRA disciplinary action involve issues that are similar to the areas of concern currently under review?
    d. Does the FINRA disciplinary action highlight an area of concern for the company? If so, in what area?
    e. Has the analyst's state received any consumer complaints regarding the issue(s) raised in the FINRA disciplinary action?

In reviewing information about health care organizations used by the company's PPO or HMO network(s), the following item should be considered:

1. Does the network use health care organizations accredited by the Joint Commission? If yes,
    a. What percentage of the network's health care organizations is accredited?
    b. Is there a wide variety in the types of health care organizations accredited?
    c. Are the major health care organizations in the network accredited?

In reviewing information from the BBB about the company, the following items should be considered:

1. Does the information highlight an area of concern for the company or the product line under review? If so, in what area?
2. Are areas of concern or need for further review identified in Level 1 Analysis the subject of information available? If so, what are the areas of concern?
3. Are there complaints about the company and/or the line of business under review reported to BBB? Does a review of iSite+ and state-specific complaint information show similar areas of concern?

In reviewing information for the company from a non-insurance regulatory or quasi-regulatory entity, the following items should be considered:

1. Does the information highlight an area of concern for the company or the product line under review? Is so, in what area?
2. Are areas of concern or need for further review identified in Level 1 Analysis the subject of information available from the entity? If so, what are the areas of concern?
3. Are there complaints about the company and/or the line of business under review reported to entity? Does a review of iSite+ and state-specific complaint information show similar areas of concern?
4. Has the entity taken any sort of administrative action against the company? If so, what was it for and does it affect the consumers in the analyst's state?

Area of Review:	**Producer Licensing**

Suggested Review

A review of the state's producer licensing data for a company over the last 3 years could provide valuable insight about the company's producer licensing activity and its marketing focus. By reviewing the state's producer licensing data, the analyst may be able to identify trends that may signal changes in the company's marketing strategies or focus that have the potential to have an adverse impact on the consumers of the analyst's state.

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For example, a large increase in the number of new producers appointed to represent the company in the last year may be an indication that the company is preparing for a major marketing campaign to increase sales within the analyst's state. On the other hand, a large increase in the number of producers being terminated by the company may signal a significant reduction in the amount of business the company plans to write in the analyst's state or a total withdrawal from a particular market.

A change in the types of appointments being made by the company could also be of importance. For example, if a company has recently begun appointing producers for a specific line of business it historically has not had producers for, this may indicate that the company is gearing up to start writing a line of business that it has not written in the past.

Note: Not all states require that a company appoint specific producers to represent the company. In addition, those states that do require an appointment may not require the company to appoint a producer for a specific line of business. Finally, those states that do require an appointment may not capture the appointment/termination information in such a manner that will allow the analyst to complete some of the suggested items. However, the analyst should review these items when the summary reports are available.

Specific Items to Look For

In reviewing information about the producer licensing activity for the company, the following items should be considered:

1. What type of agency relationship does the company have (e.g., direct writer, independent agents, exclusive agents)?
2. Has the company appointed or terminated an unusual number of producers in the last two to three years? If yes, are the appointments and/or terminations for a particular line of business?
3. Are there any producers representing the company that are the subject of consumer complaints, whether closed or pending?
4. Are there any producers representing the company that are the subject of regulatory actions, whether finalized or pending?
5. Has the company terminated producers for cause?

Area of Review:	**State-Mandated Items (Reports, Data Requests, Surveys and Exhibits)**

Suggested Review

Many states require companies to file various reports, data requests, surveys and exhibits with the insurance department. A review of the information provided in the mandated items related to the line of business under review can provide valuable information about a company. Items covered under this area would include, but not be limited to:

1. Grievance reports;
2. Market Conduct Annual Statement (MCAS);
3. Prompt-pay reports;
4. ZIP code reports; and
5. Premium comparison surveys.

Specific Items to Look For

It is important for the analyst to identify all of the specific mandated items applicable to the line of business under review. Once the applicable items to review have been identified, the following should be considered in the review of mandated items:

1. Did the company's response or data deviate from the norm? Did it deviate from prior years' data? If so, in what way?
2. Was there follow-up with the company on any specific areas of concern? If so, what was the outcome?
3. Have any issues been identified that the company has been advised to correct? If yes, has the company reportedly corrected the issues?
4. Are there any regulatory actions or market conduct examination findings of concern related to the mandated item in the analyst's or other states?
5. Are there any consumer complaints related to a specific issue previously identified through a mandated filing and reported corrected by the company? If yes, does the complaint stem from an incident that occurred after the company reportedly implemented the correction?
6. Grievance reports: When the company is required to file a grievance report, do the patterns in the number of complaints received move in the same direction as the number of grievances reported over the last 3 years?
7. Market Conduct Annual Statement: If the company must file the MCAS in other states, are there similar areas where the company data is outside the norm? Was there follow-up with the company by that state on any specific areas of concern? If so, what areas and what was the outcome?

Area of Review:	**Trade Publications & Other Media Sources**

Suggested Review

Trade publications and media sources inform regulators about emerging issues and other regulatory concerns. Reviewing articles and information from other readily available media sources may alert the analyst to potential issues that could adversely impact consumers in the analyst's state.

Review trade publications and other media sources for pertinent information related to the company. The various media sources may include, but not be limited to:

1. Agent/Company newsletters;
2. Local/National media:
    a. Newspaper articles (*Wall Street Journal*, *Business Insurance*, *National Underwriter*, *A.M. Best*, *American Banker*, *Kiplinger's Personal Finance,* etc.);
    b. Print advertisements (Magazines, direct mail, billboards, buses, etc.); and
    c. Television (News, "Dateline," "60 Minutes," etc.);
3. News wire on myNAIC—accessible to regulators with a myNAIC login ID and password;
4. KPMG—KPMG provides audit, tax and advisory services:
    a. *KPMG Institutes*, a network dedicated to helping organizations and their stakeholders identify and understand emerging trends and risks. To access, go to *https://institutes.kpmg.us/*; and
    b. *KPMG Global M&A Insurance Newletters*, an electronic monthly newsletter focused on transaction activity and trends specific to the global insurance industry including news and analysis about the trends behind the headlines. To view global mergers and acquisitions insurance news, go to *https://home.kpmg/xx/en/home/industries/financial-services/insurance/insurance-deal-advisory.html;*
5. *www.findarticles.com;*
6. *www.insure.com;*
7. Internal clipping folders—some states maintain internal folders for companies that contain press clippings and other media-related information;

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8. LexisNexis (*https://www.lexisnexis.com/en-us/gateway.page*)—provides access to legal, news, public records and business information; including tax and regulatory publications in online, print or CD-ROM formats; and
9. Westlaw (*https://legal.thomsonreuters.com/en*)—a legal research service that provides access to a collection of statutes, case law materials, public records, and other legal resources, along with current news articles and business information.

Note: LexisNexis and Thomson Reuters Westlaw are fee-based services. It is recommended that the analyst check with other areas within his/her agency to determine if access to either of these services is available elsewhere in the agency. For example, the legal department in many states may already be subscribing to one of these services and depending on the terms of the contract between the state department and the service, it may be possible for the analyst to obtain access to the service at little or no additional cost to the insurance department.

Specific Items to Look For

In reviewing information from trade publications and other media sources regarding the company, the following items should be considered:

1. Are there any recent (within the last 2 years) publications regarding the company and/or the line of business under review that are noteworthy? Is so, explain.
2. Does the publication/report highlight an area of concern for the company? If so, in what area?
3. Are areas of concern or need for further review identified in Level 1 Analysis the subject of recent publications?
4. Are there any proposed or recent changes in company structure, management, mergers or acquisitions, change in product offerings, etc. that are highlighted in any publications?
5. If the company contracts with independent agents, do any producer trade publications make reference the company in a way that if of concern or would require further review?
6. If an article references alleged misconduct is the conduct alleged an area for which the company has been fined, been the subject of prior regulatory action or cited on market conduct exams in the analyst's or other states?

Area of Review:	**Voluntary Accreditation/Certification Programs**

Suggested Review

The growing use of voluntary accreditation/certification programs has the potential of providing regulators with important information about a company. Many of these organizations require companies to actively monitor their compliance practices and take appropriate corrective actions when necessary. This information may provide the analyst with insight regarding a company's commitment to establishing and maintaining a culture of compliance designed to continually improve its market conduct and compliance practices. It can be considered as one relevant indicator of compliance with related state statutes and regulations.

Where applicable for the line of business under review, check the website of any applicable voluntary accreditation/certification program to see if the company participates in a voluntary accreditation/certification program. Voluntary accreditation/certification programs include, but may not be limited to the National Council on Quality Assurance *https://www.ncqa.org/* and the Utilization Review Accreditation Commission *www.urac.org*.

Note: Any self assessment/review done by the company to meet the certification/accreditation standards of these organizations must be obtained directly from the individual company under review. While the document may contain useful information, the decision to contact the company directly to obtain the document is at the discretion of the state performing the Level 2 Analysis.

Specific Items to Look For

In reviewing information regarding the participation of the company in a voluntary accreditation/certification program, the following items should be considered:

1. Does the company participate in a voluntary accreditation/certification program? If yes,
    a. How long has the company participated and when was it last accredited or certified?
    b. Does the company use the accreditation/certification in its marketing materials (letterhead, advertisements, brochures, website, etc.)? If so, is the use of it in its marketing materials appropriate?

Note: Access to the NAIC systems noted above (regulator-only myNAIC, iSite+, StateNet, MATS, RIRS, MARS, etc.) is restricted to those people authorized by the individual insurance departments. If the analyst does not currently have access to any of the systems, the analyst must follow his/her insurance department's internal procedures for obtaining proper authority to access the needed system.

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