

# VOLUME I

## OVERVIEW OF MARKET REGULATION OVERSIGHT

<b>VOLUME I—FOREWORD</b> .....	1
<b>CHAPTER 1—INTRODUCTION</b> .....	3
A. Resources Available to Market Regulation Professionals .....	3
B. Resources Within State Insurance Departments .....	6
C. myNAIC.....	7
D. Center for Insurance Policy Research (CIPR) .....	7
E. The Interstate Insurance Product Regulation Commission (Compact).....	7
F. Other Regulatory Sources .....	8
G. Industry Sources.....	9
H. Public Information Sources.....	10
I. Company Self-Audits.....	10
<b>CHAPTER 2—CONTINUUM OF MARKET ACTIONS</b> .....	11
A. Considerations.....	11
B. Market Actions.....	12
C. Closure .....	18
<b>CHAPTER 3—MARKET REGULATION INVESTIGATION GUIDELINES</b> .....	23
A. Background and Introduction .....	23
B. Guidelines for Conducting Market Regulation Investigations .....	24
C. Standards for Conducting a Field Investigation.....	27
D. Guidelines for Conducting an Interview .....	28
E. Preparation of the Interview Form.....	30
F. Procedures for Closing a Market Regulation Investigation.....	31
G. Procedures for the Completion of Case Summary Reports .....	32
H. Guidelines for Conducting a Photographic Lineup .....	32
I. Forensic Examinations—Expert Witnesses .....	33
J. Form of Investigative Report.....	34
K. Indicators of Fraud.....	36
L. Investigative Priorities .....	37
M. Exhibits .....	37
<b>CHAPTER 4—COLLABORATIVE ACTIONS</b> .....	43
A. Collaborative Action Guidelines.....	43
B. Responsibility of Key Players in a Collaborative Action .....	47
C. Market Actions (D) Working Group.....	49
D. Multistate Examination Process.....	52
E. Conclusion of Collaborative Enforcement Actions .....	56
<b>CHAPTER 5—CORE COMPETENCIES</b> .....	61

**VOLUME II**  
**WHAT IS MARKET ANALYSIS**

<b>VOLUME II—FOREWORD</b> .....	91
<b>CHAPTER 6—BASIC ANALYTICAL TOOLS</b> .....	93
A. Market Conduct Indicators and Priorities .....	93
B. NAIC iSite+ .....	93
C. Use of Complaint Data in Market Analysis .....	94
D. Use of Annual Statement Data in Market Analysis .....	96
E. Issues Specific to Particular Types of Companies .....	99
F. Other Useful Information.....	100
<b>CHAPTER 7—PUTTING IT ALL TOGETHER: MARKET ANALYSIS</b> .....	104
A. Framework for Market Analysis.....	104
B. Developing a Market Analysis Program.....	106
C. Identifying Markets and Companies for Analysis .....	108
D. Baseline Analysis.....	110
E. How to Analyze Consumer Complaint Data .....	112
F. Market Conduct Annual Statement Data .....	117
G. How to Analyze State Page Data .....	118
<b>CHAPTER 8—ENHANCING STATE MARKET ANALYSIS</b> .....	121
A. Improving Consumer Complaint Analysis .....	121
B. Use of myNAIC and iSite+ in Market Analysis .....	126
C. Use of IRIS Ratios in Market Analysis.....	127
D. The Use of Underwriting Guidelines in Market Analysis .....	129
E. Modes of Analysis .....	132
<b>CHAPTER 9—iSite+ REPORTS</b> .....	136
<b>CHAPTER 10—MARKET ANALYSIS LEVEL 1 QUESTIONS</b> .....	142
<b>CHAPTER 11—LEVEL 2 ANALYSIS GUIDE</b> .....	146

**VOLUME III**  
**HOW TO CONDUCT MARKET CONDUCT EXAMINATIONS**

<b>VOLUME III—FOREWORD</b> .....	173
<b>CHAPTER 12—EXAMINATION INTRODUCTION</b> .....	175
A. Background.....	175
B. Scope.....	177
C. Overview of Examination Methods.....	179
D. Confidentiality .....	180
E. Disclaimers .....	183
F. Examination Techniques and Handbook Revisions .....	183
<b>CHAPTER 13—TYPES OF EXAMINATIONS</b> .....	184
A. Types of Examinations .....	184
B. Examination Sequence.....	185
C. Jurisdiction of the Examination .....	185
D. Method of Examination .....	186
E. Lines under Examination .....	186
F. Use of Hierarchical Description.....	187
<b>CHAPTER 14—EXAMINER CLASSIFICATIONS, QUALIFICATIONS</b> <b>    AND COMPENSATION</b> .....	188
A. Classifications .....	188
B. Qualifications.....	188
C. Minimum Qualifications of Multistate Examiners .....	189
D. Conflict of Interest for all Examiner Classifications .....	189
E. Examiner Compensation.....	189
<b>CHAPTER 15—STANDARDIZED DATA REQUESTS</b> .....	191
A. SDRs .....	191
<b>CHAPTER 16—SCHEDULING, COORDINATING AND COMMUNICATING</b> .....	197
A. Company Selection.....	197
B. Scheduling Examinations.....	198
C. Scope of Examinations .....	199
D. Selection of Examiner-in-Charge (EIC) and Team .....	200
E. Estimating Time Requirements.....	200
F. Calling the Examination .....	200
G. Notice of Examination Reported to MATS .....	201
H. Company Identifies Examination Coordinator(s).....	202
I. Examination Audit Plan Drafted.....	202
J. Initial Examination Team Meeting, including Contractors (Optional).....	202
K. Pre-Examination Contact.....	202
L. Pre-Examination Procedures.....	202

M. Data/Files .....	204
N. On-Site Coordination .....	205
O. Request for Information .....	205
P. Communicating with Company Management .....	205
Q. Post-Examination .....	206
R. Market Conduct Uniform Examination Outline .....	208
S. Reasons for Examination .....	211
T. Market Conduct Examination Pre-Planning Checklist .....	213
U. Market Conduct Examination Checklist .....	215
V. Post-Examination Questionnaire .....	217
<b>CHAPTER 17—SAMPLING .....</b>	<b>220</b>
A. Purpose of Sampling .....	220
B. Sampling Generally .....	221
C. Sampling Methods .....	222
D. Standards .....	223
E. Data Verification .....	226
F. Problem Data and Departures from Random Sampling .....	228
G. Sample Sizes .....	229
H. Initial Sample .....	230
I. Additional Sample .....	233
J. Sampling Topics and Tables .....	233
K. Considerations for Selecting Sample Sizes .....	234
L. ACL and Sampling .....	236
M. Sampling Formulas .....	239
<b>CHAPTER 18—AUTOMATED EXAMINATIONS TOOLS AND TECHNIQUES .....</b>	<b>242</b>
A. Purpose of Automated Examinations .....	242
B. Automation Tools .....	242
C. Reference Tools, Training and Assistance .....	245
D. Data Requests and Access .....	246
E. Validation of Data .....	249
F. Sampling .....	249
G. Complaint Handling .....	250
H. Producer Licensing .....	252
I. Marketing and Sales .....	255
J. Policyholder Service .....	258
K. Underwriting and Rating .....	260
L. Claims .....	264
<b>CHAPTER 19—WRITING THE EXAMINATION REPORT .....</b>	<b>267</b>
A. General .....	267
B. Content of the Report .....	268
C. Review of the Report .....	271
D. Distribution of the Findings .....	271
E. Information on Examinations Conducted by Other States .....	271

**VOLUME IV**  
**REVIEW/EXAMINATION CRITERIA FOR SPECIFIC TYPES OF**  
**INSURANCE AND REGULATED ENTITIES**

<b>VOLUME IV—FOREWORD</b> .....	272
<b>CHAPTER 20—GENERAL EXAMINATION STANDARDS</b> .....	274
A. Operations/Management.....	274
Addendum A to Op/Mgmt Standard 17-Insurance Data Security Post-Breach Checklist	306
B. Complaint Handling.....	311
C. Marketing and Sales.....	317
D. Producer Licensing.....	325
E. Policyholder Service.....	334
F. Underwriting and Rating.....	343
G. Claims.....	366
<b>CHAPTER 21—CONDUCTING THE PROPERTY AND CASUALTY</b> <b>EXAMINATION</b> .....	385
A. Operations/Management.....	385
B. Complaint Handling.....	385
C. Marketing and Sales.....	385
D. Producer Licensing.....	387
E. Policyholder Service.....	387
F. Underwriting and Rating.....	389
G. Claims.....	412
<b>CHAPTER 21A—CONDUCTING THE PROPERTY AND CASUALTY TRAVEL</b> <b>INSURANCE EXAMINATION</b> .....	416
A. Operations/Management.....	416
B. Complaint Handling.....	416
C. Marketing and Sales.....	416
D. Producer Licensing.....	429
E. Policyholder Service.....	431
F. Underwriting and Rating.....	434
G. Claims.....	436
<b>CHAPTER 22—CONDUCTING THE TITLE INSURANCE COMPANY AND TITLE</b> <b>INSURANCE AGENT EXAMINATION</b> .....	438
A. Operations/Management.....	439
B. Complaint Handling.....	445
C. Marketing and Sales.....	445
D. Producer Licensing.....	454
E. Policyholder Service.....	454
F. Underwriting and Rating.....	455

G. Claims .....	468
H. Escrow, Settlement, Closing or Security Deposit Funds .....	471
I. Title Insurance Producer (Agent) Licensing and Relations .....	475
J. Special Considerations for Title Insurance Companies and Title Insurance Agents .....	482
K. Example Title Letter .....	484
L. Example Title Interrogatory .....	486
M. Sample Checklist .....	493
<b>CHAPTER 23—CONDUCTING THE LIFE AND ANNUITY EXAMINATION .....</b>	<b>495</b>
A. Operations/Management .....	496
B. Complaint Handling .....	498
C. Marketing and Sales .....	498
D. Producer Licensing .....	540
E. Policyholder Service .....	540
F. Underwriting and Rating .....	549
G. Claims .....	553
H. Supplemental Checklist for Marketing and Sales Standard #1 .....	559
I. Supplemental Checklist for Marketing and Sales Standard #4 .....	561
J. Supplemental Checklist for Marketing and Sales Standard #8 .....	568
<b>CHAPTER 24—CONDUCTING THE HEALTH EXAMINATION .....</b>	<b>569</b>
A. Operations/Management .....	572
B. Complaint Handling .....	572
C. Marketing and Sales .....	572
D. Producer Licensing .....	577
E. Policyholder Service .....	577
F. Underwriting and Rating .....	581
G. Claims .....	597
H. Grievance Procedures .....	605
I. Network Adequacy .....	623
J. Provider Credentialing .....	636
K. Quality Assessment and Improvement .....	646
L. Utilization Review .....	656
M. External Review .....	673
N. Checklist of NAIC Advertisements of Accident and Sickness Insurance Model Regulation # 40 .....	681
<b>CHAPTER 24A—CONDUCTING THE AFFORDABLE CARE ACT (ACA) RELATED EXAMINATION .....</b>	<b>706</b>
(Coverage for Individuals Participating in Approved) Clinical Trials .....	709
(Extension of) Dependent Coverage to Age 26 .....	713
Direct Access to Providers .....	720
Essential Health Benefits .....	729
(Prohibition on) Excessive Waiting Periods .....	736
Grievance Procedures .....	741
Guaranteed Availability of Coverage .....	750
Guaranteed Renewability of Coverage .....	763

Lifetime/Annual Benefit Limits.....	774
Network Adequacy .....	780
(Prohibition on) Preexisting Condition Exclusions .....	802
Preventive Health Services .....	813
Rescissions .....	818
Summary of Benefits and Coverage (SBC) and Uniform Glossary .....	824
Utilization Review .....	830
<b>CHAPTER 24B—CONDUCTING THE MENTAL HEALTH PARITY AND ADDICTION EQUITY ACT(MHPAEA) RELATED EXAMINATION.....</b>	<b>842</b>
A. Mental Health and Substance Use Disorder Parity.....	842
<b>CHAPTER 25—CONDUCTING THE MEDICARE SUPPLEMENT EXAMINATION ...</b>	<b>861</b>
A. Operations/Management.....	862
B. Complaint Handling.....	867
C. Marketing and Sales.....	867
D. Producer Licensing .....	887
E. Policyholder Service .....	887
F. Underwriting and Rating.....	887
G. Claims .....	887
H. Grievance Procedures .....	887
I. Network Adequacy .....	894
J. Provider Credentialing.....	904
K. Quality Assessment and Improvement .....	913
L. Utilization Review .....	924
<b>CHAPTER 26—CONDUCTING THE LONG-TERM CARE EXAMINATION.....</b>	<b>925</b>
A. Operations/Management.....	926
B. Complaint Handling.....	928
C. Marketing and Sales.....	928
D. Producer Licensing .....	941
E. Policyholder Service .....	941
F. Appeal of Benefit Trigger Adverse Determination .....	947
G. Underwriting and Rating.....	951
H. Claims .....	966
<b>CHAPTER 26A—CONDUCTING THE LIMITED LONG-TERM CARE EXAMINATION.....</b>	<b>969</b>
A. Operations/Management.....	970
B. Complaint Handling.....	972
C. Marketing and Sales.....	972
D. Producer Licensing .....	985
E. Policyholder Service .....	985
F. Appeal of Benefit Trigger Adverse Determination .....	991
G. Underwriting and Rating.....	994

H. Claims .....	1009
<b>CHAPTER 27—CONDUCTING THE CONSUMER CREDIT EXAMINATION .....</b>	<b>1012</b>
A. Operations/Management .....	1012
B. Complaint Handling.....	1014
C. Marketing and Sales.....	1014
D. Producer Licensing .....	1019
E. Policyholder Service .....	1019
F. Underwriting and Rating.....	1019
G. Claims .....	1030
<b>CHAPTER 28—CONDUCTING THE SURPLUS LINES BROKER EXAMINATION ...</b>	<b>1035</b>
A. Broker Operations/Management.....	1035
B. Complaint Handling.....	1042
C. Marketing and Sales.....	1042
D. Producer Licensing .....	1042
E. Policyholder Service .....	1042
F. Underwriting and Rating.....	1042
G. Claims .....	1042
H. Procedural Considerations .....	1042
I. Placement, Cancellation and Nonrenewal .....	1042
<b>CHAPTER 29—CONDUCTING THE ADVISORY ORGANIZATION</b>	
<b>EXAMINATION.....</b>	<b>1049</b>
A. Procedural Considerations .....	1052
B. Advisory Organizations Operations/Management/Governance .....	1060
C. Statistical Plans .....	1082
D. Data Collection and Handling.....	1086
E. Correspondence with Insurers and States .....	1093
F. Reports, Report Systems and Other Data Requests .....	1099
G. Ratemaking Functions .....	1104
H. Classification and Appeal Handling .....	1106
I. Form Development .....	1108
J. Inspection Services .....	1111
K. Residual Market Functions—Plan Administration.....	1113
L. Residual Market Functions—Reinsurance Administration .....	1117
M. Acceptance of Examination Report by Participating States .....	1119
N. Future Examinations of Examined Entity.....	1119



**CHAPTER 30—CONDUCTING THE THIRD-PARTY ADMINISTRATOR EXAMINATION**.....1120

- A. TPA Operations/Management .....1120
- B. Complaint Handling.....1122
- C. Marketing and Sales.....1122
- D. Producer Licensing .....1122
- E. Policyholder Service .....1122
- F. Underwriting and Rating.....1122
- G. Claims .....1122
- H. Special Considerations for the Third-Party Administrator Examination.....1122
- I. Contracts and Written Agreements .....1124

**CHAPTER 31—CONDUCTING THE EXAMINATION OF A VIATICAL SETTLEMENT PROVIDER**.....1137

- A. Provider Operations/Management .....1139
- B. Complaint Handling.....1141
- C. Marketing and Sales.....1141
- D. Producer Licensing .....1141
- E. Policyholder Service .....1141
- F. Underwriting and Rating.....1141
- G. Claims .....1141
- H. Viatical Settlement Contracts and Disclosures .....1141
- I. Viatical Settlement Transactions .....1144
- J. Viatical Settlement Provider Marketing and Sales .....1157
- K. Supplemental Checklist for Viatical Settlement Contracts and Disclosures Standard #2 1163
- L. Supplemental Checklist for Viatical Settlement Transactions Standard #5 .....1168
- M. Supplemental Checklist for Viatical Settlement Provider Marketing and Sales Standard #5 1170

**CHAPTER 32—CONDUCTING THE PREMIUM FINANCE COMPANY EXAMINATION**.....1173

- A. Operations/Management .....1174
- B. Complaint Handling.....1176
- C. Marketing and Sales.....1176
- D. Producer Licensing .....1176
- E. Policyholder Service .....1176
- F. Underwriting and Rating.....1176
- G. Claims .....1176
- H. Premium Finance Agreements .....1176
- I. Borrower Complaints.....1190
- J. Customer Service .....1193