

From: October Nickel <October.Nickel@doi.idaho.gov>
Sent: Monday, December 9, 2019 2:08 PM
To: Helder, Randy <RHelder@naic.org>
Cc: Abejar, Hermoliva <Hermoliva.Abejar@doi.idaho.gov>
Subject: Market Certification Program - Draft changes or comments from Idaho
Importance: High

Randy,

Idaho has some suggested changes and comments related to the draft Voluntary Market Regulation Certification Program guidelines. Please see the following:

1. Page 3, paragraph 1 under Requirement 1 – Department’s Authority: (inclusion of “or” and grammar edits):

“Additionally, the jurisdiction has adopted, ~~or~~ is in the process of adopting, or has substantially similar statutory authority for key insurance consumer protection laws and regulations as established by the NAIC.”

2. Page 12, bullet # 4: Define what is meant by “similar organizations”. Do these include associate or higher level designation from SOFE (i.e. AFE or CFE); LOMA (i.e. AIRC) which are already a requirement in other NAIC standards?
3. Page 13 and Page 14: Is it duplicative to require the market regulation section or activities of a Department recognize or use cybersecurity, or IT? The financial examinations section of our Department use these experts on targeted examinations of domiciled companies where a cyber event has occurred. This is also part of any financial examinations conducted as scheduled by our state and as required by NAIC accreditation standards.
4. Page 21, paragraph 1 under Requirement 8 – Electronic Data Entry with the NAIC: (The paragraph should be re-written entirely to be more concise with the remaining requirements, objective statement and checklist in Requirement 8) Suggested edits:

“The department enters data ~~no less frequently than on a quarterly basis (but preferably monthly)~~ as information is available for sharing into all NAIC systems, including, but not limited to, the Complaint Database System (CDS) and the Regulatory Information Retrieval System (RIRS). Except for immediate concerns as defined in the Market Regulation Handbook, the department enters data into the Market Actions Tracking System (MATS) ~~concerning upcoming examinations at least 45 days prior to the start of an examination or~~ at least 60 days prior to the start of the on-site examination. Additionally, the department enters continuum actions into MATS ~~when initiating the action as appropriate.~~”

- The Objective statement indicates the goal is to ensure other jurisdictions are timely informed of market conduct actions which “have occurred, are ongoing, or that are anticipated”. The entry into MATS for On-site examinations are required 60 days prior, as stated in the checklist on page 23, there is no other requirement for continuum activities

entry to be 60 days prior. It would be impossible to enter continuum activities 60 days prior if they were the result of a MARS Level 1/Level 2 recommendation, a referral from our consumer complaints section, a company self-reporting, or if there was an “immediate concern”.

5. Page 22 8c: Should be modified as follows for other appropriate databases and MATS:

- a. It is unclear what other “appropriate databases” need to be updated when “initiated”. Checklist for Requirement 8 – specifically include CDS, RIRS, and on-site examinations. If there are other appropriate databases aside from MATS then we suggest:

“8c: Does the department enter continuum actions into ~~the other~~ appropriate NAIC database, ~~such as MATS, as recommended (MATS/RIRS) when initiated~~ and the resulting applicable final status reports or updates (if applicable) at least quarterly?”

- b. If this requirement (8c) is intended to be specific to MATS and continuum activities, and there is no quarterly reporting requirement we suggest the following edit to 8c:

“8c. Does the department enter continuum actions into ~~the appropriate NAIC database (MATS, /RIRS) when initiated and including~~ the resulting applicable final status reports or updates ~~(if applicable) at least quarterly as appropriate (or as recommended/required by the Department)?~~”

- As a smaller state, Idaho, does not have the resources to continuously update MATS actions quarterly, but as a part of the Department’s market analysis procedure these are entered and updated throughout the course of the continuum activity, which may only be when initially entered and at finalizing the action, this may take longer than three months.

We appreciate the opportunity to provide comments and suggested edits to the working group on this matter.

Sincerely,

October Nickel, AIE, AIRC, APIR



Sr. Market Conduct Analyst - Examinations