

Draft: May 8, 2026

Market Conduct Modernization – Industry Discussion Document

Purpose

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

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

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

1. Market Conduct Data (Collection & Analysis)

Data Standards, Definitions & Transport

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

Systems, Feasibility & Legacy Constraints

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

Data Quality, Validation & Minimization

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

Market Conduct Data (Collection & Analysis)

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

2. Examination Handbook & Processes

Pre-Exam Expectations & Feasibility

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

Risk Identification & Targeting

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

Exam Operations, Tools & Burden Reduction

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

Examination Handbook & Processes

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

3. Interstate Collaboration

Definitions, Expectations & Uniformity

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

“One-Ask” Principles & Simplification

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

Pilot Strategy

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

Interstate Collaboration

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

4. Other Entity Oversight (Third-Party Oversight)

Documentation & Transparency

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

Vendor and Model Governance

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

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

Regulatory Expectations & Accountability

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

Other Entity Oversight

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

5. Corrective Actions, Communications & Enforcement

Proportionality & Predictability

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

Timelines & Feasibility

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

Verification & Consumer Impact

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

Correction Actions, Communications & Enforcement

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

6. Consumer Complaints

Transparency Into Complaint Coding

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

State-to-State Variability

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

Complaint Portals, Submission Processes & Tracking

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

Reconciliation Processes

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

Industry Engagement & Collaboration on Coding

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

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

Confidentiality & Records Handling

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

Consumer Complaints

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

General Discussion Questions (5 Minutes)

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