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November 24, 2021  
*Via Electronic Delivery*

Mr. Damion Hughes, Chair  
Director of Market Regulation  
Department of Regulatory Agencies  
Division of Insurance  
1560 Broadway, Suite 850  
Denver, Colorado, 80202

Attention: Ms. Petra Wallace

RE: NAIC Market Conduct Examination Guidelines (D) Working Group Chapter 20 Proposed Changes

Mr. Hughes:

State Farm Mutual® Automobile Insurance Company and its affiliates ("State Farm"), appreciate the opportunity to submit these comments concerning the exposed draft of revisions to Chapter 20 Conducting the Property and Casualty Examination of the Market Regulation Handbook.

State Farm is concerned with the appropriateness of the review during a Market Conduct Examination (MCE) for compliance with the Insurance Holding Company System Regulatory Model Act (#440) concerning the Group Capital Calculation and liquidity stress test through Chapter 20 under the Operations/Management Standards on page 7 and 8 to:

- Determine if the NAIC Liquidity Stress Test Framework needs to be utilized for a specified data year.
- Determine if there is a holding company system in place. And if so, whether there should be a group capital calculation request from the U.S. Federal Reserve or whether a lead state commissioner should require a group capital calculation for US operations of any non-U.S. based insurance holding company system.
- Determine if the confidentiality of any group capital contribution or group capital ratio is maintained and if the confidentiality of the liquid stress test results and supporting disclosure are maintained which includes any Federal Reserve Board filings and information.

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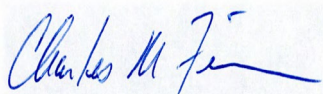
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The MCE should not duplicate efforts of the lead state's or domestic regulator's financial solvency review of domestic regulated insurers. The lead state or domestic regulator maintains the authority to provide exemptions from the GCC and liquidity stress tests and are given the responsibility of compliance for these provisions and the annual review of these filings. As a national writer of property and casualty insurance, State Farm could possibly be under examination by multiple states simultaneously that are not a domestic or lead state regulator and who ultimately does not have responsibility for compliance and/or evaluation of the GCC or liquidity stress filings. State Farm believes that the MCE should be focused on applicable state marketplace laws of the state conducting the MCE and whether there is compliance in those marketplace laws. The MCE should not concern financial solvency and its evaluation tools when the authority and responsibility has been given to the lead state or domestic regulator. State Farm respectfully requests that the revisions to Chapter 21 under the Operations/Management Standards on pages 7 and 8 be removed.

However, State Farm supports the revisions to include the listing of the Insurance Holding Company System Regulatory Model Act (#440) along with the specific provision, Section 8(G), that prohibit the use of or marketing related to the GCC and liquidity stress test under the Marketing and Sales Standards on page 46, similar to how Risk Based Capital Model Law is listed. State Farm questions why the revisions on page 48 are included that specifically call out the GCC and liquidity stress test and suggest that these could be made generic to apply to all prohibited marketing activity whether related to GCC, liquidity stress test, Risk Based Capital, Unfair Trade Practices or any other law listed back on page 46. This would provide guidance for all the laws listed and not just GCC and liquidity stress test results.

Thank you for your time and consideration of these comments. If there are any questions concerning these comments, please contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Charles M. Fein", written over a horizontal line.

Chuck Feinen  
State Farm Mutual Automobile Insurance Company

Enclosures