

Draft: 8/8/23

Market Regulation and Consumer Affairs (D) Committee
Virtual Meeting
July 27, 2023

The Market Regulation and Consumer Affairs (D) Committee met July 27, 2023. The following Committee members participated: Jon Pike, Chair (UT); Mike Causey, Co-Vice Chair, represented by Jackie Obusek (NC); Michael Humphreys, Co-Vice Chair (PA); Trinidad Navarro (DE); Dean L. Cameron represented by Shannon Hohl (ID); Sharon P. Clark (KY); Chlora Lindley-Myers (MO); Michael Wise (SC); Cassie Brown represented by Leah Gillum (TX); Kevin Gaffney and Karla Nuisl (VT); and Jeff Rude (WY). Also participating were: Erica Weyhenmeyer (IL); and John Haworth (WA).

1. Adopted its Spring National Meeting Minutes

Director Lindley-Myers made a motion, seconded by Commissioner Clark, to adopt the Committee's March 24 minutes (see *NAIC Proceedings – Spring 2023, Market Regulation and Consumer Affairs (D) Committee*). The motion passed unanimously.

2. Adopted the Pet Insurance MCAS Data Call and Definitions

Weyhenmeyer said the Market Conduct Annual Statement Blanks (D) Working Group developed the Pet Insurance Market Conduct Annual Statement (MCAS) data call and definitions as requested by the Market Analysis Procedures (D) Working Group and the Committee. She said the data call and definitions were developed by a group of subject matter experts (SMEs), which included state insurance regulators, industry representatives, and consumer representatives. She said Matt Gendron (RI) led the discussions of the SMEs, who presented the draft Pet Insurance MCAS data call and definitions to the Market Conduct Annual Statement Blanks (D) Working Group to solicit public comments. The Working Group adopted the Pet Insurance MCAS data call and definitions on May 30. The Pet Insurance data call includes the collection of data for underwriting, claims, marketing and sales, lawsuits, and complaints.

Commissioner Clark made a motion, seconded by Director Lindley-Myers, to adopt the Pet Insurance MCAS data call and definitions ([Attachment XX](#)). The motion passed unanimously.

3. Adopted the Revised Producer Licensing (D) Task Force Charges

Commissioner Clark said the National Association of Public Insurance Adjusters (NAPIA) requested that the Producer Licensing (D) Task Force amend the NAIC's *Public Adjuster Licensing Model Act* (#228) to address the following issues: unlicensed public adjusters, contractors who are also acting as public adjusters on the same claim, and the assignment of benefit rights to contractors. She said the Task Force will also consider additional consumer protections regarding compensation limits for public adjusters, and this will also be included as part of the model law review if the proposed charge is adopted today.

Commissioner Clark said the Task Force adopted the charge to "Review and amend, as needed, the *Public Adjuster Licensing Model Act* (#228) to enhance consumer protections in the property and casualty claims process" during its May 31 call, and it is now presenting the charge to the Committee for its considerations. She said if the charge is adopted today, Commissioner Navarro, who chairs the Antifraud (D) Task Force, will lead this work under the Producer Licensing (D) Task Force since Delaware recently considered new legislation regarding the public adjusters and the issues to be reviewed potentially touch on fraudulent activities.

4. Adopted the Continuing Education Recommended Guidelines for Instructor Approval

Commissioner Clark said the guidelines being presented today were developed by the Uniform Education (D) Working Group after industry representatives approached the Working Group to discuss the difficulties of obtaining approval for continuing education (CE) instructors in some jurisdictions and the lack of uniformity across jurisdictions. The Working Group responded to the feedback by surveying jurisdictions regarding requirements for CE instructor approval and moved forward to develop the guidelines. Commissioner Clark said the members of the Producer Licensing (D) Task Force hope the guidelines create a more uniform process for approval of CE instructors and a quicker process for such approval.

Commissioner Clark made a motion, seconded by Commissioner Navarro, to adopt: 1) the following charge for the Producer Licensing (D) Task Force: "Review and amend, as needed, the *Public Adjuster Licensing Model Act* (#228) to enhance consumer protections in the property and casualty claims process"; and 2) the Continuing Education Recommended Guidelines for Instructor Approval (Attachment XX). The motion passed unanimously.

5. Received the Voluntary Market Regulation Certification Program

Haworth, on behalf of Commissioner Kreidler, chair of the Market Regulation Certification (D) Working Group, said the Working Group met June 6 and completed its work to revise the Voluntary Market Regulation Certification Program, which includes a checklist, guidelines, and scoring matrix. The revisions are a result of a pilot program involving 18 states. Haworth said each of the states reviewed the certification program, and using the guidelines and checklists, they attempted to self-certify themselves. He said each of the states was requested to provide input on what worked, what did not work, and what changes could be made to improve the program and make it more useful for market regulation activities in the departments of insurance (DOIs).

Haworth thanked the 18 pilot states and the SMEs that compiled the changes to finish the work of revising the program. The redline and clean versions of the Voluntary Market Regulation Certification Program and its implementation plan are posted on the Working Group's web page. Haworth said the Voluntary Market Regulation Certification Program is now ready for the Committee's consideration.

Commissioner Pike said the Committee would be receiving the Voluntary Market Regulation Certification Program, but it is not prepared to consider the adoption of the program today. He requested that the Committee members review the Voluntary Market Regulation Certification Program prior to the Summer National Meeting, where the Committee will engage in a lengthier review of the program with the goal of considering a motion to consider the adoption of the program.

Having no further business, the Market Regulation and Consumer Affairs (D) Committee adjourned.

[SharePoint/NAIC Support Staff Hub/Committees/D Cmte/2023 Summer/July 27 Call](#)

Chapter 4—Collaborative Actions

E. Conclusion of Collaborative Enforcement Actions

When a collaborative effort produces findings for which a regulatory penalty or sanction is contemplated, such action should be memorialized in a written consent order, voluntary settlement agreement or similarly titled settlement document. States may contemplate a collaborative enforcement action at the same time as a pending civil court action concerning similar issues, such as a class action lawsuit. Such an enforcement action may or may not occur simultaneously with a settlement of the civil action. Negotiations for coordinated regulatory and civil settlement should be the responsibility of the Lead State(s).

In the event a collaborative effort is challenged, or Lead States cannot reach a settlement, they should develop a resolution strategy. Lead States should outline their strategy and recommendations to ensure violations are appropriately addressed in the correct jurisdictions. Examiners from Participating States must be made available for follow-up proceedings, if required. Expenses associated with the appearance of any examiners at a proceeding arising out of the examination must be borne by the states conducting the action.

1. Best Practices for Multistate Settlement Agreements

The purpose of this document is to outline best practices that will meet the needs of multiple jurisdictions affected by the business practices of regulated persons/entities. It is important to recognize that although state departments of insurance have the authority to perform multistate examinations and investigations of potential violations of insurance law, the states cannot require regulated persons/entities to participate in a multistate settlement agreement (MSA). Thus, multistate settlement agreements are commonly entered into by way of mutual agreement with the applicable regulated entity as a way to uniformly and efficiently resolve regulatory matters.

The *Best Practices for Multistate Settlement Agreements* document is intended to provide guidance to regulators with respect to engaging in multistate settlement negotiations and drafting multistate settlement agreements. It is recognized that the terms of the agreement may vary depending on the subject matter of the examination/investigation, the nature of the violation, the duration of noncompliance, the number of consumers affected, and the number of states in which the regulated entity is doing business, among other considerations. However, agreements should be negotiated and drafted in a manner that is intended to promote participation by regulators and effectively address the issues of concern to regulators. With this in mind, best practices have been developed to effectuate the greatest amount of participation among the states in multistate settlement agreements. A complete copy of the *Best Practices for Multistate Settlement Agreements*, adopted by the Market Actions (D) Working Group, is available to regulators. Below are some provisions of the document, which have been provided in order to promote transparency about the MSA process.

A. Procedure

Who Leads Settlement Negotiations?

States seeking to initiate a multistate settlement are encouraged to bring such matters to the attention of the Market Actions (D) Working Group (MAWG). MAWG's main role is to support collaborative actions among the states to address common regulatory compliance issues. MAWG reviews submissions from state regulators or other sources that identify regulated entities that have a current or potential market regulatory issue that impacts multiple jurisdictions. MAWG determines if it will take a role in initiating regulatory action.

If MAWG does take a role in initiating a multistate regulatory action, according to established procedures, MAWG will participate in determining whether the Managing Lead State (MLS) in any MAWG initiative should be the state of domicile or another state. More than one Lead State may be designated by MAWG. The Lead State(s) will assume the responsibility for developing final action, including developing any MSA.

Formatted: Font: Bold, Font color: Black

Formatted: Left

Formatted: Indent: Left: 0.38"

Formatted: Font: Bold

Formatted: Font: Bold

Formatted: Indent: Left: 0.19", Hanging: 1.81"

Formatted: Indent: Left: 0.38"

Provide Periodic MAWG Updates

At least one Lead State should be available to participate in MAWG and Collaborative Action Designee (CAD) conference calls. Participation in these calls will provide an opportunity for the Lead State(s) to address issues and questions presented by MAWG members and CADs and to update the states on the progress and direction of active collaborative actions.

B. Contents of MSAs

1. Background

a. Statutory Authority

The MSA should include any and all relevant statutory authority of the MLS.

b. The Parties

The MSA should define the parties to the agreement:

1. Regulated Entity – The MSA should state the name of each and every company and/or individual that is party to the agreement. Because state databases, as well as NAIC databases, are populated on a company level, insurance companies that are a party to the agreement should be listed separately rather than as a group;
2. Lead State(s) – The MSA should indicate the states that have taken a leadership role in the examination/investigation and development of the MSA;
3. Domestic Regulators – The MSA may indicate the state where the regulated entity is domiciled;
4. Participating State(s) – Often defined in an MSA as “the insurance regulators of each of the remaining jurisdictions and the District of Columbia that agree to and approve the MSA;
5. Signatory Regulators – Often defined in an MSA to include the Lead State(s) and Participating State(s) collectively; and
6. Monitoring Regulators – If the regulators who will be overseeing corrective action plans, claims reassessments, progress reports, or follow up examinations subsequent to the MSA are different from the Lead State(s), a set of monitoring regulators should be defined.

c. Recitals/Recitation of Events Leading Up to the Action

The MSA should include a statement of the facts that gave rise to the necessity of an MSA. The recitals should contain:

1. A statement regarding the jurisdiction of the Lead State(s) over the regulated entity;
2. An explanation as to the commencement or initiation of the action that gave rise to the MSA;
3. Identification of multistate areas of concern. The MSA should list the issues that gave rise to collaborative action; and
4. Violations that are being pursued by the Lead State(s).

d. Scope of the MSA

The MSA should include a statement as to the scope of the agreement with as much specificity as possible. As part of determining the scope of the MSA, the Lead State(s) should review the particular company’s corporate governance to determine if the agreement should include corporate governance features.

The parties to the MSA may agree that specific issues will not be addressed by the MSA. Any stipulations between the parties to reserve an issue from consideration should be specifically stated in the MSA. Any potential Participating State that wishes to reserve an issue yet participate in the collaborative action must notify the MLS of the state’s conditions for participation. Such reservation should be for good cause and

Formatted: Font: Bold

Formatted: Indent: Left: 0.19", Hanging: 1.81"

Formatted: Font color: Auto

Formatted: Indent: Left: 0.38"

Formatted ... [1]

Formatted ... [2]

Formatted ... [3]

Formatted: Font: Bold

Formatted: Font: Bold

Formatted: Indent: Left: 0.38", First line: 0"

Formatted: Indent: Hanging: 1.5"

Formatted: Font: Bold

Formatted: Indent: Left: 0.5", First line: 0"

Formatted: Justified, Indent: Left: 0.63", Hanging: 0.25"

Formatted: Font: Bold

Formatted: Indent: Hanging: 1.63"

Formatted: Font: Not Bold

Formatted: Justified, Indent: Left: 0.63", Hanging: 0.25"

Formatted: Font: Not Bold

Formatted: Justified, Indent: Left: 0.5", Hanging: 1.5"

Formatted: Justified, Indent: Left: 0.5", Hanging: 1.5"

as limited as possible. The reservation of an issue should be communicated to the regulated entity by the MLS. Such a reservation may require a separate written agreement between the potential Participating State and the regulated entity. It should be understood that the regulated entity is not required to accept the reservation. In such instances, the state and regulated entity may choose to handle that state's issues in a separate action.

2. Remedies/Remediation

a. Corrective Action

A primary goal of any MSA should be to achieve compliance with the regulated entity on a national basis. The MSA should define any required corrective action with specificity, including a specified period of time for completion. Corrective actions should be reasonably calculated to undo past harm, where possible, and to eliminate future violation of the insurance laws in the Participating State(s).

The Lead State(s) or Monitoring Lead State(s) should retain the authority to oversee any compliance efforts that require communication with policyholders/consumers to ensure that the regulated entity communicates directions, instructions and information in a manner that is easily understood by affected consumers. Further, the corrective action plan should incorporate contact information that affords policyholders/consumers an opportunity to seek information from persons with knowledge over the subject matter.

b. Follow-up Audits/Examinations

A follow-up audit or examination process in an MSA should proceed in a timely manner after any period of corrective action and should be as objective and transparent as possible. The MSA should indicate:

1. The regulators that will be responsible for the follow-up audit or examination;
2. The date the follow-up audit or examination is scheduled to begin;
3. The time period that the follow-up audit or examinations is expected to cover;
4. The examination standards from the handbook that will be applied during the audit/examination;
5. The compliance expectations of the examination team;
6. Consequences that will be applied as a result of the regulated entity failing to meet specified compliance thresholds; and
7. Whether participating regulators are precluded from conducting their own examinations until the adoption of the follow-up examination for the issues involved.

c. Self-Reporting

The MSA may provide for periodic self-reporting. If self-reporting is required as a condition of the MSA, the Lead State(s) or Monitoring State(s) must be prepared to review and provide feedback to the regulated entity that is required to provide the reports. Should the Lead State(s) determine that self-reporting is a condition to settlement, the MSA should specify the following:

1. Reporting deadlines;
2. Required contents of the reports;
3. The regulator(s) responsible for receiving the reports;
4. The expectations of the regulator(s) responsible for receiving the reports;
5. Expected compliance standards;
6. Any penalties or other consequences for failing to meet compliance standards based solely on reporting; and
7. Any penalties or other consequences for failing to meet reporting deadlines without obtaining an extension.

Formatted: Indent: Left: 0.5", Hanging: 1.5"

Formatted: Indent: Left: 0.5", Hanging: 1.5"

Formatted: Font: Not Bold

Formatted: Indent: Hanging: 1.5"

Formatted: Indent: Left: 0.5"

Formatted: Indent: Left: 0.5"

Formatted: Justified, Indent: Left: 0.63", Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

Formatted: Indent: Left: 0.5"

Formatted: Font: Bold

Formatted: Indent: Left: 0.38", Hanging: 1.63"

Formatted: Justified, Indent: Left: 0.5"

Formatted: Indent: Left: 0.5"

Formatted: Justified, Indent: Left: 0.63", Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

Formatted: Justified, Indent: Left: 0.5"

d. Penalties/Fines Costs

Penalty and fine provisions should be structured in a manner that is consistent with the laws of the Participating States. For instance, many states do not permit penalties to be designated as “administrative costs” or “assessments.” Further, some states do not have a mechanism that allows a penalty to be paid to a third party in the form of a contribution or charitable donation.

Formatted: Font: Bold
Formatted: Justified, Indent: Left: 0.5"

C. Consent Orders of Other Adoption Orders

A Participating State may elect or be required by law to execute a Consent Order or other type of Adoption Order that adopts an MSA. Any Consent Order or other Adoption Order executed should be consistent with the terms of the MSA and should not include any additional duties or obligations upon the parties to the agreement that are not specifically required by that state’s law. A Participating State should not reserve any issues from inclusion in the MSA that were not communicated to the MLS at the time of indicating a willingness to participate in the collaborative action.

Formatted: Font: Not Bold
Formatted: Indent: Left: 0.5"
Formatted: Font color: Black
Formatted: Left
Formatted: Font: Not Bold
Formatted: Indent: Left: 0.5"
Formatted: Indent: Left: 0.19"

Any required or elected Consent Order or other Adoption Order shall be executed and final within any participation deadlines established by the MSA.

Any state that had indicated a willingness to participate in the collaborative action but does not intend to execute or participate in the MSA shall advise the MLS of the Participating State’s intent to not participate. The Participating State is encouraged to explain the reasons for not intending to participate in the MSA. By doing so, the Lead State(s) may be in a position to renegotiate with the regulated entity in order to address the outstanding reservations or concerns of the Participating State.

D. Confidentiality

1. Report

Final examination/investigation reports establish the foundation for future administrative action. These reports should be shared with participating regulators as soon as is practicable after they are completed.

Formatted: Font: Not Bold
Formatted: Font color: Black
Formatted: Justified, Indent: Left: 0.19", Hanging: 1.81", No bullets or numbering
Formatted: Font: Not Bold
Formatted: Justified

Where permitted by law, final examination/investigation reports should be open for public disclosure after final administrative action has been taken. Any limitation to the public distribution of final examination/investigation reports should be clearly stated in the MSA, including any waiting period required prior to public disclosure. It may be practical to include the report as an exhibit in the MSA. Reasons for any limitations for making documents public should be listed.

2. Exhibits

In many instances, final examination/investigation reports include exhibits. Exhibits attached to reports should be handled with the same confidentiality and public disclosure standards applied to the final examination/investigation reports.

Formatted: Indent: Left: 0.19", Hanging: 1.81", No bullets or numbering
Formatted: Font: Not Bold
Formatted: Indent: Left: 0.38"

a. MSA and Other Adoption Orders

Unless otherwise required by law, the MSA and any other order entered into by the Participating State adopting the MSA should not be confidential after the order is executed and final. Rather, final actions of regulators, as well as duties imposed upon regulated persons/entities pursuant to the MSA, should be transparent and available for public disclosure.

Formatted: Font: Not Bold
Formatted: Indent: Left: 0.38", Hanging: 1.63", No bullets or numbering
Formatted: Font: Not Bold

b. Settlement Offers/Negotiations

Notes, materials, draft documents, discussions, and any other information developed during the course of settlement negotiations should be considered a component of the examination/investigation work papers and should not be subject to public disclosure after the MSA has been finalized. The release of preliminary settlement information to the public that is an integral part of negotiations would have a detrimental effect on future settlement negotiations.

Formatted: Font: Bold
Formatted: Font: Not Bold

Formatted: Indent: Left: 0.38", Hanging: 1.63"

Page 2: [1] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [1] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [1] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [1] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [1] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [1] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [1] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [1] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [1] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [1] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [1] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [1] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [2] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [3] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [3] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [3] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [3] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [3] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [3] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Page 2: [3] Formatted Author

Font color: Auto, Not Expanded by / Condensed by

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
 Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
 Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
 Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Voluntary Market Regulation Certification Program Self-Assessment Guidelines, and Checklist Tool

Contents

Purpose	3
Definitions	3
Requirement 1 – Department’s Authority	4
Objective	4
Measurement	4
Guidelines.....	4
Checklist.....	5
Requirement 2 – Department’s Authority Regarding the <i>Market Regulation Handbook</i>	6
Objective	6
Measurement	6
Guidelines.....	6
Checklist.....	6
Requirement 3 – Department Staffing: Resources	8
Objective	8
Measurement	8
Guidelines.....	8
Checklist.....	9
Requirement 4 – Department Staffing: Qualifications	12
Objective	12
Measurement	12
Guidelines.....	12
Checklist.....	15
Requirement 5 – Confidentiality and Information-Sharing.....	16
Objective	16
Measurement	16
Guidelines.....	16
Checklist.....	16
Requirement 6 – Collaboration with Other Jurisdictions	18

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
 Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
 Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
 Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Objective	18
Measurement	18
Guidelines.....	19
Checklist.....	20
Requirement 7 – Market Conduct Annual Statement.....	22
Objective	22
Measurement	22
Guidelines.....	22
Checklist.....	22
Requirement 8 – Electronic Data Entry with the NAIC.....	24
Objective	24
Measurement	24
Guidelines.....	24
Checklist.....	25
Requirement 9 – Participation in NAIC Market Conduct and Market Analysis Working Groups	26
Objective	26
Measurement	26
Guidelines.....	26
Checklist.....	26
Requirement 10 – Collaborative Action Designee	28
Objective	28
Measurement	28
Guidelines.....	28
Checklist.....	28
Requirement 11 – Interdivisional Collaboration	29
Objective	29
Measurement	29
Guidelines.....	29
Checklist.....	29

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Purpose

The mission of the NAIC Market Regulation Certification Program is to establish and maintain minimum standards that promote sound practices relating to the market conduct examination, market analysis and related continuum activity functions performed for insurance consumer protection. Insomuch as the program is anticipated to evolve and improve over time, it is anticipated that additional functions necessary for sound consumer protection may be developed in the future. The certification program is designed to provide an initial process that facilitates each jurisdiction's ability to conduct self-evaluation. An ultimate goal is to develop measurable and meaningful standards that can be independently evaluated and monitored.

Program standards, assessment checklist items and guidelines should:

- Provide a roadmap regarding resources, abilities and functions for jurisdictions wishing to build, maintain, or improve upon, their market regulation program.
- Promote consistency while respecting individual jurisdictional differences and circumstances by promoting use of NAIC resources.
- Demonstrate accountability and responsiveness to those impacted by the business of insurance, and to others that are charged with evaluating and assessing the effectiveness of state-based insurance regulation.
- Promote an environment of continuous process improvement for enhancing outcomes relating to insurance consumer protection.
- Improve predictability and understanding of processes for regulated entities.
- Enhance jurisdictional coordination and information-sharing.
- Enhance protection of insurance consumers through promotion of sound market regulation processes.

Definitions

When referenced in this document, the following terms mean:

- **Chief Market Regulator** is either elected or appointed and is the Commissioner of Insurance, Superintendent, Director, Secretary of Commerce, or other chief who oversees the regulation of insurance in each state or jurisdiction.
- **Department** is the chief governmental office invested with the responsibility of regulating the insurance industry within a jurisdiction.
- **Jurisdiction** is the territory within which power can be exercised. Within this document, jurisdiction will include but is not limited to: Departments of Insurance, Insurance Divisions, and other state specific agency titles which may include terms such as: Administration, Bureau, Commerce, Financial Services, Business Regulation, and Other Departments/Divisions that include the regulation of insurance. For example: Department of Professional and Financial Regulation, Office of Consumer Affairs and Business Regulation, Business and Industry, Banking and Insurance.

NOTE: When responding to checklist items for each requirement, if the response is N/A (not applicable), please provide an explanation for the "N/A" response in the comments.

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
 Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
 Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
 Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Voluntary Market Regulation Certification Guidelines and Checklists

Requirement 1 – Department’s Authority

The jurisdiction or department shall have the statutory authority to conduct market regulation activities, including market analysis; comprehensive and targeted market conduct examinations; the continuum of market regulation actions, including enforcement; and collaboration and coordination with other regulatory jurisdictions.

Objective

The objective of this requirement is to ensure the department has the statutory authority to effectively fulfill its market regulation responsibilities.

Measurement

To evaluate whether the jurisdiction “passes” Requirement 1, the jurisdiction must have the general authority to collect and analyze information and have authority to coordinate with other jurisdictions. If the jurisdiction does not have the authority to coordinate with other jurisdictions, it will not pass this requirement. Additionally, a jurisdiction should have authority to conduct analysis, examinations, and enforcement. Requirements to have reasonable cause to conduct an examination does not negatively impact the evaluation. Ability to perform these items without having the ability to perform continuum actions should be considered as “marginally passing but with strong recommendations for additional authority.”

Guidelines

When determining the department’s authority for conducting market regulation activities, several different considerations should be evaluated. Direct legal authority may exist in the jurisdiction’s insurance code or within its regulations. Insurer examination acts, specific market regulation acts, acts that outline the authority and duties of the department are all potential items to review. Generally, such authority is cited when requesting documents from an insurer. Jurisdictions may also have broad oversight authority within other consumer protection laws.

Additional authority may be implied or may exist on a less direct basis. Examples could include insurance consumer protection-related insurance laws or regulations and their associated enforcement provisions. Other potential areas of authority are activities performed pursuant to the powers or orders of the insurance commissioner, director, or superintendent (i.e., the applicable chief market regulator of the jurisdiction).

When evaluating checklist items for Requirement 1, it may be beneficial to look beyond the mere capability to perform the listed functions. If not directly addressed within the insurance code or regulations, consider whether direct authority for all mentioned items would be desirable (most continuum items would fall under examination, investigation, or analysis categories). Having direct authority may provide valuable guidance on such issues as application of administrative procedure act requirements, status of examination, investigational or analysis records, handling of associated costs, etc.

Consider which consumer protections model laws and regulations have been adopted in the jurisdiction. Investigation, subpoena, and cease and desist powers are found in most unfair trade and producer laws. Most chief market regulators also have a general powers statute that may contain similar enforcement authorities.

The key basic models or similar versions should include:

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
 Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
 Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
 Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

- *Unfair Trade Practices Act (#880)*
- *Unfair Claims Settlement Practices Act (#900)*
- *Health Carrier Grievance Procedure Model Act (#72)*
- *Uniform Health Carrier External Review Model Act (#76)*
- *Producer Licensing Model Act (#218)*
- *Suitability in Annuity Transactions Model Regulation (#275)*
- *Life Insurance Illustrations Model Regulation (#582)*
- *Life Insurance and Annuities Replacement Model Regulation (#613)*
- *Standard Nonforfeiture Law for Life Insurance (#808)*
- *Standard Nonforfeiture Law for Individual Deferred Annuities (#805)*
- *Unfair Discrimination Against Subjects of Abuse in Health Benefit Plans Model Act (#895)*
- *Unfair Discrimination Against Subjects of Abuse in Life Insurance Model Act (#896)*
- *Unfair Discrimination Against Subjects of Abuse in Disability Income Insurance Model Act (#897)*
- *Unfair Discrimination Against Subjects of Abuse in Property and Casualty Insurance Model Act (#898)*
- *Model Law on Examinations (#390) or Market Conduct Surveillance Model Law (#693)*

Checklist

Please provide the statutory reference(s) the department relies on for the following:

- | | YES | NO |
|--|------------|-----------|
| 1a. Does the department have the general authority to collect and analyze information whenever it is deemed necessary? | _____ | _____ |
| REFERENCE _____ | | |
| 1b. Does the department have the authority to collaborate and coordinate with other regulatory agencies? | _____ | _____ |
| REFERENCE _____ | | |
| 1c. Is the department’s authority broad enough to cover market analysis, comprehensive and targeted market conduct examinations and the continuum of market regulation actions, including enforcement? | | |

If yes, provide the citation reference(s) in the table below

	Citation
Market analysis	
Comprehensive and targeted market conduct exams	
Continuum of market regulation actions (including enforcement)	

Complete the following if this is an Interim Annual Review:

- | | YES | NO |
|--|------------|-----------|
| Have there been any significant changes to the procedures since last year’s review? If “Yes,” please provide an explanation. | _____ | _____ |

COMMENTS:

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
 Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
 Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
 Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Requirement 2 – Department’s Authority Regarding the *Market Regulation Handbook*

The department shall have sufficient authority by appropriate statute, regulation, rule, or other authority to utilize the most recent version of the *Market Regulation Handbook*. When a department initiates a market conduct examination or continuum activity, it shall be guided by the version of the *Market Regulation Handbook* in effect at the time the examination was initiated.

Objective

The objective of this requirement is to promote guidance and consistent handling of examination processes and continuum activities through the use of the *Market Regulation Handbook*. Additionally, this promotes guidance and consistent handling of examination processes and continuum activities within each jurisdiction on an individual basis when it is deemed appropriate to deviate from the *Market Regulation Handbook*.

Measurement

To evaluate whether the jurisdiction “passes” Requirement 2, the jurisdiction must at a minimum have sufficient authority by appropriate statute, regulation, rule, or other authority to utilize the most recent version of the *Market Regulation Handbook*, and be able to demonstrate when conducting examinations or continuum activities their use of applicable *Market Regulation Handbook* review standards and related materials to the extent they are consistent with jurisdictional law. The department’s policies and procedures should properly reference the use of those materials set forth in the *Market Regulation Handbook*.

Guidelines

When determining the department’s authority by appropriate statute, regulation, rule, or other authority to utilize the most recent version of the *Market Regulation Handbook*, the department should identify the statute, regulation, rule, or other authority to use the *Market Regulation Handbook* within their response.

When evaluating checklist items for Requirement 2, a jurisdiction should be able to demonstrate, on an individual basis, when it is deemed appropriate to deviate from, or necessary to use an earlier version of, the *Market Regulation Handbook*. The jurisdiction must also be able to demonstrate that it has followed its own established policies and procedures for adopting processes that deviate from the *Market Regulation Handbook*.

Checklist

	YES	NO
2a. Does the department have authority by statute, rule or other authority to utilize the <i>Market Regulation Handbook</i> ?	_____	_____

REFERENCE _____

2b. When conducting examinations or continuum activities, does the department incorporate applicable <i>Market Regulation Handbook</i> review standards and related materials to the extent they are consistent with state laws?	_____	_____
--	-------	-------

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

2c. Does the department have examination-specific policies and procedures in addition to those guidelines set forth in the *Market Regulation Handbook*?

2d. If the answer to item 2c. is “Yes”, is the jurisdiction able to demonstrate that it has followed its own established policies and procedures in adopting any process that deviates from the *Market Regulation Handbook*?

Complete the following if this is an Interim Annual Review:

Have there been any significant changes to the procedures since last year’s review? If “Yes,” please provide an explanation.

COMMENTS:

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Requirement 3 – Department Staffing: Resources

The department must have either, or a combination of:

- Its own staff sufficient to perform market regulation work, including market analysis, examinations and other continuum actions.
- Statutory authority sufficient to engage competent contractors on an as-needed basis and appropriate department staff to oversee and manage such contractors.

Objective

The objective of this requirement is to ensure the department has sufficient resources to meet the needs of the department’s market regulation activities.

Measurement

To evaluate whether the jurisdiction “passes” Requirement 3, the jurisdiction, must be able to respond “Yes” to each of the following checklist items:

- Item 3a.
- Item 3d. and/or 3e.
- Item 3n.

Furthermore, if the answer to checklist item 3e. is “Yes”, then a “Yes” response is required for item 3k., item 3l., and item 3m.

All remaining Requirement 3 checklist items should be collected and evaluated from year-to-year to evaluate the jurisdiction’s abilities.

Guidelines

Requirement 3 provides guidance on whether a jurisdiction has resources and capabilities to conduct market analysis, market conduct examinations and/or continuum activities. The standard recognizes that some jurisdictions use contracted services to perform these functions. In the event that contracted services are used, the standard inquires if the jurisdiction has the authority to hire contractors, established processes for selecting contractors and whether the jurisdiction engages in oversight of the contracted services. It is understood that jurisdictions vary in their usage of examinations versus continuum activities.

This requirement anticipates that some data will be obtained through the *Insurance Department Resources Report*. Those results should be reviewed in the event that classifications differ. Additionally, it is anticipated that each jurisdiction will evaluate changes in its level of resources from year to year.

The number of staff listed below should be expressed in terms of full-time equivalent (FTE) positions. The use of FTEs recognizes that most employees perform multiple functions within a department, for example, if two employees each spend half their time doing market analysis that would equate to 1 full-time equivalent position.

To evaluate its own status regarding the checklist for Requirement 3, each jurisdiction determines its specific appropriate level of staffing and or use of contracted services. Levels will vary from jurisdiction to jurisdiction. Factors such as population size, premium volume, complexity of insurance issues with a particular jurisdiction, complaints, legal requirements, directives for conducting market conduct activities and ability to keep abreast of emerging market issues are valid factors when evaluating the jurisdiction’s needs. Jurisdictions are encouraged to establish resource levels that permit them to meet their obligations or needs for market analysis, market conduct examinations and/or continuum actions.

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
 Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
 Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
 Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

During each jurisdiction’s evaluation of its staffing levels, it may also be helpful to determine what NAIC resources are relied upon for market regulation functions and how the use of those resources has changed over time. If additional NAIC resources are identified that may be beneficial, it is a good idea to bring forth those suggestions to NAIC staff. This will help to provide opportunities and diagnostic tools for improvement.

Where independent contractors are used to fulfill staffing needs, the department must be engaged and responsible throughout the examination and be responsive to issues and concerns that might arise.

Checklist

Sufficient Staff and Resources (Market Analysis)

The department should have the resources to analyze effectively on a periodic basis the market behavior of insurers doing business in the jurisdiction.

- | | YES | NO |
|--|-------|-------|
| 3a. Does the department have analysts on staff or under contract whose responsibility is to conduct market analysis of insurers doing business in the jurisdiction? | _____ | _____ |
| 3b. If the department utilizes contract analysts, please describe in a separate attachment the manner and extent of utilization in the department’s recent activities. | | |
| 3c. Indicate below the number of FTE contract and staff analysts for each of the last three years. | | |

	In-house Market Analysts	Contract Market Analysts
Current Year (CY)		
CY-1		
CY-2		

Indicate below the number of market analysis reviews for which market analysis was performed in the prior review period. Market analysis means formal review of a company through existing processes (e.g., Level 1, Level 2).

	Total Reviews
Current Year (CY)	
CY-1	
CY-2	

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
 Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
 Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
 Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Sufficient Staff and Resources (Examinations and/or Continuum Actions)

The department should have resources to effectively examine and/or conduct continuum actions of insurers as deemed appropriate by the department based upon its market analysis or as prescribed by jurisdiction laws.

- | | YES | NO |
|--|-------|-------|
| 3d. Does the department have examiners on staff whose responsibility is to examine and/or conduct continuum actions of insurance companies as indicated by the department’s market analysis or as prescribed by jurisdiction laws? | _____ | _____ |
| 3e. Does the department utilize contract examiners to examine and/or conduct continuum actions of insurance companies as indicated by the department’s market analysis or as prescribed by jurisdiction laws? | _____ | _____ |
| 3f. If the department utilizes contract examiners, please describe in a separate attachment the manner and extent of utilization in the department’s recent activities. | | |
| 3g. Indicate below the number of FTE market examiners, including supervisory personnel on the department’s staff and/or the number of individual contract examiners used compared to the last three years. | | |

	In-House Examiners	Contract Examiners	
Current Year (CY)			
CY-1			
CY-2			

- | | YES | NO |
|--|-------|-------|
| 3h. Has the department performed any targeted exams or market continuum actions in the prior two years? | _____ | _____ |
| 3i. If the answer to item 3h. is “Yes,” please provide a list of such exams or market continuum actions and the scope of the exams/actions. | | |
| 3j. If the answer to item 3h. is “No,” does the department have the on-staff resources or the ability to contract additional resources to perform targeted exams/actions, if deemed necessary? | _____ | _____ |

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
 Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
 Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
 Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Sufficient Staff and Resources (Contractor Selection and Oversight)

- | | YES | NO |
|--|------------|-----------|
| 3k. Does the department have the authority to hire contractors as specialists to perform market regulation? | _____ | _____ |
| 3l. If the department has authority to hire contractors, does it have either a statewide or departmental established process it follows for selecting contractors for market regulation purposes? Briefly explain. | | |
| 3m. Does the department oversee and manage contractors? Briefly explain. | | |

Policies & Procedures and Output

- | | | |
|---|-------|-------|
| 3n. Does the department have policies and procedures, subject to periodic review and updates, for identifying and addressing market conduct issues using market analysis and market conduct continuum activities, including examinations? | _____ | _____ |
| 3o. If the answer to item 3n. is “Yes,” what quantitative and subjective measurements are available to evaluate whether the department is adhering to its policies and procedures? | | |
| 3p. Based on the review of staff resources, please provide an explanation of any significant changes in resources and/or workload over the three-year period covered in the data above. | | |

Complete the following if this is an Interim Annual Review:

- | | YES | NO |
|--|------------|-----------|
| Have there been any significant changes to the procedures since last year’s review? If “Yes,” please provide an explanation. | _____ | _____ |

COMMENTS:

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Requirement 4 – Department Staffing: Qualifications

With respect to qualifications, the department:

- Shall ensure market regulation staff and contractors are qualified by establishing qualifications consistent with the standards for experience, education (including designations) and licenses in the *Market Regulation Handbook Core Competencies* (“Appendix D – Core Competencies – Resources – Staff and Training, Standard 2” and Appendix D – Core Competencies – Resources – Contractor Examiner, Standard 2” or successor documents).
- Should have a policy that encourages the professional development of all staff involved with market regulation through job-related college courses, professional designation programs or other training programs.

Objective

The objective of this requirement is to ensure the department staff is properly qualified to perform the market regulation functions for which they are responsible and have access to training and professional development opportunities.

Measurement

In order to successfully meet this requirement, the department must have policies and procedures in place regarding the appropriate credentials or minimum educational and experience requirements for selecting and hiring contractors. Furthermore the department should be able to demonstrate that it supports the hiring qualified staff and contractors; that it encourages and supports educational and training pursuits; that Examiners-in-Charge possess or are making progress toward completing appropriate designations; that the department recognizes licenses and other highly technical credentials of professionals and experts to perform certain market regulation activities where appropriate; and that it has a succession plan in place to ensure the maintenance of skills and records.

Guidelines

Notes to Evaluators:

- Equivalent substitutions may be considered with appropriate justification.
- Employees are exempt from this requirement if they have more than 20 years of service with the department or are less than five years from retirement.
- If collective bargaining or jurisdictional personnel policies prohibit any portion of such requirements, the department must show evidence that it has made good faith attempts to include such requirements.
- Evidence of good faith activities include, but are not limited to, the following:
 - The department adopts procedures to include a statement encouraging professional education.
 - The department has made arrangements to be a testing location for organizations such as Life Office Management Association (LOMA) or The Institutes.
 - The department attempts to secure funds for the professional development of market regulation personnel.

Hiring of Staff and Contractors

This area evaluates the effort of the department as it relates to the hiring of qualified staff and/or contractors. The department should have a policy or procedure in place on necessary credentials or minimum educational and experience requirements for selecting and hiring staff and contractors.

- The policies/procedures of the department should call for the inclusion of preferences for relevant experience, education and credentials in its job announcements/descriptions. In addition, the department should include in its specifications in requests for proposals (RFPs) requirements that contracted personnel (*with emphasis on supervisory personnel*) have relevant experience, and credentials.

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
 Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
 Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
 Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Relevant credentials would include a Market Conduct Management (MCM)¹ designation and any of the following designations:

- Certified Insurance Examiner (CIE)
- Accredited Insurance Examiner (AIE)
- Chartered Life Underwriter (CLU)
- Fellow, Life Management Institute (FLMI)
- Chartered Property Casualty Underwriter (CPCU)
- Certified Insurance Counselor (CIC)
- Fellow, Academy for Healthcare Management (FAHM)
- Professional in Insurance Regulation (PIR)
- Chartered Healthcare Consultant (ChHC)

Staff Development

The department should have a staff development program that encourages and supports educational and training pursuits, including training, courses, webinars, and certifications offered by the NAIC. Successful completion of this aspect of the requirement varies depending on an employee's length of service in insurance regulation.

(1) Staff Examiners/Analysts with More than Five Years of Service in Insurance Regulation

Examiners and analysts with more than five years of service with the department are “presumed qualified” and should be rated as a pass if they meet either of the following:

- Hold a juris doctor degree (J.D.) and an MCM designation.
- Hold an MCM designation and either an AIE or CIE designation.

Examiners and analysts with more than five years of service in the position of market conduct analyst or market conduct examiner who specialize in a particular line of business are “presumed qualified” and should be rated as a pass if they meet either of the following:

- Hold an MCM designation and either a CLU, FLMI, CPCU, CIC, FAHM or ChHC designation.
- Hold an MCM designation, a PIR designation and an associate's level designation from either The American College of Financial Services, The Institutes, America's Health Insurance Plans (AHIP) or similar organization such as LOMA or the Society of Financial Examiners (SOFE).

If all examiners and analysts with more than five years of service do not have the above qualifications, rate a pass if:

- The department has a training policy and/or job specifications that require completion and/or experience to attain the next highest level in their job classification series.
- The department has a policy that allows voluntary access to NAIC designation programs, and the department must show good faith attempts for encouragement and budgetary allowances to provide for voluntary training

¹ NAIC market conduct examination training may substitute for an MCM designation.

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
 Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
 Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
 Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

at other sources of professional education such as the Insurance Regulatory Examiners Society (IRES), The American College of Financial Services, The Institutes, LOMA or AHIP.

(2) Staff Examiners/Analysts with Less than Five Years of Service

When the department has staff with less than five years of service, the department should:

- Have a formal training program whereby new personnel have a clear requirement to attain, within five years, an MCM designation and either a CIE, AIE, CLU, FLMI, CPCU, CIC, FAHM, PIR or ChHC designation.
 - Personnel with a J.D. and five years of regulatory experience are exempt, with the exception they must earn an MCM designation or complete NAIC market conduct examination training.
- The department must have a policy that allows voluntary access to NAIC designation programs and the department must show good faith attempts for encouragement and budget allowances to provide for voluntary training at other sources of professional education such as IRES, The American College of Financial Services, The Institutes, LOMA or AHIP.

Examiner-in-Charge Qualifications

Examiners-in-Charge (EICs) should possess (or be making progress towards completion of) relevant designations. Relevant designations would include a Market Conduct Management (MCM) designation and any of the following designations as appropriate by lines of business:

- CIE
- AIE
- CLU
- FLMI
- CPCU
- CIC
- FAHM
- PIR
- ChHC

When an EIC with specific qualifications is not available, other qualifications are acceptable so long as the department is compliant with checklist item 4c. (development program).

Recognition of Licenses & Technical Credentials of Professionals & Experts

The department should recognize licenses and other highly technical credentials of professionals and experts such as attorneys, actuaries, cybersecurity experts, certified public accountants, IT experts and other professionals and specialists as qualified to perform certain market regulation activities.

In evaluating this aspect of the requirement, it is important to determine if the department retained and utilized appropriate staff or contractors with highly technical credentials when appropriate. Note: it is possible that no examinations or continuum activities requiring highly technical specialties were conducted during the review period.

Succession Plan

The department should have a succession plan in place to ensure maintenance of skills and records. At a minimum, the department should maintain written procedure manuals and cross-train employees.

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
 Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
 Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
 Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Checklist

	YES	NO
4a. Does the department have policy and procedures in place on necessary credentials or minimum educational and experience requirements for selecting and hiring staff consistent with the detailed credentials listed in the Certification guidelines?	_____	_____
4b. Does the department have policy and procedures in place on necessary credentials or minimum educational and experience requirements for selecting and hiring contractors consistent with the detailed credentials listed in the Certification guidelines?	_____	_____
4c. Does the department have a staff development program that encourages and supports educational and training pursuits, including training, courses, webinars and certifications offered by the NAIC?	_____	_____
4d. Does each Examiner-in-Charge possess or is the Examiner-in-Charge making progress towards completion of noted designations?	_____	_____
4e. Does the department recognize licenses and other highly technical credentials of professionals and experts such as attorneys, actuaries, cybersecurity experts, certified public accountants, information technology (IT) experts and other professionals and specialists as qualified to perform certain market regulation activities?	_____	_____
4f. Does the department maintain written procedure manuals to demonstrate a succession plan?	_____	_____
4g. As a separate attachment, provide a list of market analysts/examiners that includes the following: name; professional designation(s); title; years employed by the department (include functional area); type of college degree; and prior regulatory or insurance experience. Also indicate those market conduct analysts/examiners that are contractual and whether each is full-time with the department.		

Complete the following if this is an Interim Annual Review:

	YES	NO
Have there been any significant changes to the procedures since last year’s review? If “Yes,” please provide an explanation.	_____	_____

COMMENTS:

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
 Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
 Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
 Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Requirement 5 – Confidentiality and Information-Sharing

The department shall have the authority and capability to:

- Request, hold and produce examination, investigation, and continuum workpapers, on a confidential basis and protect it from subpoena, as permitted by jurisdictional law.
- Maintain confidentiality of confidential information shared by other jurisdictional or federal agencies; and only share confidential information with jurisdictional and federal agencies that agree, in writing, to adequately protect such confidential information.

Objective

The objective of this requirement is to ensure the department is able to maintain the confidentiality of its own work product and the work product of jurisdictions with which it collaborates. This is foundational to all collaborative efforts.

Measurement

To evaluate whether the jurisdiction “passes” Requirement 5, the jurisdiction must answer “Yes” to checklist item 5a., item 5b., item 5c and item 5d.

Guidelines

The jurisdiction’s treatment of examination, investigation, and continuum workpapers and information shared by or with other jurisdictions has a significant impact on the various jurisdictions’ ability to communicate and collaborate on confidential matters. The provisions within each jurisdiction’s laws, regulations or case law may vary regarding the extent to which workpapers are confidential or to timing which such information becomes a public document. Some laws may extend beyond workpapers and apply to examination reports, as well. Research and documentation of the applicable jurisdiction’s confidentiality provisions should provide clear guidance for individuals within the market regulation division. Checklist item 5a. does not anticipate a uniform confidentiality framework among jurisdictions, but rather is viewed as a necessity to adequately fulfill the requirements of checklist item 5c.

Entering into the Multi-State Information-Sharing Agreement with other jurisdictions and the NAIC is also a necessary part of being able to adequately maintain confidentiality of information shared by other jurisdictions.

Checklist

	YES	NO
5a. Does the jurisdiction have laws, regulations or case law that specify how the confidentiality of market conduct examination workpapers is to be handled?	_____	_____

REFERENCE _____

5b. Has the department entered into the Multi-State Information-Sharing Agreement with other departments and the NAIC and does the department have written policies/procedures and communicate such policies/procedures to staff?	_____	_____
---	-------	-------

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

5c. Does the department have written policies and procedures and communicated such policies and procedures to employees relating to the protection of confidential information which includes PII and PHI, handling of public records requests and requirements for confidentiality agreements when it becomes necessary to share confidential information with other federal and international regulatory or law enforcement agencies, not otherwise covered by the multi-state agreement? _____

5d. Does the department have a records retention schedule which outlines plans for secure storage and timeline for destruction of work papers? _____

Information-sharing agreements with federal or international regulatory agencies or law enforcement agencies may be handled either on a case-by-case basis or by way of properly executed memorandums of mutual understanding.

Complete the following if this is an Interim Annual Review:

Have there been any significant changes to the procedures since last year’s review? If “Yes,” please provide an explanation. **YES** **NO**

COMMENTS:

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Requirement 6 – Collaboration with Other Jurisdictions

The department participates in collaborative actions with other jurisdictions.

The department follows the referral or reporting procedures outlined in the Market Actions (D) Working Group’s Policies and Procedures for any material action that has a potential for collaborative action. In order to determine if a referral or reporting to the Market Actions (D) Working Group is necessary, the department will notify all other Collaborative Action Designees (CADs) via meeting, bulletin board, or other method, of proposed activities that have the potential for collaboration.

In addition, the Market Analysis Chief (MAC), MAWG member, CAD and/or CAD alternate shall actively monitor the Market Regulation and Market Analysis Bulletin Boards.

The department will consider joining called Market Actions (D) Working Group collaborative actions relevant to its jurisdiction and provide a response indicating whether or not it will join the collaborative action.

[Collaboration-National Analysis. Formerly Req. 11] The department participates* in the review of national analysis data annually.

*Participation means either performing analysis on one of the selected companies or participating in the selection process. Please note if none of the selected companies wrote business in the jurisdiction. It should be noted that the national analysis process is subject to change. Therefore, it is understood that in the future it may be necessary to revisit what it means to “participate.”

Objective

The objective of this requirement is to encourage collaboration with other jurisdictions to help to keep market regulation more effective and efficient by preventing duplication of effort. Sharing of key information among jurisdictions helps to identify marketplace issues as they arise. By encouraging a multi-jurisdictional response to issues when practical, jurisdictions can more effectively direct their resources. Also, this requirement promotes collaboration and the sharing of perspectives and approaches to analyzing data among jurisdictions.

Measurement

To evaluate whether the jurisdiction “passes” Requirement 6, the jurisdiction must answer “Yes” to checklist item 6a. The jurisdiction should answer yes to item 6b. and item 6c., and item 6e. and item 6f. unless there is an applicable explanation given in checklist item 6g.

When evaluating checklist items for the MAWG national analysis process, it is important to remember that participation means either performing analysis on one of the selected companies or participating in the selection process.

To evaluate whether the jurisdiction “passes” the national analysis portion of this requirement, the jurisdiction should answer “Yes” to checklist item 6i., in addition to providing a name of the individual (or individuals) who participate in the annual national analysis project .

Drafting Note: Assumes at least one company to be reviewed is licensed or conducting business in the jurisdiction.

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Guidelines

The first portion of Requirement 6 relates to participation in the Market Actions (D) Working Group and is followed by checklist item 6a., item 6b., item 6c. and item 6d. The second portion of Requirement 6 relates to how the jurisdiction joins or considers joining Market Actions (D) Working Group actions and is followed by checklist item 6e., item 6f. and item 6g.

For regulators to fully adhere with Requirement 6, especially as it relates to handling of referrals, it is important to become familiar with both the *Market Regulation Handbook*, Chapter 6—Collaborative Actions, and the Market Actions (D) Working Group’s Policies and Procedures.

Actively monitoring includes responding to posts or responding directly to the sender of a posting.

Examples of actively monitoring the bulletin boards could include regularly:

- Responding substantively to a bulletin board post.
- Reaching out directly to the poster.
- Communicating with other divisions within the department.
- Raising the issue to the Chief Market Regulator Forum (CMRF).

Examples of reasonable explanations for checklist item 6d. and item 6g. may include, but are not limited to, such justifications as:

- The issue has minimal or no consumer impact.
- The issue is not yet sufficiently defined, investigated, or analyzed.
- There are no known laws or regulations to address the issue.
- There are reasons why expediency to address the matter in the jurisdiction is of utmost concern.
- Significant differences in the jurisdiction’s particular insurance laws or regulations.
- The matter has been previously addressed in a satisfactory manner by the jurisdiction.
- An executive decision made at the chief market regulator or general counsel level.

The MAWG national analysis process involves multiple jurisdictions conducting detailed analysis on companies that are shown as outliers. The approach to detailed analysis may differ among jurisdictions; therefore, participation encourages the sharing of ways to analyze data. The national analysis process is an evolving one that uses NAIC staff to provide information to the states. The states that participate in national analysis ultimately decide what to do with companies subject to their national analysis. Their results and recommendations are presented to the Market Actions (D) Working Group.

Additionally, it is important to know that the Market Action (D) Working Group’s annual national analysis process uses the Market Conduct Annual Statement (MCAS) and other existing data to identify companies of national (or multi-jurisdictional) interest that exhibit potential market conduct issues. The goal is to find and address issues common across jurisdictions, while reducing the strain on single jurisdictional resources.

Overall, jurisdictions should work together to test the results of the market analysis process against their findings to refine the process. By doing this, the jurisdictions can develop a more efficient market analysis process that will provide more useful information about companies’ market activities. By working together in this manner, jurisdictions will achieve the goal referenced above.

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
 Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
 Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
 Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Checklist

Participation in the Market Actions (D) Working Group

YES

NO

6a. Does the department have procedures for staff to follow when reporting potential collaborative actions to the department’s CAD?

6b. If the department identified a potential collaborative action, did the department notify all CADs—via meeting, bulletin board or other communication—of the activities identified that may have the potential for collaboration?

6c. If the department received a positive response to its inquiries to other CADs regarding a potential collaborative action, did the department refer the action to Market Actions (D) Working Group using the reporting procedures outlined in the Market Actions (D) Working Group’s Policies and Procedures, including completing the Request for Review form and submitting the form to the designated NAIC support staff?

6d. If the answer to item 6b. or item 6c. is “No,” please provide a brief explanation.

Examples of reasonable explanations:

- The issue has minimal/no consumer impact.
- The issue is not yet sufficiently defined, investigated, or analyzed.
- There are no known laws/regulations to address the issue.
- There are reasons why expediency to address the matter in the jurisdiction is of utmost concern.
- Significant differences in the jurisdiction’s insurance laws/regulations.
- The matter has been previously addressed in a satisfactory manner by the jurisdiction.
- An executive decision made at the chief market regulator/General Counsel level.

Consideration of Market Actions (D) Working Group Actions

YES

NO

6e. Does the department have written procedures for reviewing and evaluating its participation in potential collaborative actions brought to its attention, either through the Market Actions (D) Working Group or by another department?

6f. For any collaborative action for which the department declined participation, has the department provided a response to the Market Actions (D) Working Group?

6g. If the answer to item 6e. or item 6f. is “No,” please provide a brief explanation.

6h. Does the MAC, Market Actions (D) Working Group member, CAD and/or CAD alternate actively monitor the bulletin board discussions?

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

- 6i. Does the department participate in the review of national analysis data on an annual basis? _____
- 6j. If the answer to item 6i is “Yes”, who in the department, by functional title, participates in the annual national analysis project? _____

Complete the following if this is an Interim Annual Review: **YES** **NO**

Have there been any significant changes to the procedures since last year’s review? If “Yes,” please provide an explanation. _____

COMMENTS:

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
 Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
 Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
 Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Requirement 7 – Market Conduct Annual Statement

The department participates in the centralized collection of the Market Conduct Annual Statement (MCAS) and utilizes the data in its market analysis process.

Objective

The objective of this requirement is to encourage utilization of the centralized collection of the MCAS to enhance each jurisdiction’s market analysis process. By using the data collected in the MCAS process, departments are able to reduce expenses and resources that would have to be used if data was requested and companies had to submit data to multiple jurisdictions.

Measurement

In order to successfully meet this requirement, jurisdictions should be able to verify that they utilize the data obtained from MCAS for market analysis. This verification can be accomplished by producing evidence of completed baseline analysis and Level 1 analysis which pull data from MCAS. Documentation of completed analysis will ensure usage of the MCAS data.

Guidelines

The department has written procedures that show that the use of MCAS data is a part of their market analysis process and assists in making decisions as to the next step in their regulation process.

In the event the department participates but does not require each line of insurance that is part of the MCAS program, a one-year “grace period” is allowed for newly adopted lines of insurance as being acceptable for a “pass.” Additionally, intention to perform analysis for newly adopted lines that have not yet been reported is acceptable for a “Yes” response to item 7c. If the department participates in MCAS but does not participate in all lines after the one-year grace period has elapsed, consider that the jurisdiction has passed with a strong recommendation to add the additional line(s).

In the event a department conducts its own individualized MCAS program, consider that scenario as marginally passing with a strong recommendation to participate in the standardized NAIC program.

Checklist

	YES	NO
7a. Does the department require eligible companies to file the MCAS with the NAIC?	_____	_____
7b. Does the department require that the MCAS be prepared in accordance with the NAIC MCAS user guides and instructions?	_____	_____
7c. Does the department utilize the data obtained from the MCAS for market analysis? (Examples of utilization include, but are not limited to, such activities as performing baseline or Level 1 analysis.)	_____	_____

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Complete the following if this is an Interim Annual Review:

Have there been any significant changes to the requirements since last year’s review? If “Yes,” please provide an explanation.

YES

NO

COMMENTS:

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Requirement 8 – Electronic Data Entry with the NAIC

The department enters data no less frequently than on a quarterly basis (but preferably monthly) to 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. Additionally, the department enters continuum actions into MATS when initiating the action.

Objective

The objective of this requirement is to ensure that regulators in other jurisdictions are completely and timely informed of market conduct actions that have occurred, are ongoing, or that are anticipated.

Measurement

To evaluate whether the jurisdiction “passes” Requirement 8, the jurisdiction must answer “Yes” to checklist item 8a., item 8b and 8d., unless there is an applicable explanation, briefly explained, in applicable checklist item 8e. With respect to checklist item 8c., further clarification of what continuum items must be entered will be forthcoming; however, any item resulting in a formal order must be entered into RIRS. Source documents should be reviewed in order to ensure timeliness. Only entries after the certification program is adopted should be measured.

Guidelines

The Market Information Systems Research and Development (D) Working Group report on reporting timeliness, accuracy and completeness will be attached.

- Timeliness, accuracy and completion standards may be implemented upon consideration by the Market Regulation Certification (D) Working Group.
- Only entries after the certification program is adopted should be measured. De minimis variations (i.e., less than five business days) should be given a “pass.”

Any back-end system that auto-populates the referenced NAIC systems will meet this requirement. If a jurisdiction is using a back-end system which does not currently auto-populate the referenced NAIC systems, that jurisdiction must ensure that the information is entered in the NAIC systems. This may require dual entry until such time as the back-end system auto-populates the NAIC systems.

Significant Market Actions:

The *Market Regulation Handbook* provides guidance on continuum actions for example, “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.” Such significant actions should be reported in MATS as determined by the department.

- If checklist item 8d. is answered “Yes,” ensure each examination is called 60 days prior to the start of the examination unless there is reason (noted in item 8e.) of “immediate concern” as set forth in the *Market Regulation Handbook*). Examples of immediate concerns include, but are not limited to:
 - Fraud allegations.
 - Imminent consumer harm.
 - Blatant disregard of a department order.
 - Imminent solvency concern.

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
 Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
 Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
 Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Checklist

	YES	NO
8a. Does the department enter or transmit data at least quarterly into the CDS?	_____	_____
8b. Does the department enter or transmit data at least quarterly into RIRS?	_____	_____
8c. Does the department enter non-examination continuum actions into MATS when initiated and the resulting applicable final status reports or updates (if applicable) at least quarterly?	_____	_____
8d. Did the department enter at least 75% of examinations into MATS at least 60 days before the start of the examination as set forth in the <i>Market Regulation Handbook</i> ? (Note: The start of the examination is the date the department began work on the examination materials received from the examined entity.)	_____	_____
8e. If the answer to item 8a., item 8b., item 8c., or item 8d. is “No,” please provide an explanation.		

Complete the following if this is an Interim Annual Review:

	YES	NO
Have there been any significant changes to the requirements since last year’s review? If “Yes,” please provide an explanation.		

COMMENTS:

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Requirement 9 – Participation in NAIC Market Conduct and Market Analysis Working Groups

The department participates in or monitors NAIC market conduct and market analysis-related working groups as a member or interested regulator.

Objective

The objective of this requirement is to ensure jurisdictions are aware of market conduct and market analysis initiatives, and stay abreast of developments and improvements with respect to market analysis and examination tools, techniques and standards so that they can be applied in jurisdictions' ongoing market regulation efforts.

Measurement

To evaluate whether the jurisdiction “passes” Requirement 9, the jurisdiction must, at a minimum, be able to answer “Yes” to checklist item 9a. and item 9c., as well as document who in the department or jurisdiction participates in or monitors the Market Analysis Procedures (D) Working Group and the Market Conduct Examination Guidelines (D) Working Group.

Guidelines

NAIC market conduct and market analysis-related working groups provide a national forum for jurisdictions to share and coordinate efforts.

When evaluating checklist items for Requirement 9, it is important to remember participation in the working group and task force meetings is tracked through the NAIC. In the absence of the ability to participate in every applicable meeting or conference call, it is anticipated that a passing jurisdiction will monitor the applicable working group activities through a review of available materials, minutes, and regulator materials.

At each jurisdiction’s discretion, consideration may be given to monitoring the Market Information Systems (D) Task Force and applicable working groups, task forces reporting to the Market Regulation and Consumer Affairs (D) Committee and other working groups, task forces and Committee relevant to consumer issues and market regulation.

Checklist

	YES	NO
9a. Does the department participate in or monitor the Market Analysis Procedures (D) Working Group as a working group member or interested regulator either by conference calls or by attending meetings?	_____	_____
9b. If the answer to item 9a. is “Yes”, who in the department, by functional title, participates in or monitors the Market Analysis Procedures (D) Working Group?		
9c. Does the department participate in or monitor the Market Conduct Examination Guidelines (D) Working Group as a working group member or interested regulator either by conference calls or by attending meetings?	_____	_____
9d. If the answer to item 9c. is “Yes”, who in the department, by functional title, participates in or monitors the Market Conduct Examination Guidelines (D) Working Group?		

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

9e. List any other market conduct or market analysis-related working groups and/or task forces that the department participates in or monitors.

Complete the following if this is an Interim Annual Review:

Have there been any significant changes to the procedures since last year’s review? If “Yes,” please provide an explanation.

YES

NO

COMMENTS:

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Requirement 10 – Collaborative Action Designee

The department appoints a collaborative action designee (CAD). The department’s Market Actions (D) Working Group member, CAD and/or CAD alternate attends at least 50% of the discussions, either telephonically or in person, of the Market Actions (D) Working Group meetings they are eligible to attend every year.

Objective

The objective of this requirement is to promote collaboration with other CADs.

Measurement

To evaluate whether a jurisdiction “passes” Requirement 10, the jurisdiction must answer “Yes” to checklist item 10a., and item 10c. If the answer to item 10b is “No,” the jurisdiction is strongly encouraged to appoint a CAD alternative when possible.

Guidelines

When evaluating checklist items for Requirement 10, it is important to remember that the CAD is the one contact identified by the chief market regulator of each jurisdiction to have full responsibility for all communications related to collaborative efforts, including, but not limited to, multi-jurisdictional issues. This includes participating in, or assigning a designee to participate in, certain meetings or conference calls of the Market Actions (D) Working Group. While the market analysis chief (MAC) oversees the internal jurisdictional process of identifying entities with potential market regulatory issues, the CAD oversees the process of communicating about those entities and collaborating with other CADs, potentially through the Market Actions (D) Working Group.

The CAD is the person identified with authority to receive information regarding collaborative actions from the Market Actions (D) Working Group. Additionally, the department’s Market Actions (D) Working Group member, CAD or CAD alternate must attend at least 50% of the discussions, either telephonically or in person, of the Market Actions (D) Working Group meetings they are eligible to attend every year.

Checklist

	YES	NO
10a. Has the department appointed a CAD?	_____	_____
10b. Has the department appointed a CAD alternate?	_____	_____
10c. Does the CAD and/or CAD alternate attend at least 50% of all meetings and conference calls of the Market Actions (D) Working Group they are eligible to attend?	_____	_____

Complete the following if this is an Interim Annual Review:

Have there been any significant changes to the procedures since last year’s review? If “Yes,” please provide an explanation.

COMMENTS:

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

Requirement 11 – Interdivisional Collaboration

The Department of Insurance has established and follows a systematic procedure for interdivisional communication (as referenced in the *Market Regulation Handbook*).

Objective

The objective is to establish and maintain a systematic procedure for interdivisional communication, as well as specific guidance regarding which requirements govern or define interdivisional collaboration. This includes identifying warning signs that all staff should share with the market analysis chief (MAC). In particular, all insurance department staff should report to the MAC when information of concern that may result in consumer harm is received in the department.

Measurement

To evaluate whether the jurisdiction “passes” Requirement 11, the jurisdiction must answer “Yes” to checklist item 11a., item 11b., and item 11c.

Guidelines

Insurance department staff should effectively communicate and coordinate with various areas within the department or other jurisdiction agencies/legislature, as appropriate. Such communication should consist of information shared by other areas of the department as well as key findings resulting from research conducted by the staff. Evidence of this communication should be clearly documented. The communication process should include a formal method that allows for pertinent information from other areas (e.g. legal, rates and forms, actuarial, etc.) within the department that could impact market conduct to be shared with the staff. Examples may include regularly scheduled department head meetings, department managers’ meetings, information requests to other areas of the department, etc.

As a means of improving the sharing of information among the jurisdictions, at the conclusion of an investigation that resulted from interdivisional communication, all jurisdictions are encouraged to contact the jurisdiction’s market analysis chief (MAC) in an affected jurisdiction and inform them of the results of the investigation.

When evaluating checklist items for Requirement 11, it is important to remember that market conduct problems do not occur in a vacuum. Complaint activity, legal issues, financial concerns or irregularities in rate and form filings often accompany them. At the same time, market conduct problems may be an early warning sign of other problems with a company, so it is essential for information to be shared and discussed between the MAC and other department staff. This should be done on a systematic basis, including, at a minimum, a quarterly meeting or questionnaire requesting other work areas within the department to report unusual activity that may be of interest to the MAC, such as patterns of adverse financial data, consumer complaints, policy termination activity, producer misconduct or use of noncompliant forms or rates.

Checklist

- 11a. Has the department established procedures for the market analysis chief (MAC), or appropriate designee, to communicate interdepartmentally with the appropriate staff, either through written channels or by sufficient demonstration of action (such as regularly scheduled department head meetings, department managers’ meetings, or information requests to other areas of the department?

YES

NO

Draft: 5/9/23

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
 Implementation Plan adopted by the Market Regulation Certification (D) Working Group – 12/9/2022
 Guidelines and Checklist adopted by the Market Regulation and Consumer Affairs (D) Committee –
 Guidelines and Checklist adopted by the Market Regulation Certification (D) Working Group – 6/6/2023*

11b. Does the MAC, or appropriate designee provide the appropriate interdepartmental staff with market concerns such as, but not limited to, financial data, consumer complaints, policy termination activity, producer misconduct or use of noncompliant forms or rates, related to the following functional areas:

- i. Consumer Services _____
- ii. Enforcement _____
- iii. Legal _____
- iv. Forms and Filing _____
- v. Financial _____
- vi. Market Analysis _____
- vii. Market Conduct _____

11c. On a quarterly basis, does the MAC, or appropriate designee, solicit information from the above functional areas regarding adverse patterns on, but not limited to, financial data, consumer complaints, policy termination activity, producer misconduct, or use of noncompliant forms or rates?

Complete the following if this is an Interim Annual Review:

Have there been any significant changes to the procedures since last year’s review?
 If “Yes,” please provide an explanation.

COMMENTS:

Draft: 12/2/22

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
Implementation Plan adopted by the Market Regulation Certification (D) Working Group*

Voluntary Market Regulation Certification Program Proposal for Implementation

Current Charge of the Working Group

The Market Regulation Certification (D) Working Group will develop a formal market regulation certification proposal for consideration by the National Association of Insurance Commissioners (NAIC) membership that provides recommendations for the following:

- 1) Certification standards.
- 2) A process for the state implementation of the standards.
- 3) A process to measure the states' compliance with the standards.
- 4) A process for future revisions to the standards.

As per the charges adopted for the Market Regulation Certification (D) Working Group, the following is a draft proposal for charges 2 and 4.

Implementation Proposal

The Voluntary Market Regulation Certification Program will be overseen and administered by a working group (Market Regulation Standards and Certification (D) Working Group) established by the Market Regulation and Consumer Affairs (D) Committee. Members of the Working Group shall be appointed annually pursuant to the NAIC Bylaws.

Self-Certification Program

- Upon adoption/approval of the Voluntary Market Regulation Certification Program, the Market Regulation Certification Program Self-Assessment Guidelines and Checklist Tool and the Implementation Plan by the NAIC membership, participating jurisdictions may begin self-certification. No later than two weeks prior to the first Fall National Meeting following the adoption/approval of the program, a jurisdiction may submit a self-certification report that outlines the progress achieved towards implementation of the Voluntary Market Regulation Certification Program requirements. The self-certification will follow the formatted checklist designed and finalized by the Market Regulation Certification (D) Working Group.
- A jurisdiction's self-certification report will be submitted to NAIC staff. The Market Regulation Standards and Certification (D) Working Group will monitor and assess its progress towards compliance with the *Voluntary Market Regulation Certification Program* requirements. Each jurisdiction that submits a self-certification report will be provisionally certified. The Working Group will provide the jurisdiction with an acknowledgement and its assessment of the jurisdiction's self-certification.
- Prior to each Fall National Meeting following a jurisdiction's initial provisional certification, each provisionally certified jurisdiction will submit its self-certification report to NAIC staff. Jurisdictions that have not previously submitted a self-certification report, may do so prior to any Fall National Meeting using the process noted above to receive provisional certification.
- At any time, participating jurisdictions may request peer-review, guidance, and training. To the extent necessary to accommodate such requests, NAIC staff may work with seasoned regulators with market conduct examination and/or market analysis experience to assist in meeting the needs of such requestors.

Draft: 12/2/22

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
Implementation Plan adopted by the Market Regulation Certification (D) Working Group –*

- Once a mechanism is in place for implementing the Full Certification Program (see *Full Certification Program* below), jurisdictions will have the option to continue self-certifying or to apply for full certification. Jurisdictions that decide to continue self-certifying will use the same process described above.

Full Certification Program

- The Market Regulation Standards and Certification Working Group will determine whether jurisdictions that apply to be fully certified meet the certification standards. An NAIC Review Team (similarly constructed as the Financial Regulation and Accreditation Standards Accreditation Review Team) will conduct the certification reviews.
- No later than two weeks prior to the first Spring National Meeting after the Market Regulation Standards and Certification Working Group has been established (or no later than two weeks prior to any subsequent Spring National Meeting), any participating jurisdiction may apply for full certification by submitting a request for full certification along with a self-certification report to NAIC staff. The jurisdiction's request will be reviewed by the NAIC Review Team, which will provide its recommendation to the Market Regulation Standards and Certification Working Group. For jurisdictions applying for full certification, the Committee will use applicable monitoring tools to verify the self-certification information reported by the participating jurisdictions. The NAIC Review Team may use additional forms of verification deemed necessary, such as interviews or on-site visits. Each fully certified jurisdiction will be reviewed every five years to assess the jurisdiction's ongoing compliance with the certification standards.
- The requests for full certification will be reviewed in the order in which they are received. No more than 12 reviews will be conducted in each of the first five years of the certification program. In each subsequent year, jurisdictions that request to have full certification must submit their request with its self-certification report to NAIC staff two weeks prior to the Spring National Meeting. The NAIC Review Team will conduct the five-year re-assessments and review all the requests. Recommendations for full certification and re-certifications will be provided to the Market Regulation Standards and Certification Committee prior to the Fall National Meeting of the same calendar year. The Market Regulation Standards and Certification Committee will make its decision regarding certification or re-certification by the end of the calendar year.
- All jurisdictions that submit a request for full certification will be provisionally certified by the Market Regulation Standards and Certification Working Group (as per the process described in the *Self-Certification Program* above) until their request for full certification is reviewed and a decision on the request is made by the Market Regulation Standards and Certification Working Group.
- Fully certified jurisdictions will submit a self-certification report during the third year to NAIC staff at least two weeks prior to the Summer National Meeting.
- A jurisdiction may withdraw its request for full certification at any time. A jurisdiction that is fully certified can exit the full certification re-assessment cycle and choose to be either provisionally certified (per the process described in the *Self-Certification Program* above) or to not participate in the Voluntary Market Regulation Certification Program.

Draft: 12/2/22

*Implementation Plan adopted Market Regulation and Consumer Affairs (D) Committee –
Implementation Plan adopted by the Market Regulation Certification (D) Working Group –*

- A fully certified jurisdiction may qualify for financial incentives. (Details will be determined and approved by the Executive (EX) Committee.)

Future Revisions

- The Market Regulation Standards and Certification Working Group will regularly review feedback from jurisdictions concerning any issues or recommended changes to the *Voluntary Market Regulation Certification Program* requirements and the *Market Regulation Certification Program Self-Assessment Guidelines and Checklist Tool* based on the use of the guidelines and checklist for self-certification.
- Future revisions of the market regulation certification standards will be made from time to time by the Market Regulation Standards and Certification Working Group with approval of the Market Regulation and Consumer Affairs (D) Committee and NAIC membership. New standards will be added only as necessary and added no more frequently than once per year. Revised sets of standards will constitute a new “certification tier.” An effective date will be specified for each new requirement within a tier. Self-certified and fully certified jurisdictions that comply with a previous tier of requirements will not be measured on compliance to new tier requirements until the first self-assessment audit or the five-year re-certification review (whichever occurs first) after the effective date of the new requirement.

1st assessment	all mandatory must be met
1st 5-year re-assessment	50% of remaining available points
2nd 5-year re-assessment	90% of remaining available points

Question	Text	Mandatory Condition Met	(Primary)	(Secondary)
Requirement 1				
1a	Does the department have the general authority to collect and analyze information whenever it is deemed necessary?			
1b	Does the department have the authority to collaborate and coordinate with other regulatory agencies?			
1c	Is the department's authority broad enough to cover market analysis, comprehensive and targeted market conduct examinations and the continuum of market regulation actions, including enforcement?			

Question	Text	Mandatory Condition Met	(Primary)	(Secondary)
Requirement 2				
2a	Does the department have authority by statute, rule or other authority to utilize the <i>Market Regulation Handbook</i> ?			
2b	When conducting examinations or continuum activities, does the department incorporate applicable <i>Market Regulation Handbook</i> review standards and related materials to the extent they are consistent with state laws?			
2c	Does the department have examination-specific policies and procedures in addition to those guidelines set forth in the <i>Market Regulation Handbook</i> ?			
2d	If the answer to item 2c. Is "Yes", is the jurisdiction able to demonstrate that it has followed its own established policies and procedures in adopting any process that deviates from the <i>Market Regulation Handbook</i> ?			

Question	Text	Mandatory Condition Met	(Primary)	(Secondary)
Requirement 3				
3a	Does the department have analysts on staff or under contract whose responsibility is to conduct market analysis of insurers doing business in the jurisdiction?			
3b	If the department utilizes contract analysts, please describe in a separate attachment the manner and extent of utilization in the department's recent activities.			
3c(1)	Indicate below the number of FTE contract and staff analysts for each of the last three years.			
3c(2)	Indicate below the number of market analysis reviews for which market analysis was performed in the prior review period. Market analysis means formal review of a company through existing processes (e.g., Level 1, Level 2).			
3d	Does the department have examiners on staff whose responsibility is to examine and/or conduct continuum actions of insurance companies as indicated by the department's market analysis or as prescribed by jurisdiction laws?	Read 3d and 3e together. Satisfaction of one satisfies both.		
3e	Does the department utilize contract examiners to examine and/or conduct continuum actions of insurance companies as indicated by the department's market analysis or as prescribed by jurisdiction laws?	Read 3d and 3e together. Satisfaction of one satisfies both.		

Question	Text	Mandatory Condition Met	(Primary)	(Secondary)
3f	If the department utilizes contract examiners, please describe in a separate attachment the manner and extent of utilization in the department's recent activities			
3g	Indicate below the number of FTE market examiners, including supervisory personnel on the department's staff and/or the number of individual contract examiners used compared to the last three years.			
3h	Has the department performed any targeted exams or market continuum actions in the prior two years?			
3i	If the answer to item 3h. is "Yes," please provide a list of such exams or market continuum actions and the scope of the exams/actions.			
3j	If the answer to item 3h. is "No," does the department have the on-staff resources or the ability to contract additional resources to perform targeted exams/actions, if deemed necessary?			

Question	Text	Mandatory Condition Met	(Primary)	(Secondary)
3k	Does the department have the authority to hire contractors as specialists to perform market regulation?	If 3e is "yes"		
3l	If the department has authority to hire contractors, does it have either a statewide or departmental established process it follows for selecting contractors for market regulation purposes? Briefly explain	If 3e is "yes"		
3m	Does the department oversee and manage contractors? Briefly explain.	If 3e is "yes"		
3n	Does the department have policies and procedures, subject to periodic review and updates, for identifying and addressing market conduct issues using market analysis and market conduct continuum activities, including examinations?			
3o	If the answer to item 3n. is "Yes," what quantitative and subjective measurements are available to evaluate whether the department is adhering to its policies and procedures?			
3p	Based on the review of staff resources, please provide an explanation of any significant changes in resources and/or workload over the three-year period covered in the data above.			

Question	Text	Mandatory Condition Met	(Primary)	(Secondary)
Requirement 4				
4a	Does the department have policy and procedures in place on necessary credentials or minimum educational and experience requirements for selecting and hiring staff consistent with the detailed credentials listed in the Certification guidelines?		Allows for unions*. Continue to discuss	
4b	Does the department have policy and procedures in place on necessary credentials or minimum educational and experience requirements for selecting and hiring contractors consistent with the detailed credentials listed in the Certification guidelines?			
4c	Does the department have a staff development program that encourages and supports educational and training pursuits, including training, courses, webinars and certifications offered by the NAIC?			
4d	Does each Examiner-in-Charge possess or is the Examiner-in-Charge making progress towards completion of noted designations?			

Question	Text	Mandatory Condition Met	(Primary)	(Secondary)
4e	Does the department recognize licenses and other highly technical credentials of professionals and experts such as attorneys, actuaries, cybersecurity experts, certified public accountants, information technology (IT) experts and other professionals and specialists as qualified to perform certain market regulation activities?			
4f	Does the department maintain written procedure manuals to demonstrate a succession plan?			
4g	As a separate attachment, provide a list of market analysts/examiners that includes the following: name; professional designation(s); title; years employed by the department (include functional area); type of college degree; and prior regulatory or insurance experience. Also indicate those market conduct analysts/examiners that are contractual and whether each is full-time with the department.			

Question	Text	Mandatory Condition Met	(Primary)	(Secondary)
Requirement 5				
5a	Does the jurisdiction have laws, regulations or case law that specify how the confidentiality of market conduct examination workpapers is to be handled?			
5b	Has the department entered into the Multi-State Information Sharing Agreement with other departments and the NAIC and does the department have written policies/procedures and communicate such policies/procedures to staff?			
5c	Does the department have written policies and procedures and communicated such policies and procedures to employees relating to the protection of confidential information which includes PII and PHI, handling of public records requests and requirements for confidentiality agreements when it becomes necessary to share confidential information with other federal and international regulatory or law enforcement agencies, not otherwise covered by the multi-state agreement?			
5d	Does the department have a records retention schedule which outlines plans for secure storage and timeline for destruction of work papers?			

Question	Text	Mandatory Condition Met	(Primary)	(Secondary)
Requirement 6				
6a	Does the department have procedures for staff to follow when reporting potential collaborative actions to the department's CAD?			
6b	If the department identified a potential collaborative action, did the department notify all CADs—via meeting, bulletin board or other communication—of the activities identified that may have the potential for collaboration?			
6c	If the department received a positive response to its inquiries to other CADs regarding a potential collaborative action, did the department refer the action to Market Actions (D) Working Group using the reporting procedures outlined in the Market Actions (D) Working Group's Policies and Procedures, including completing the Request for Review form and submitting the form to the designated NAIC support staff?			
6d	If the answer to item 6b., or item 6c. is "No," please provide a brief explanation.			
6e	Does the department have written procedures for reviewing and evaluating its participation in potential collaborative actions brought to its attention, either through the Market Actions (D) Working Group or by another department?			

Question	Text	Mandatory Condition Met	(Primary)	(Secondary)
6f	For any collaborative action for which the department declined participation, has the department provided a response to the Market Actions (D) Working Group?		Yellow	
6g	If the answer to item 6e. or item 6f. is "No," please provide a brief explanation.			Green
6h	Does the MAC, Market Actions (D) Working Group member, CAD and/or CAD alternate actively monitor the bulletin board discussions?	Red		
6i	Does the department participate in the review of national analysis data on an annual basis?		Yellow	
6j	If the answer to item 6i is "Yes", who in the department, by functional title, participates in the annual national analysis project?			Green
6k	Does your state participate in one national analysis team at least every other year?	Pam's Note - 6.k. and 6.l. should be deleted to track changes	Yellow	
6l	Who in the department, by functional title, participates on a national analysis team at least every other year?			Green

we made elsewhere in Requirement 6 , since the natio

Question	Text	Mandatory Condition Met	(Primary)	(Secondary)
Requirement 7				
7a	Does the department require eligible companies to file the MCAS with the NAIC?			
7b	Does the department require that the MCAS be prepared in accordance with the NAIC MCAS user guides and instructions?			
7c	Does the department utilize the data obtained from the MCAS for market analysis? (Examples of utilization include, but are not limited to, such activities as performing baseline or Level 1 analysis.)			

Question	Text	Mandatory Condition Met	(Primary)	(Secondary)
Requirement 8				
8a	Does the department enter or transmit data at least quarterly into the CDS?			
8b	Does the department enter or transmit data at least quarterly into RIRS?			
8c	Does the department enter non-examination continuum actions into MATS when initiated and the resulting applicable final status reports or updates (if applicable) at least quarterly?			
8d	Did the department enter at least 75% of examinations into MATS at least 60 days before the start of the examination as set forth in the <i>Market Regulation Handbook</i> ? (Note: The start of the examination is the date the department began work on the examination materials received from the examined entity.)			
8e	If the answer to item 8a., item 8b., item 8c., or item 8d. is "No," please provide an explanation.			

Question	Text	Mandatory Condition Met	(Primary)	(Secondary)
Requirement 9				
9a	Does the department participate in or monitor the Market Analysis Procedures (D) Working Group as a working group member or interested regulator either by conference calls or by attending meetings?			
9b	If the answer to item 9a. is "Yes", who in the department, by functional title, participates in or monitors the Market Analysis Procedures (D) Working Group?			
9c	Does the department participate in or monitor the Market Conduct Examination Guidelines (D) Working Group as a working group member or interested regulator either by conference calls or by attending meetings?			
9d	If the answer to item 9c. is "Yes", who in the department, by functional title, participates in or monitors the Market Conduct Examination Guidelines (D) Working Group?			
9e	List any other market conduct or market analysis-related working groups and/or task forces that the department participates in or monitors.			

Question	Text	Mandatory Condition Met	(Primary)	(Secondary)
Requirement 10				
10a	Has the department appointed a CAD?			
10b	Has the department appointed a CAD alternate?			
10c	Does the CAD and/or CAD alternate attend at least 50% of all meetings and conference calls of the Market Actions (D) Working Group they are eligible to attend?			
Requirement 11				
11a	Does your state participate in the review of national analysis data on an annual basis?			
11b	Who in the department, by functional title, participates in the annual national analysis project?			
11c	Does your state participate in one national analysis team at least every other year? Has the department established procedures to ensure participation on a national analysis team at least every other year?			
11d	Who in the department, by functional title, participates on a national analysis team at least every other year?			

moved to 6

Question	Text	Mandatory Condition Met	(Primary)	(Secondary)
Requirement 11				
11a	<p>Has the department established procedures for the market analysis chief (MAC), or appropriate designee, to communicate interdepartmentally with the appropriate staff, either through written channels or by sufficient demonstration of action (such as regularly scheduled department head meetings, department managers' meetings, or information requests to other areas of the department?)</p>			
11b	<p>Does the MAC, or appropriate designee provide the appropriate interdepartmental staff with market concerns such as, but not limited to, financial data, consumer complaints, policy termination activity, producer misconduct or use of noncompliant forms or rates, related to the following functional areas:</p> <ul style="list-style-type: none"> i. Consumer Services ii. Enforcement iii. Legal iv. Forms and Filing v. Financial vi. Market Analysis vii. Market Conduct 			

Question	Text	Mandatory Condition Met	(Primary)	(Secondary)
11c	On a quarterly basis, does the MAC, or appropriate designee, solicit information from the above functional areas regarding adverse patterns on, but not limited to, financial data, consumer complaints, policy termination activity, producer misconduct, or use of noncompliant forms or rates?			
11d	Does the MAC participate in communication with other insurance departments regarding market analysis by posting and responding to NAIC Market Regulation and Market Analysis Electronic Bulletin Board inquiries?		eted as it is covered in Req. 6	
Certification Score Total				
Total Points Possible				
Score				
Pass/NoPass				
Points needed to pass			0	

Question	Text	Mandatory Condition Met	(Primary)	(Secondary)
----------	------	-------------------------	-----------	-------------

<p>29 THIS SCORE SHOULD BE THE TOTAL OF MANDATORY ITEMS IDENTIFIED IN THE CHART ABOVE -- its not necessary to assign a score value for meeting expectations</p>	<p>17 The PRIMARY GOALS should be given a scorable point basis that is weighted by the total of primary goals inside each REQUIREMENT; this would include the requirements needed of any secondary goals == this would achieve the 100% assigned overall points to each REQUIREMENT;</p>	<p>17 Secondary goals that are "working toward" meeting the requirements of the Red Mandatory or Yellow Primary goals should be partial point values that equal up to 75% of the total score value that is assessed for the primary goals in this REQUIREMENT AREA. (All other green tagged secondary goals are designed to be supportive of requirements to meet red and yellow -- so those would not be given a partial score value at all when used to support only).</p>
---	--	--

1st assessment	all mandatory must be met
1st 5-year re-assessment	50% of remaining available points
2nd 5-year re-assessment	90% of remaining available points

Visualization in Market Analysis

Market Regulation and Consumer Affairs (D) Committee
NAIC Summer National Meeting
August 15, 2023



DCI

Missouri Department of Commerce & Insurance

Agenda

- Why Visualize Data?
- Data Needs
- Effective Visualizations
- Picking the Right Visualization
- Best Practices
- Adding Value
- Market Analysis Examples
- Things to Consider
- Questions

How Many Nines Are There?

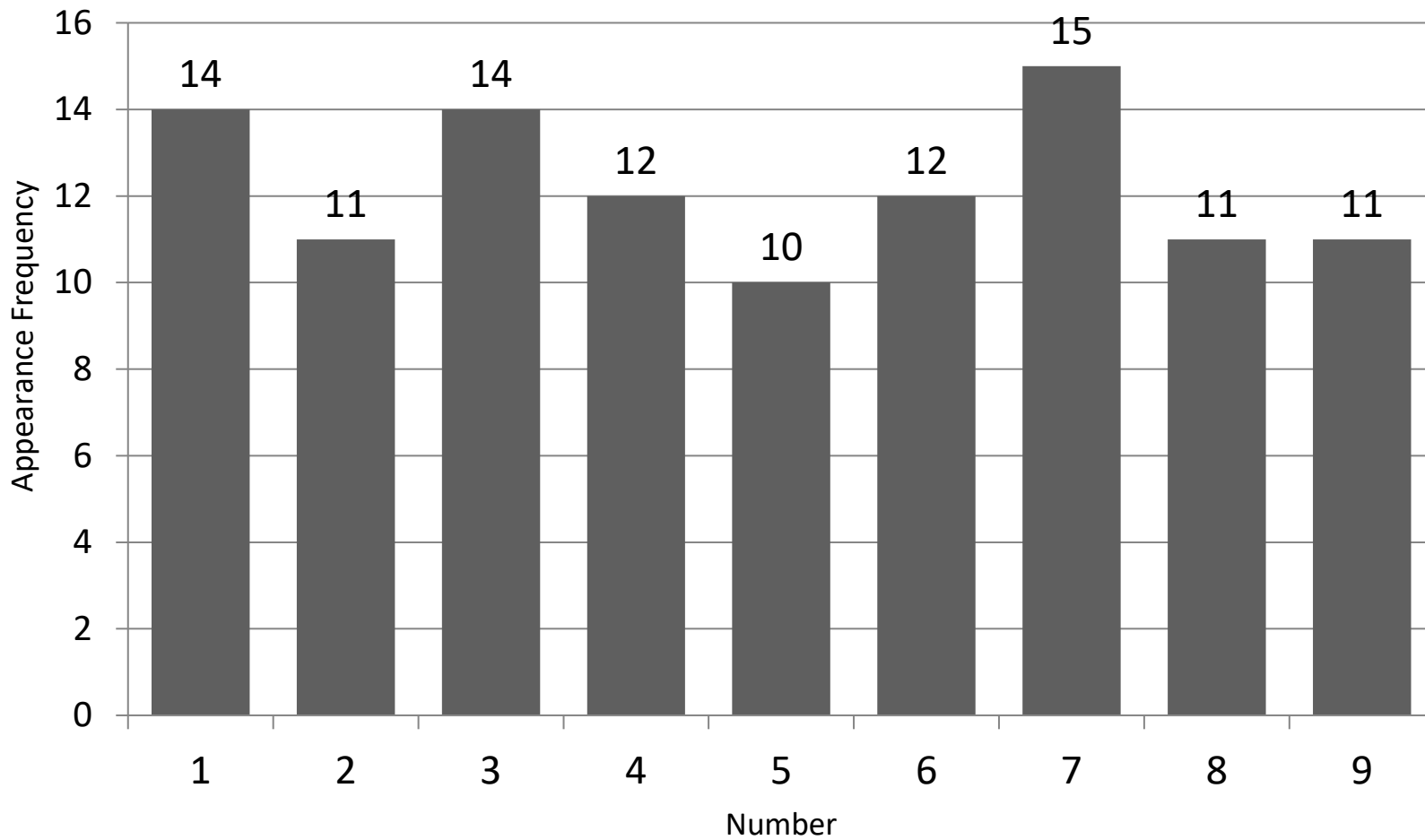
4	7	7	5	5	2	7	4	7	1
4	9	2	5	7	7	2	6	1	7
1	7	6	9	3	4	7	5	1	2
5	1	6	3	3	8	4	8	6	6
6	5	6	4	9	3	8	9	1	9
3	8	1	5	2	2	3	6	3	9
4	6	4	5	6	3	7	7	9	1
9	1	3	3	6	1	3	3	1	8
8	1	1	8	7	5	8	1	7	4
3	6	9	2	8	9	3	7	5	7
4	4	4	2	8	2	2	9	2	8

How Many Nines Are There?

4	7	7	5	5	2	7	4	7	1
4	9	2	5	7	7	2	6	1	7
1	7	6	9	3	4	7	5	1	2
5	1	6	3	3	8	4	8	6	6
6	5	6	4	9	3	8	9	1	9
3	8	1	5	2	2	3	6	3	9
4	6	4	5	6	3	7	7	9	1
9	1	3	3	6	1	3	3	1	8
8	1	1	8	7	5	8	1	7	4
3	6	9	2	8	9	3	7	5	7
4	4	4	2	8	2	2	9	2	8



How Many Nines Are There?



Why Visualize Data?

- Leverages Human Perception Skills
 - Absorb More
 - Easier to Remember
 - Analyze More, Faster
 - Grasp Difficult Concepts
- Digest “Huge” Amounts of Data
 - Internal & External Data
 - Single Data Source
 - Multiple Data Sources
- Identify New
 - Trends
 - Patterns
 - Anomalies

Why Visualize (Continued)

- Today's Technology
 - Allows For Interactive/Investigative Analysis
 - Reduces Data Silos
 - Reduces IT Dependency
- Allows Regulators to 'Notch It Up'
 - Added Value Over Process
 - Better Understanding of What is Going On
 - Data Based Decisions
 - Remove subjectivity from process
 - Create repeatable outcomes
- Application of Advanced Analytics
 - Text Analytics
 - Machine Learning
 - Predictive Analytics
 - Network Analysis

Data Needs To Be:

- Available
- Accessible
- Usable
 - Relevant
 - Timely
 - Granularity
- Consumable
- Reliable
- Consistent
- Complete

Effective Visualizations Are:

- Geared to the Audience
- Answers the Questions
- Tells the Story
 - Reveal Patterns, Trends
 - Won't Mislead
- Knowing Where You Are Going
 - Comparison
 - Relationship
 - Distribution
 - Composition

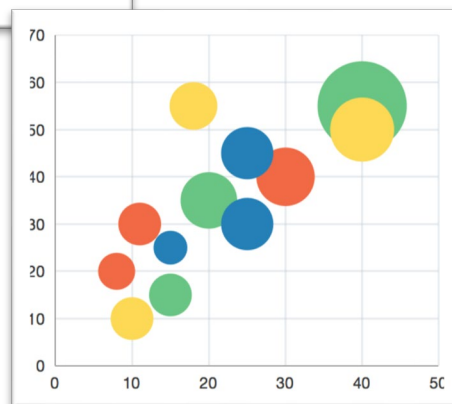
Comparison

- Among Items
 - Few Categories
 - Many Categories
- Over Time
 - Number of Periods
 - Cyclical/Seasonal
 - Few/Many Variables
- Good Chart Types
 - Bar Chart
 - Column Chart
 - Area Chart
 - Line Chart
 - Distribution Chart



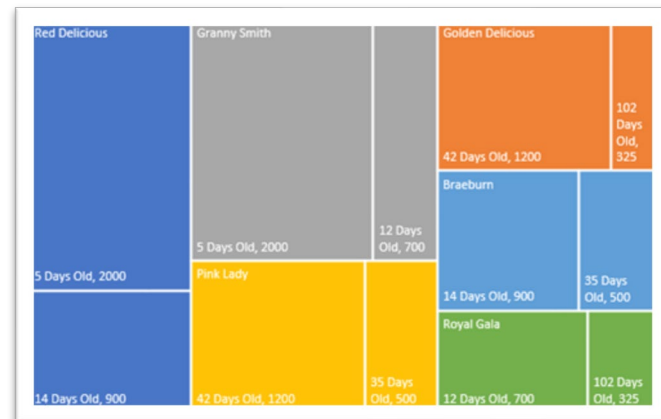
Relationships

- Number of Variables



- Good Chart Types

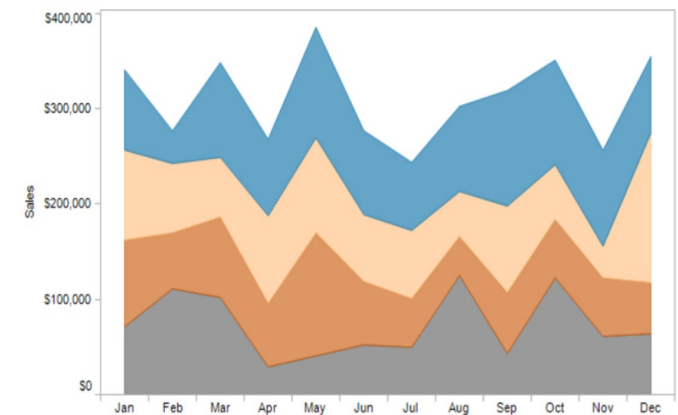
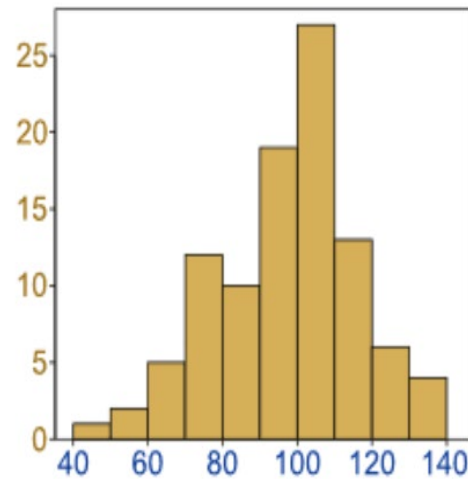
- Scatter Plot
- Bubble Chart
- Tree Map
- Gantt Chart



Distribution

- Number of Variables
- Number of Data Points

- Good Chart Types
 - Column Histogram
 - Line Histogram
 - Stacked Ratio Chart
 - Scatter Plot
 - 3D Area Chart



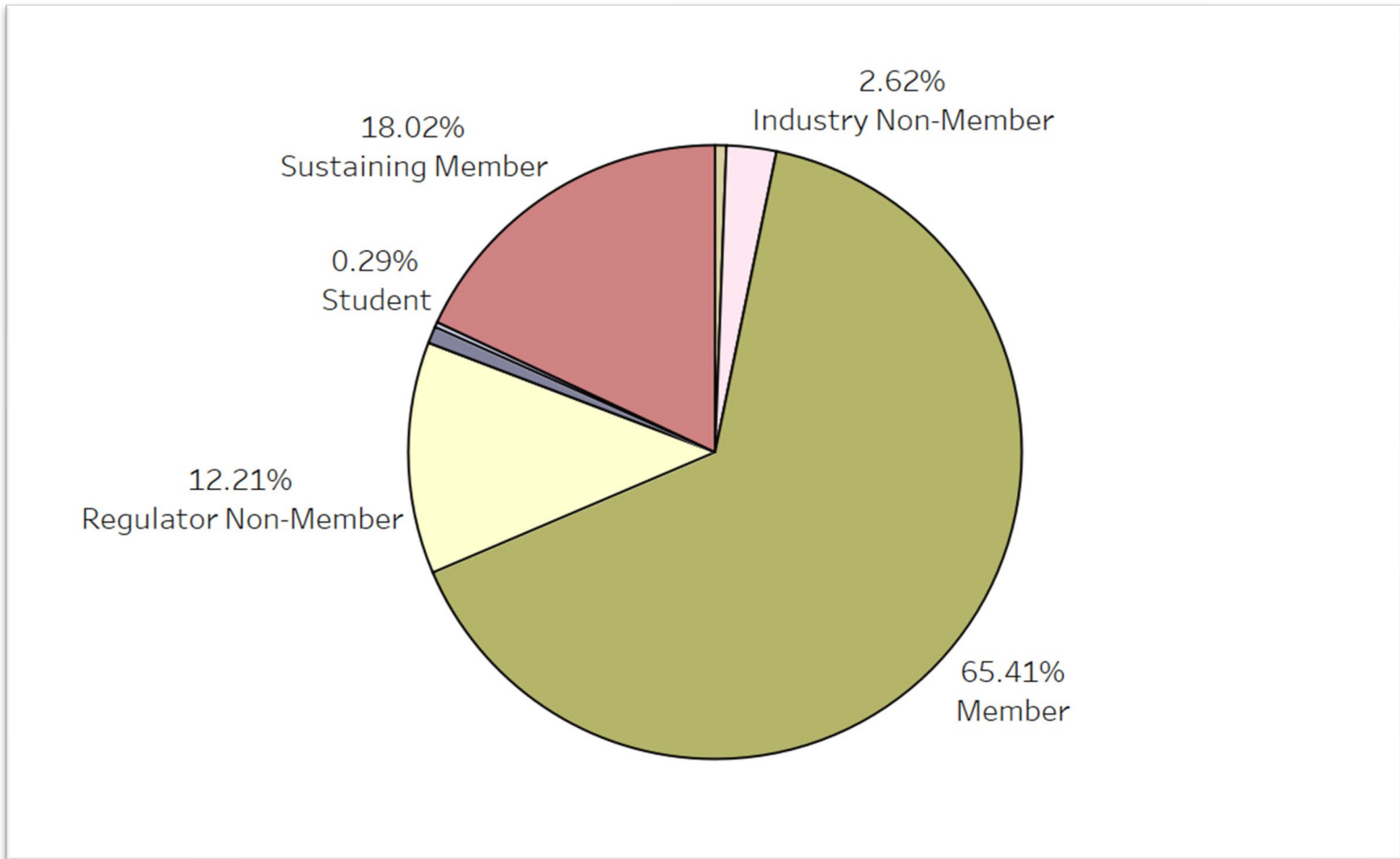
Composition

- Nature of Data
 - Static
 - Change Over Time
 - Number of Periods
 - Number of Categories
- Comparison Type
 - Relative Difference
 - Absolute Difference
 - Share of Total
 - Accumulation

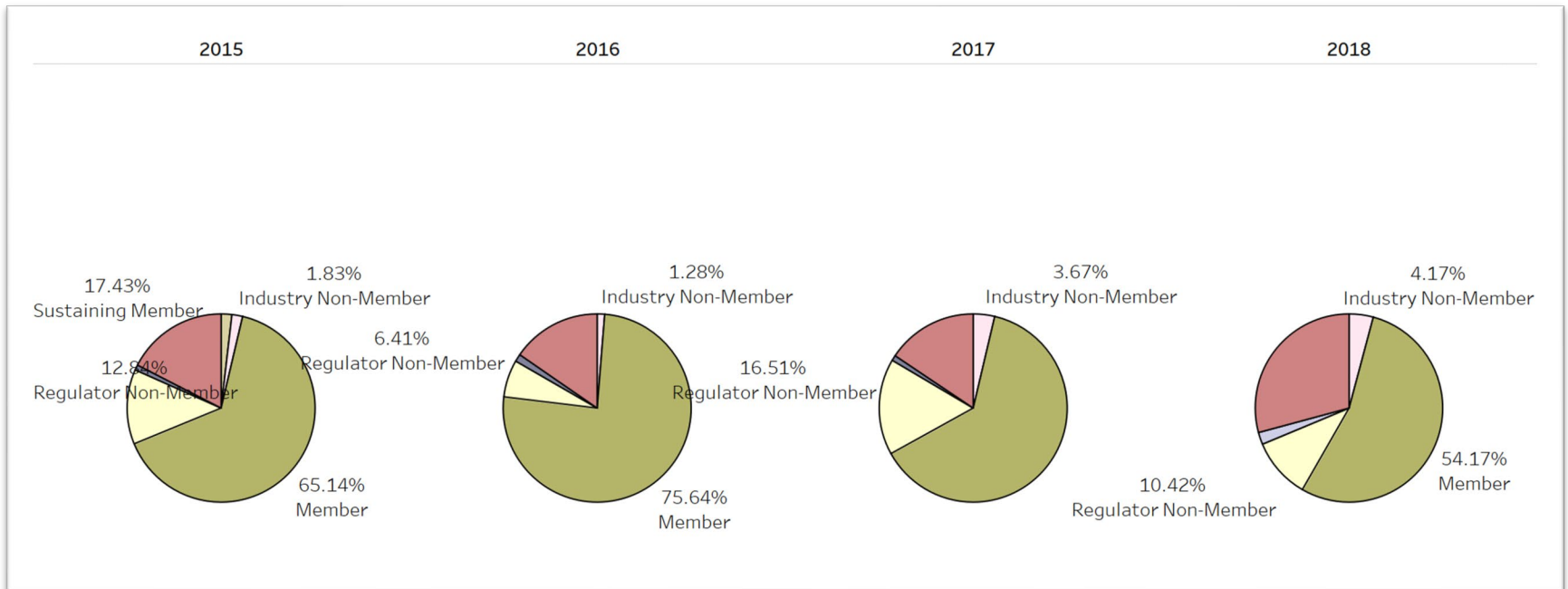
- Good Chart Types
 - Pie Chart
 - Donut Chart
 - Tree Map
 - Stacked Column/Bar Chart
 - Stacked Area Chart
 - Waterfall Chart



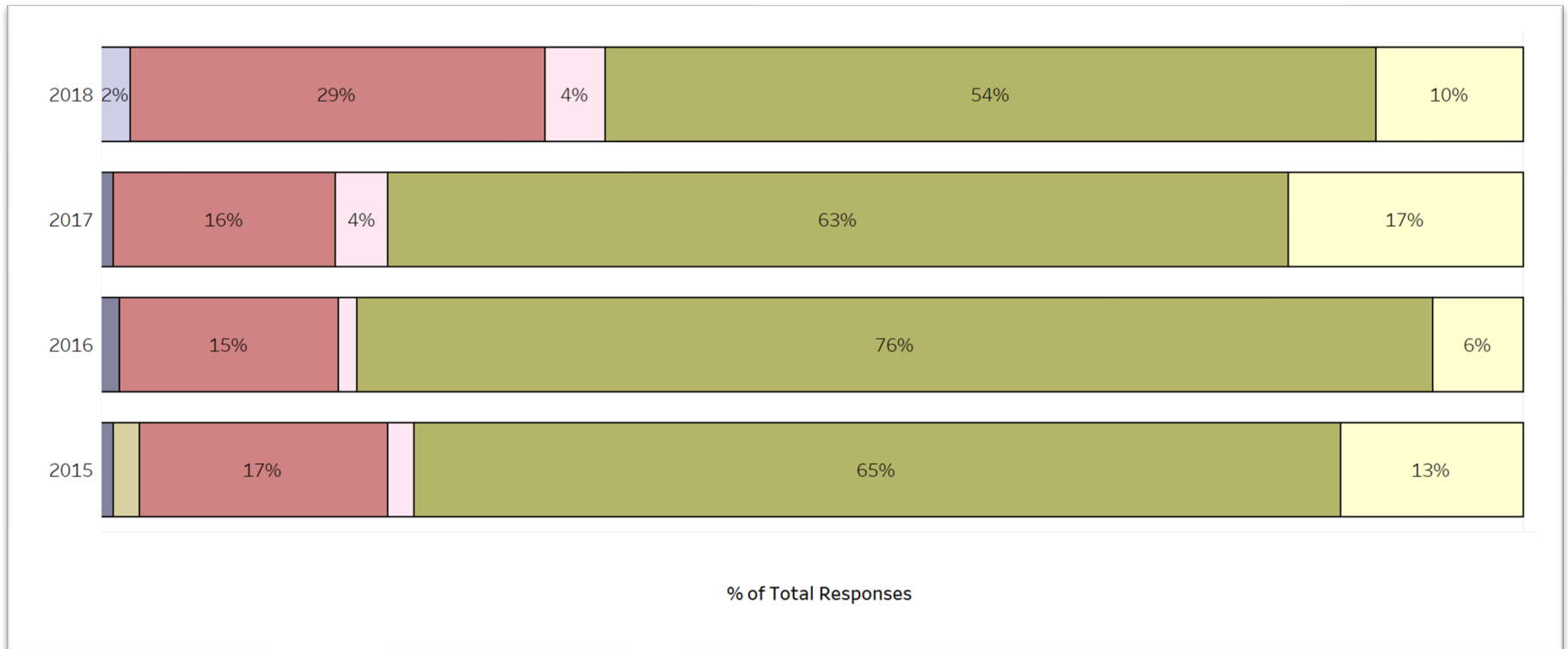
Picking The Right Chart



Picking The Right Chart (Continued)



Picking The Right Chart (Continued)

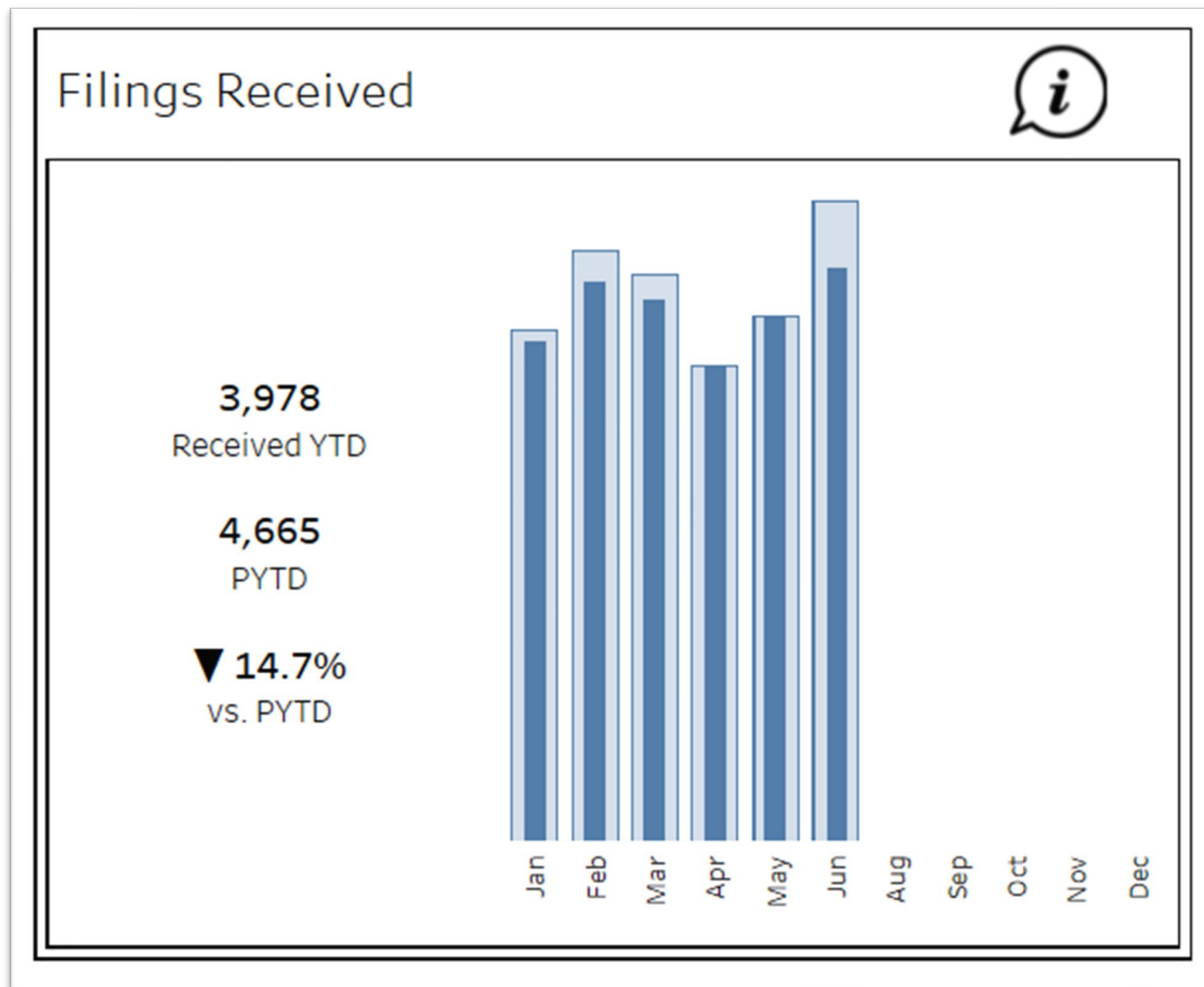


Best Practices

- Avoid the 'Kitchen Sink Syndrome'
 - No Single Best Way
 - Keep It As Simple As Possible
 - Include Necessary Items Only
 - Provide Options To Investigate
- Direct Focus
 - Conditional Formatting
 - Reference Lines
 - Highlight Trends
 - Project Forecasts
- Help the End User
 - Provide Context
 - Chart Titles/Descriptions
 - Annotate
 - Labels/Axis
 - Pre-sort When Possible
- Colors Have Meaning
 - Categorical
 - Sequential
 - Diverging

Adding Value

- Trending
- Comparisons



Adding Value (Continued)

- Brings Together Information from a Variety of Sources

Market Analysis Profile Reports

[Financial Company Search](#)
[Market Firm Search](#)
[Market Individual Search](#)
[Securities Search](#)
[Subsidiaries Search](#)
[Summary Reports](#)
[Utilities](#)
[Change Password](#)
[PICS](#)
[StateNet](#)
[Form A](#)
[GRID](#)
[Help](#)
[E-Mail](#)
[Login](#)

<p>Cocode:</p> <p>FEIN:</p>	<p>Entity Number:</p> <p>Alien:</p> <p>Group:</p>
---	--

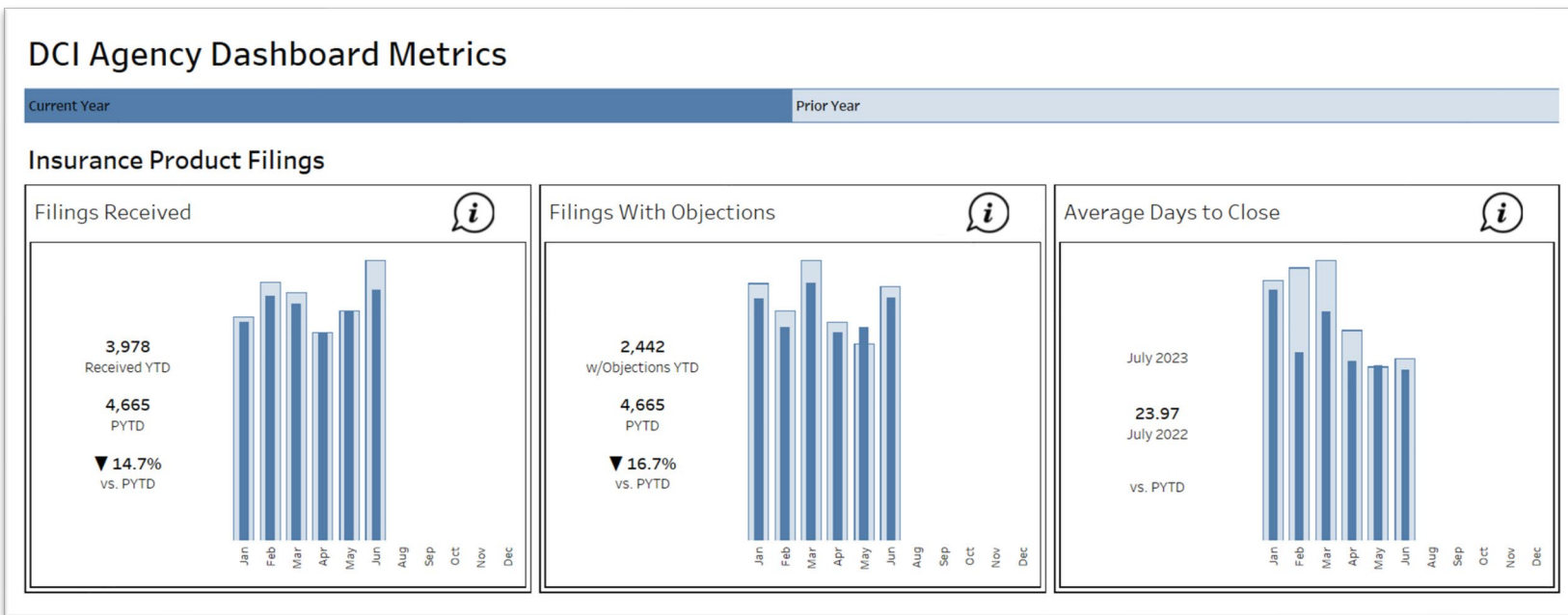
- [STATE SPECIFIC PREMIUM VOLUME WRITTEN - 5 YEARS](#)
- [MODIFIED FINANCIAL SUMMARY PROFILE - 5 YEARS](#)
- [COMPLAINTS INDEX REPORT - 5 YEARS](#)
- [REGULATORY ACTIONS REPORT - 5 YEARS](#)
- [SPECIAL ACTIVITIES REPORT - 5 YEARS](#)
- [CLOSED COMPLAINTS REPORT - 5 YEARS](#)
- [ETS SUMMARY - 5 YEARS](#)
- [MODIFIED IRIS RATIOS - 1 YEAR](#)
- [DEFENSE COSTS AGAINST RESERVES - 5 YEARS](#)
- [STATE-BY-STATE PREMIUM & COMPANY LICENSE INFO - 5 YEARS](#)

All States
 Northeastern Zone
 Southeastern Zone
 Midwestern Zone
 Western Zone

Report Format Type:

Adding Value (Continued)

- Seeing the Bigger Picture



Adding Value (Continued)

- Tell the Whole Story
- Add Annotations

Grievance Report

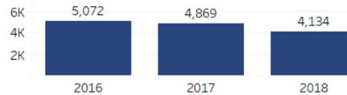
Number of Companies Reporting for 2018 (Click on a Plan Type to Display Information About It)

Health Benefit Plan (119)	Health Maintenance Organization (19)	Limited Service Health Organization (11)	Medicare Supplement (106)	Preferred Provider Plan (34)
------------------------------	---	---	------------------------------	---------------------------------

Plan Type Being Displayed

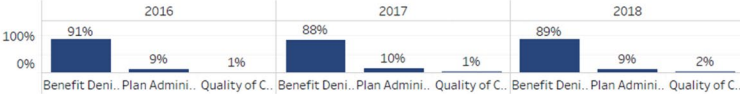
Health Maintenance Organization

Grievances Received



	2016	2017	2018
Benefit Denial	4,596	4,295	3,692
Plan Administration	436	503	353
Quality of Care	40	71	89
Grand Total	5,072	4,869	4,134

Percentage of Grievances Received By Grievance Type & Year



Grievance Types

Quality of Care
Grievances about the medical services provided by plan providers.


Plan Administration
Grievances about policyholder service, premium billing, or similar administrative disputes.

Benefit Denial
Grievances about the denial or partial denial of a benefit.

Select A Company to View


Unity Health Plans Insurance Corporation

Grievances Received

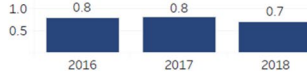


	2016	2017	2018
Benefit Denial	710	655	773
Plan Administration	36	81	44
Quality of Care	0	0	0
Grand Total	746	736	817

Percentage of Grievances Received By Grievance Type & Year



Grievance Index (Per 10,000 Average Monthly Enrollees)



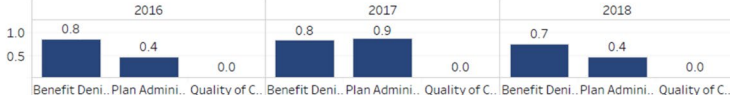
Grievance Index

The grievance index compares the number of grievances received by a company to the total number of grievances received by all companies in the same plan type.

A company with a grievance index of:

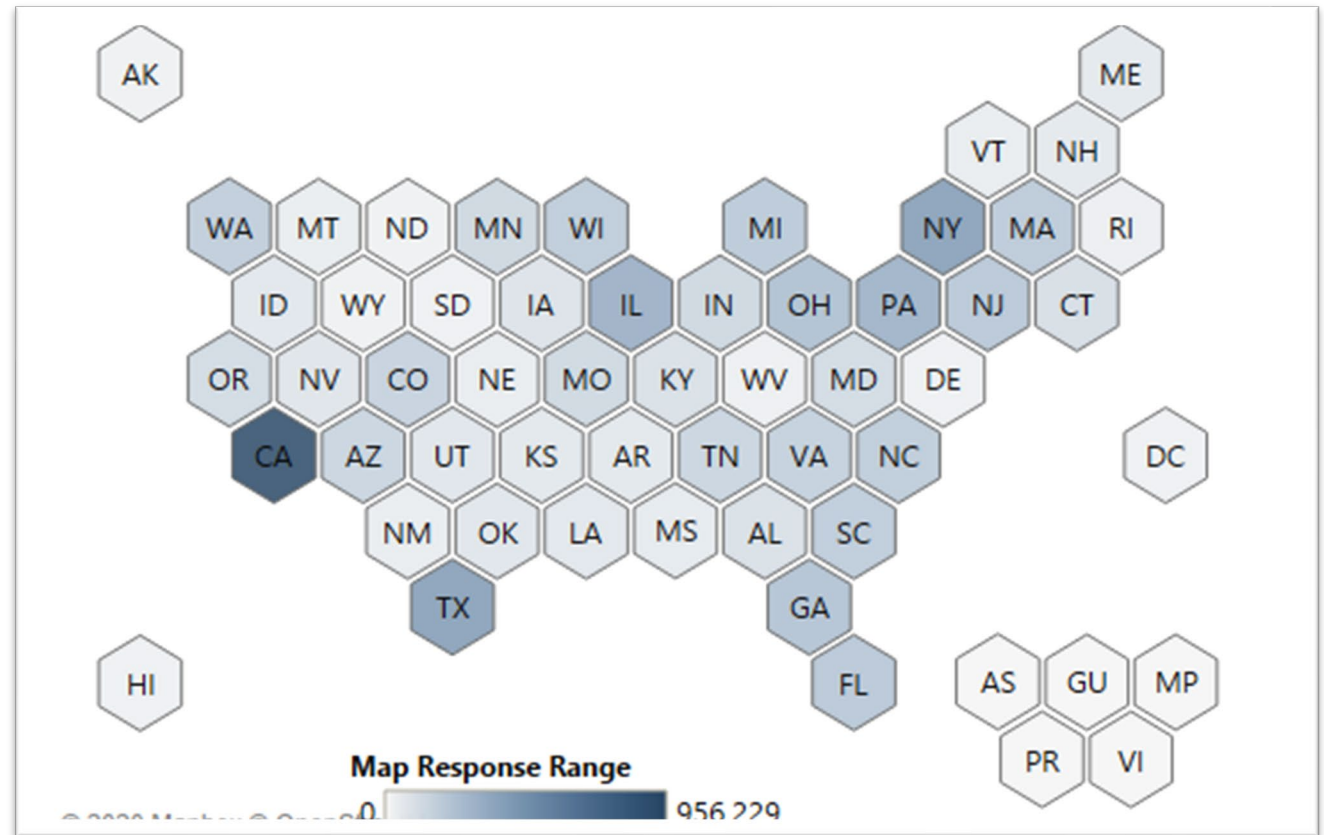
- 1.0 received an average number of grievances
- Less than 1.0 received fewer than the average number of grievances
- More than 1.0 received more than the average number of grievances

Grievance Index By Grievance Type & Year (Per 10,000 Average Monthly Enrollees)



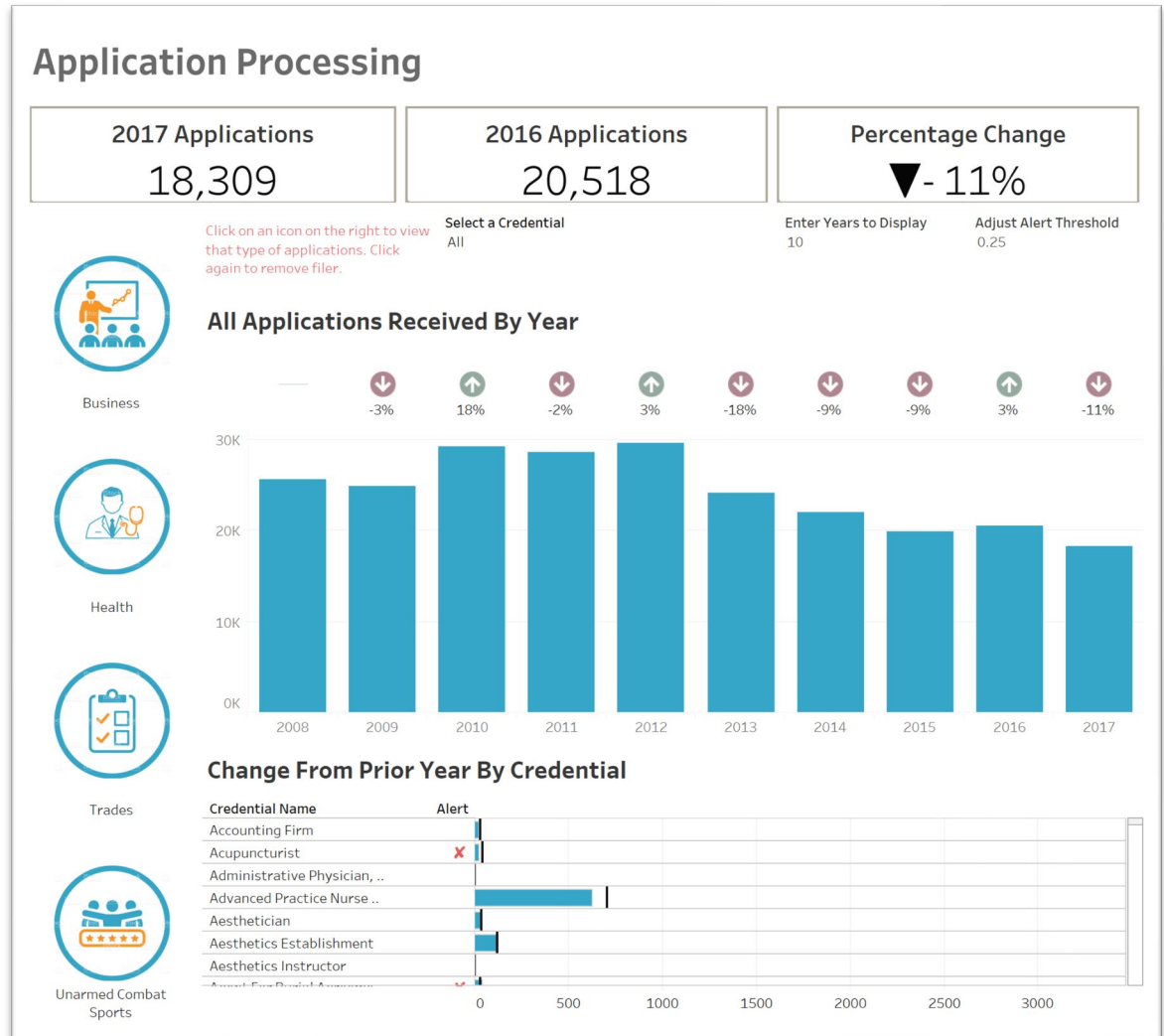
Adding Value (Continued)

- Easier To Read

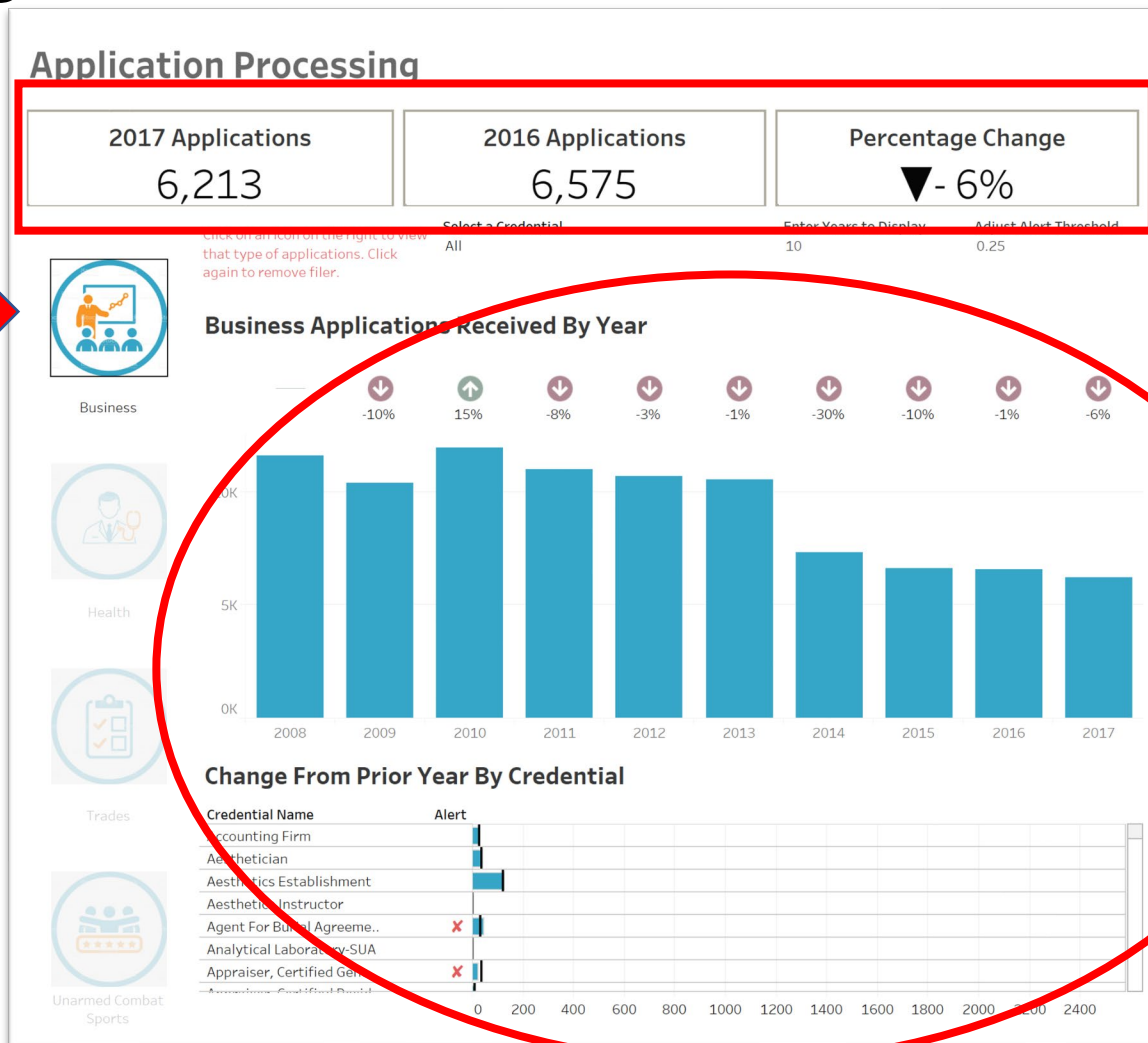


Adding Value (Continued)

- Allows for Investigation
- Drill Down Interactive Visualizations

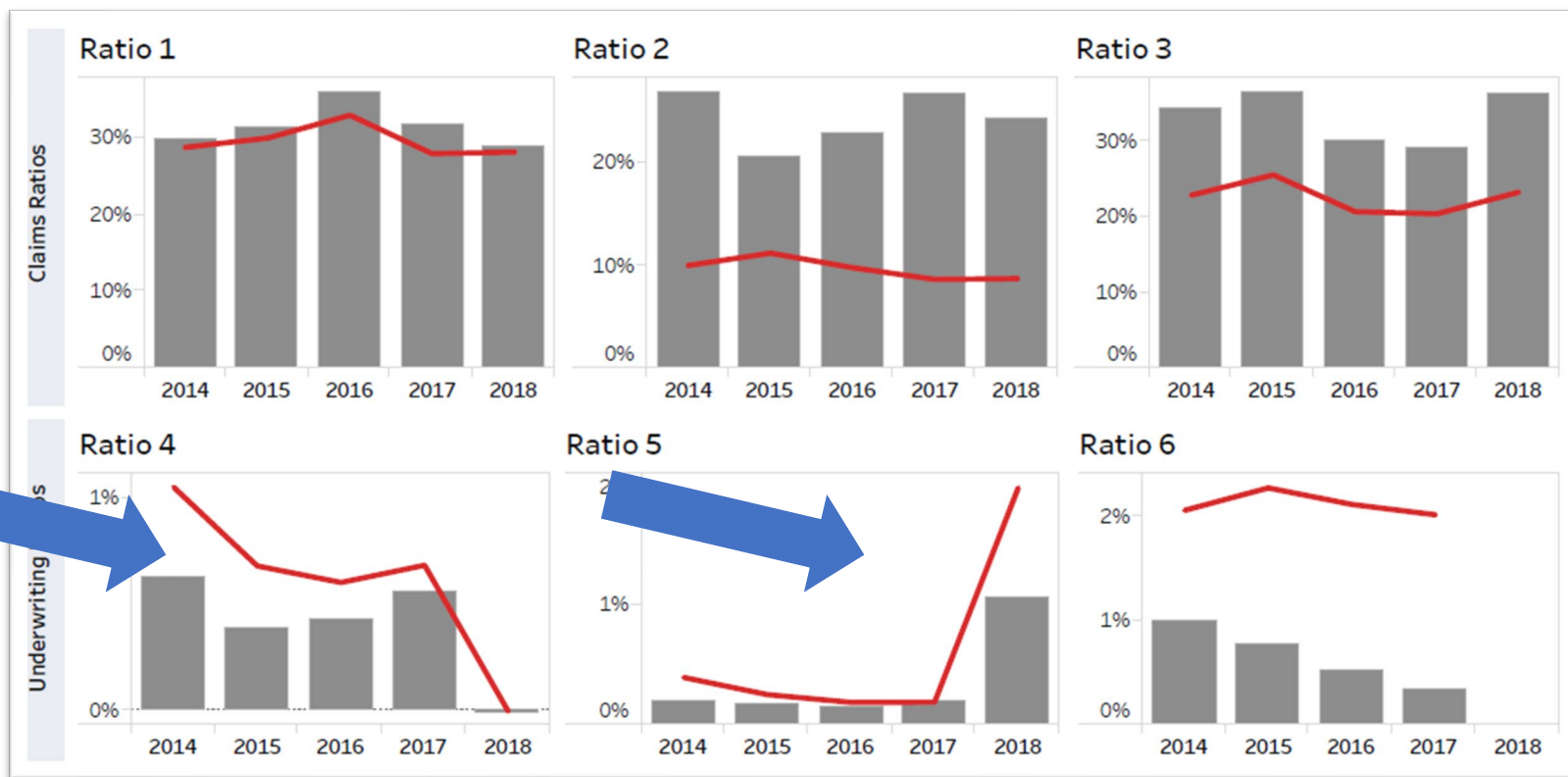


Adding Value (Continued)



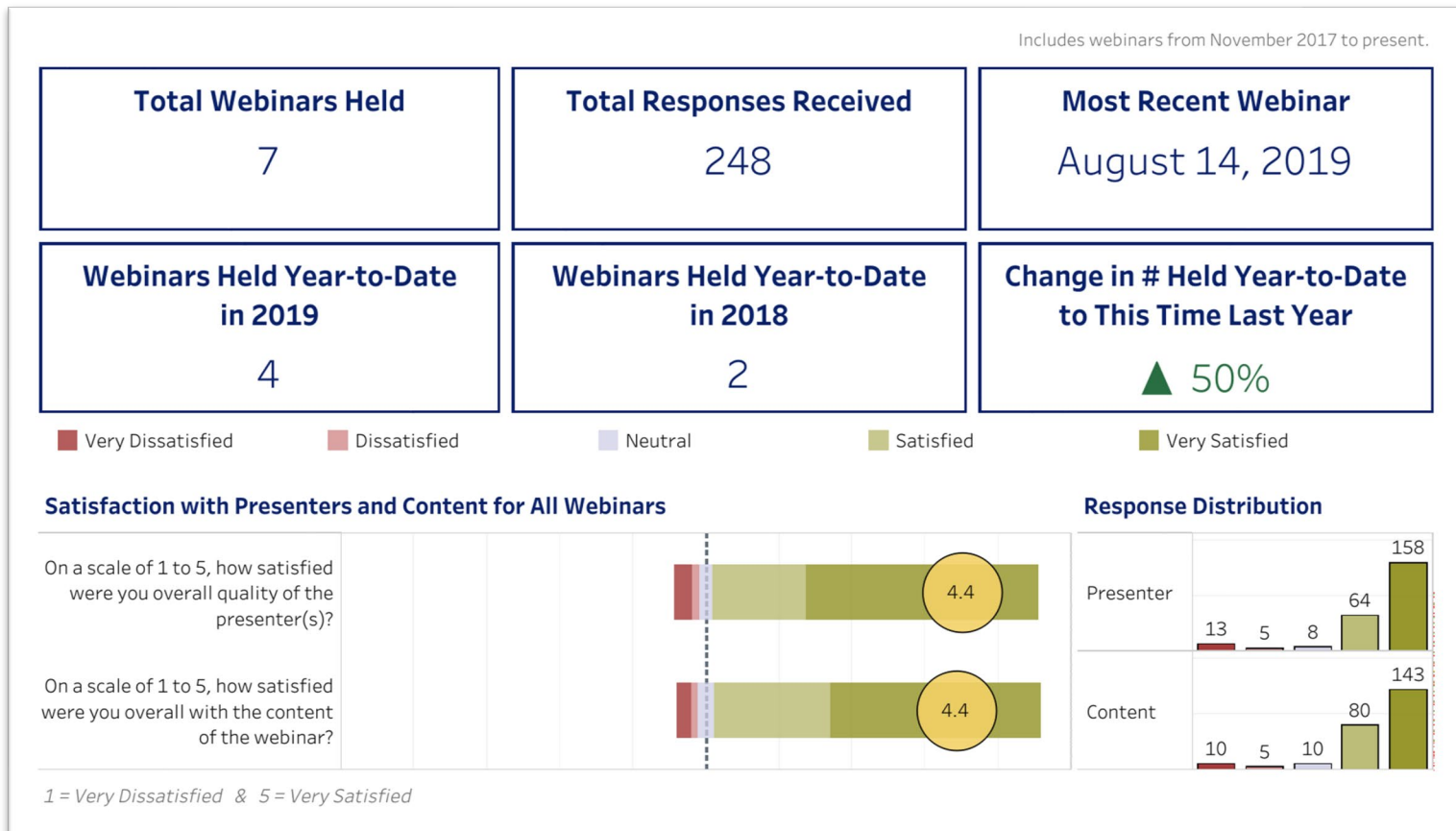
Adding Value (Continued)

- Add Context for Better Understanding



Adding Value (Continued)

- Know Your Audience



Adding Value (Continued)

- Save the Details For Those That Need to See It



Adding Value (Continued)

- Direct Focus

Complaints Check

Are the Complaint Files in a Central Location?

2018 ❌

2017 ❌

Complaints Check

Are the Complaint Files in a Central Location?

2018 ✅ Yes

2017 ✅ Yes



Market Analyst Prioritization Tool (MAPT)

- Baseline Analysis / Prioritization Tool
 - ≈ 2005 / 2006
 - State & National Data
- Content (Data Points) Compiled from Independent Systems
 - Complaints
 - Regulatory Actions
 - Premium & Loss
 - Examinations
 - Company Demographics

Missouri Data Points:

	LOB	Credit	LTC	Home	Auto	IAH
Data Points		166	160	214	214	221
Records		17	80	149	172	318
Cells to Analyze		2,822	12,800	31,886	36,808	70,278



MAPT Challenges

- Cannot See Whole Picture
- Excel Spreadsheet
- Additional Work Needed to Identify Companies of Interest
 - Sorting
 - Formatting
- Decisions May Not Be:
 - Traceable
 - Repeatable
- No Benchmarks/Context Provided
- True Outliers May Be Masked

Overall Score Analysis: Private Passenger Auto

Highlight A Company
No items highlighted

Run Date

To view company data, click on a company in the scatter plot.

State Score Weight
0.75

Jitter Control
5

Overall Score Range
95 609

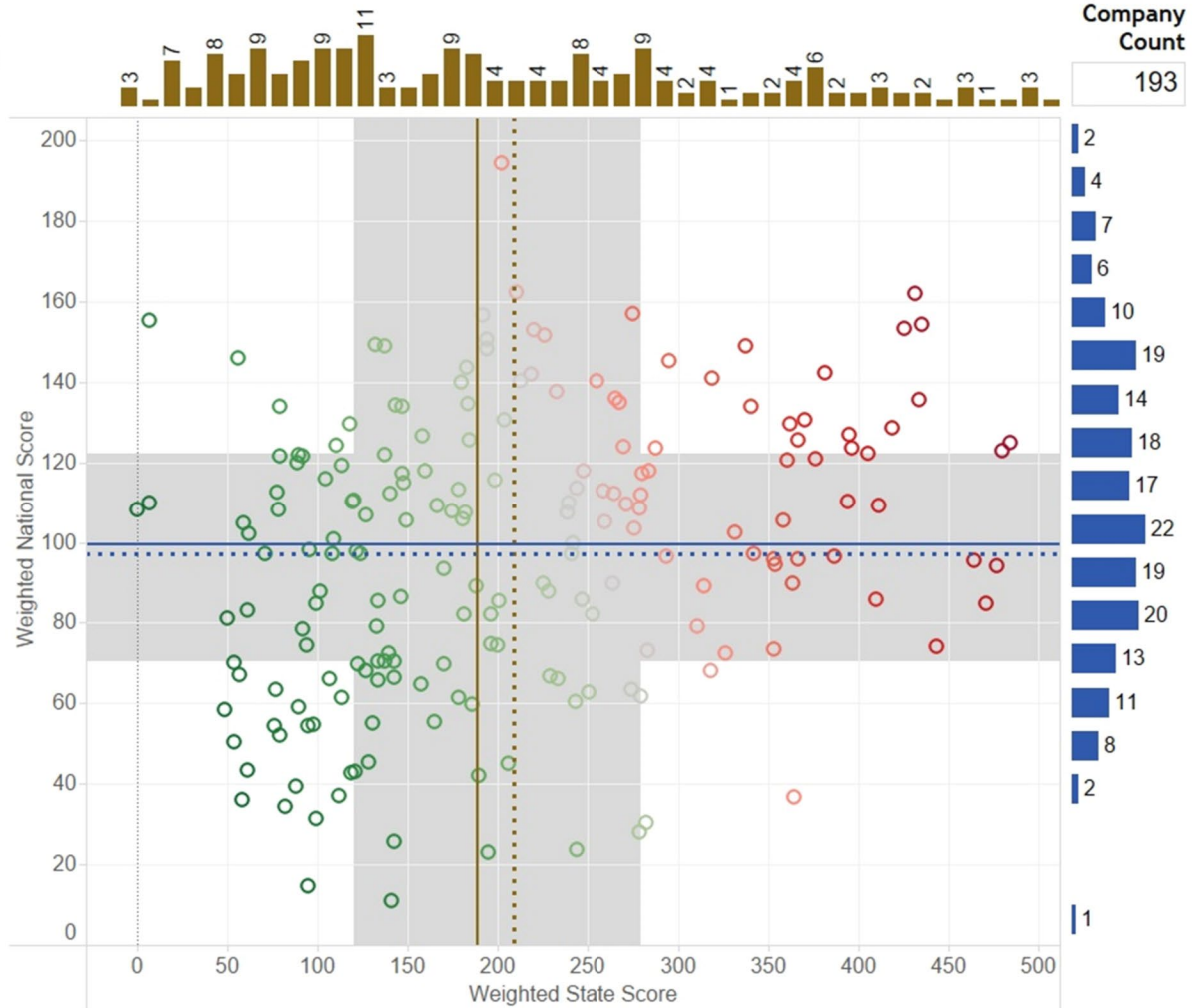
Maximum Point Value

National Component

- Complaints 400
- RIRS 200
- Premium 150
- Exam History 100
- Loss, etal 100
- Demographic 50

State Component

- Complaints 400
- RIRS 200
- Premium 200
- Loss, etal 200



Selected Company

Overall Score Analysis: Private Passenger Auto

Highlight A Company
No items highlighted

Run Date

To view company data, click on a company in the scatter plot.

State Score Weight
0.75

Jitter Control
5

Overall Score Range
95 609

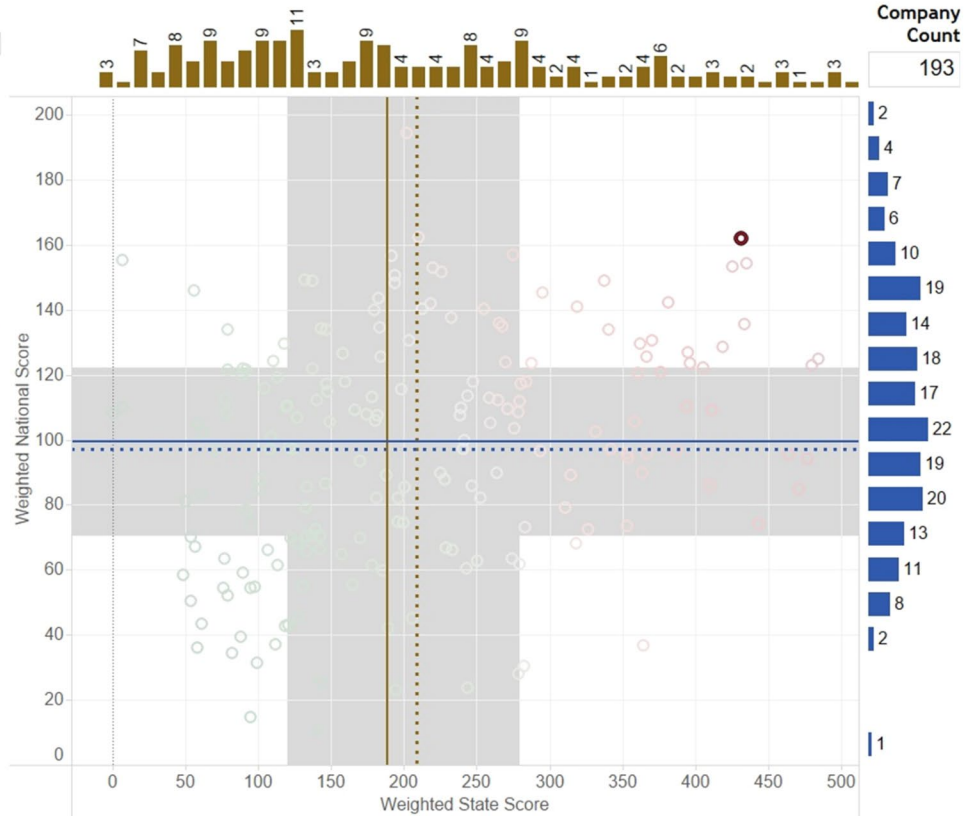
Maximum Point Value

National Component

Complaints	400
RIRS	200
Premium	150
Exam History	100
Loss, etal	100
Demographic	50

State Component

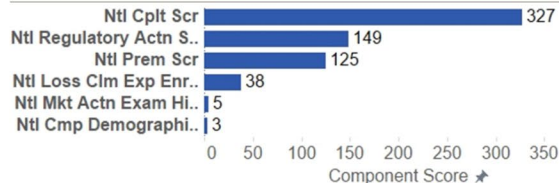
Complaints	400
RIRS	200
Premium	200
Loss, etal	200



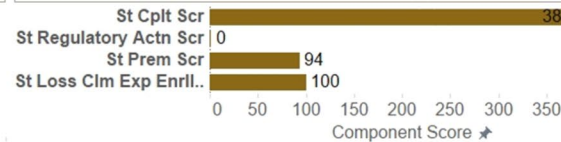
Selected Company

Cmp Name	Cocode	Grp Code	Nationally Significant	Domicile St

National Score



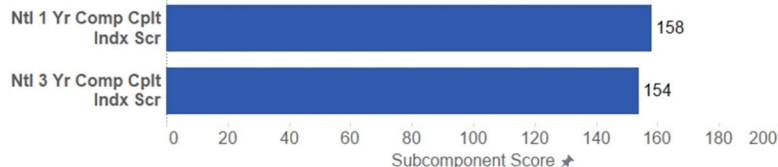
State Score



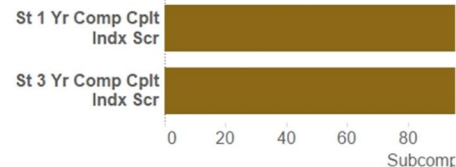
Company Complaint Data: *Private Passenger Auto*

Cmp Name Cocode Grp Code Nationally Significant Domicile St

National Complaint Subcomponents



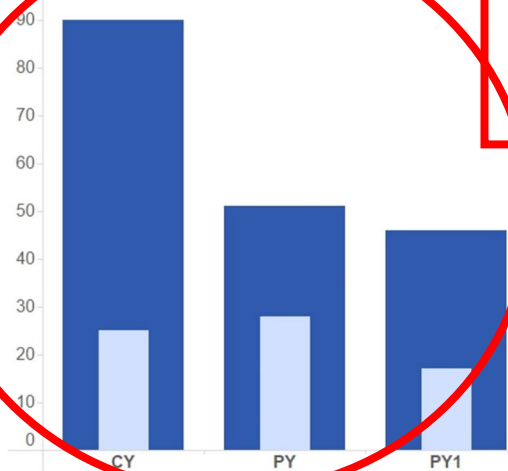
State Complaint Subcomponents



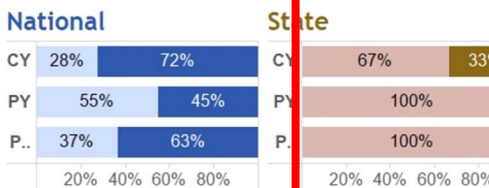
National Data

■ Ntl Comp Cplt Cnt ■ Ntl Conf Cplt Cnt

Complaint Counts



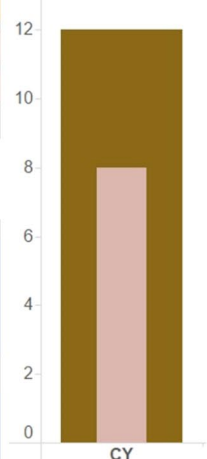
Confirmed Complaints As % of Complete



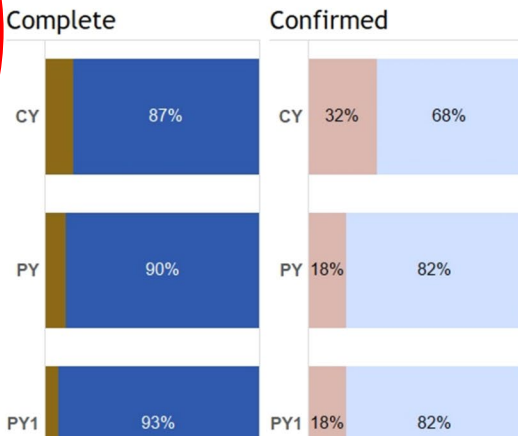
State Data

■ St Comp Cplt Cnt

Complaint Count



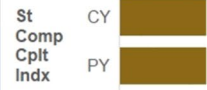
State Complaints As % of National



Complaint Indices



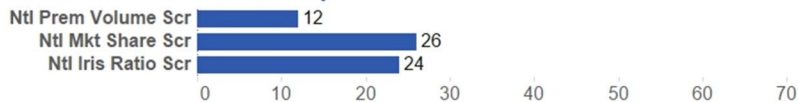
Complaint Indice



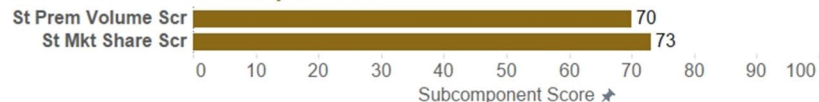
Company Premium Data: *Private Passenger Auto*

Cmp Name _____ Cocode _____ Grp Code _____ Nationally Significant _____ Domicile St _____

National Premium Subcomponents



State Premium Subcomponents



Top 5 Premium States

NAIC Zone



National Data

Direct Premium Written (DPW)



State DPW as % of National



State Data

Direct Premium Written (DPW)



Market Conduct Annual Statement (MCAS)

- Market Regulation Monitoring Tool
 - Since 2002/2003
 - 50 Participating Jurisdictions
- Provides Market Regulators With Information Not Otherwise Available
- Content (Data Points) Complaints
 - Claims/Loss
 - Premium & Underwriting
 - Complaints/Lawsuits
- Data Reported By
 - Jurisdiction
 - Line of Business
 - Coverage Type

MCAS Challenges

- Prioritization Tool & Individual Reports
- Missouri Homeowners MCAS MAPT
 - 180 Columns * 840 Rows = 151,200 Cells
- Granularity of Data Varies
 - Claims [At Coverage Type & Rolled Up to All Coverages]
 - Underwriting [At Line of Business & Repeated Within Spreadsheet]
 - National/State
- Limited Benchmarks/Context Provided in Reports
- Cannot See Whole Picture
- Additional Work Needed to Identify Companies of Interest
- Decisions May Not Be Traceable/Repeatable
- True Outliers May Be Masked

MCAS Ratio Analysis: Homeowners

To view the underlying data for a specific company, enter the company NAIC CoCode to the right and hit the **Enter** key before proceeding to the other dashboards.

CoCode

Run Date



Displaying Ratio 1

Click on the logo above to access the NAIC MCAS State Report Cards.

Select desired display options.

State

Missouri

Number of Years

3

Ratio

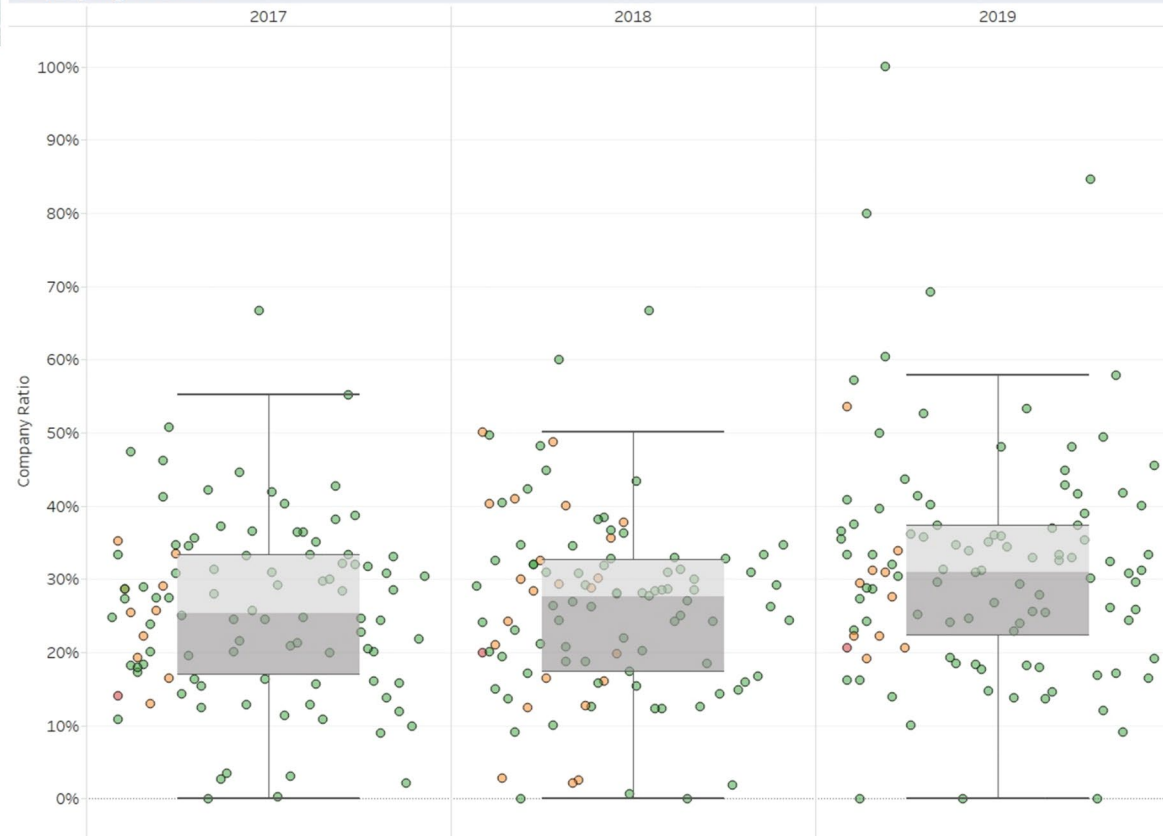
- Ratio 1
- Ratio 2
- Ratio 3
- Ratio 4
- Ratio 5
- Ratio 6
- Ratio 7

Minimum Policies Inforce

From 0

Market Segment

All



1st Tier ■ 2nd Tier ■ 3rd Tier ■ Jitter Control 50

Highlight A Group
No items highlighted

Highlight A Company
No items highlighted

Companies Reporting

MCAS Ratio Analysis: Homeowners

To view the underlying data for a specific company, enter the company NAIC CoCode to the right and hit the **Enter** key before proceeding to the other dashboards.

CoCode

Run Date



Displaying Ratio 1

Click on the logo above to access the NAIC MCAS State Report Cards.

Select desired display options.

State

Missouri

Number of Years

3

Ratio

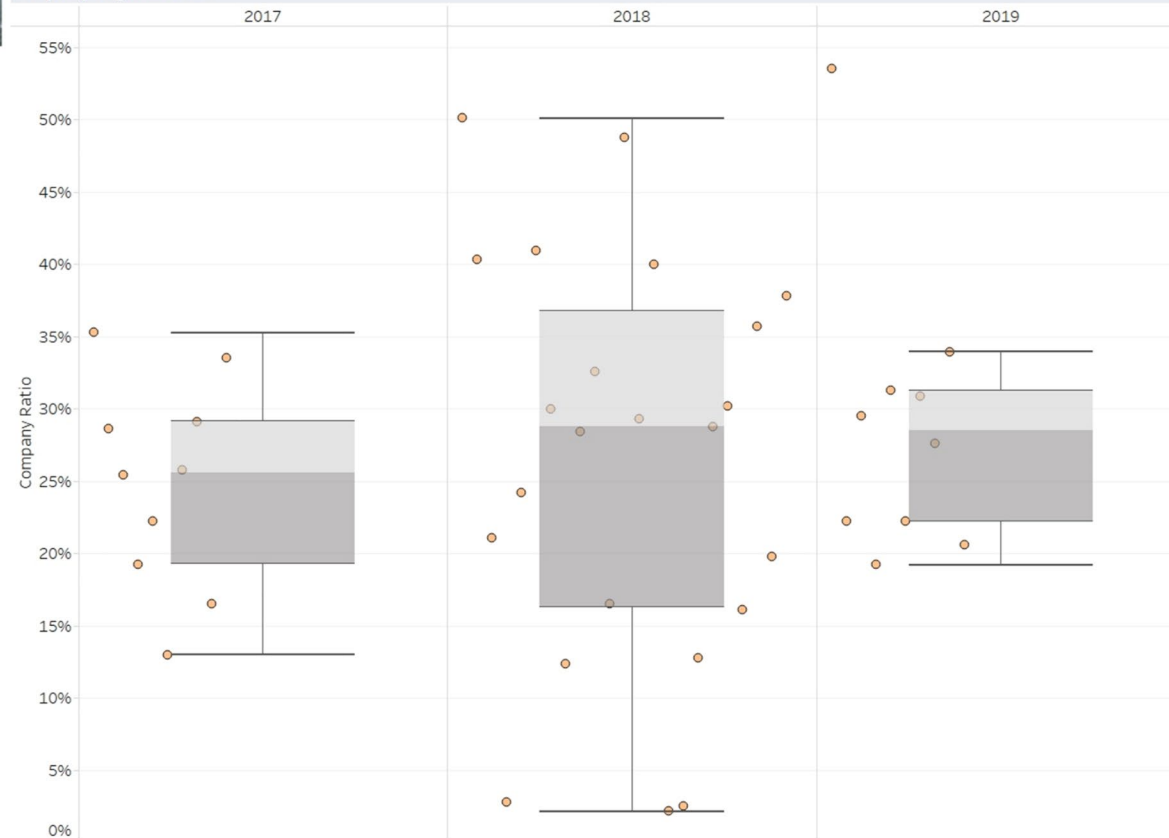
- Ratio 1
- Ratio 2
- Ratio 3
- Ratio 4
- Ratio 5
- Ratio 6
- Ratio 7

Minimum Policies Inforce

From 0

Market Segment

- 1st Tier
- 2nd Tier
- 3rd Tier



- 1st Tier ■
- 2nd Tier ■
- 3rd Tier ■

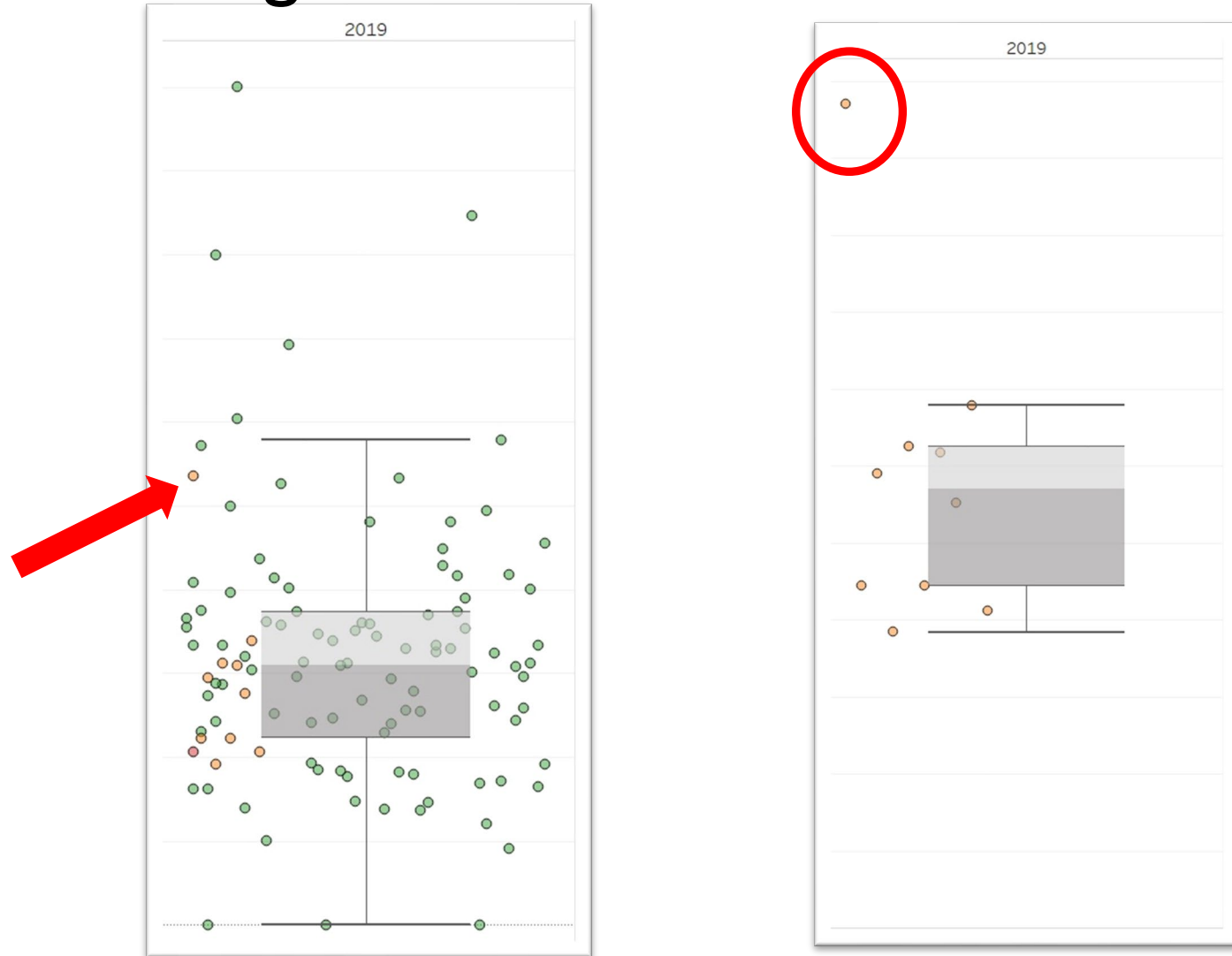
Jitter Control
50

Highlight A Group
No items highlighted

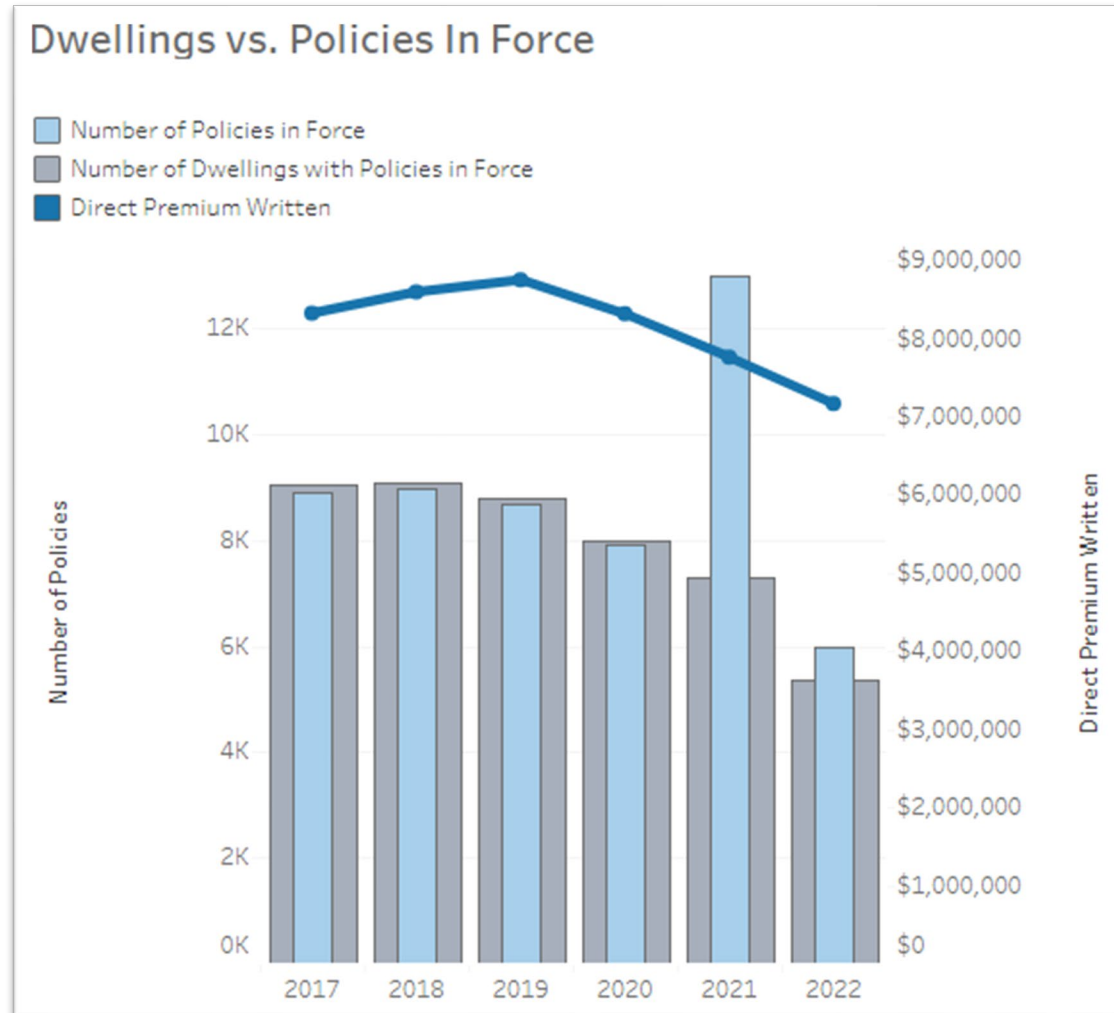
Highlight A Company
No items highlighted

Companies Reporting

Unmasking Potential Outliers

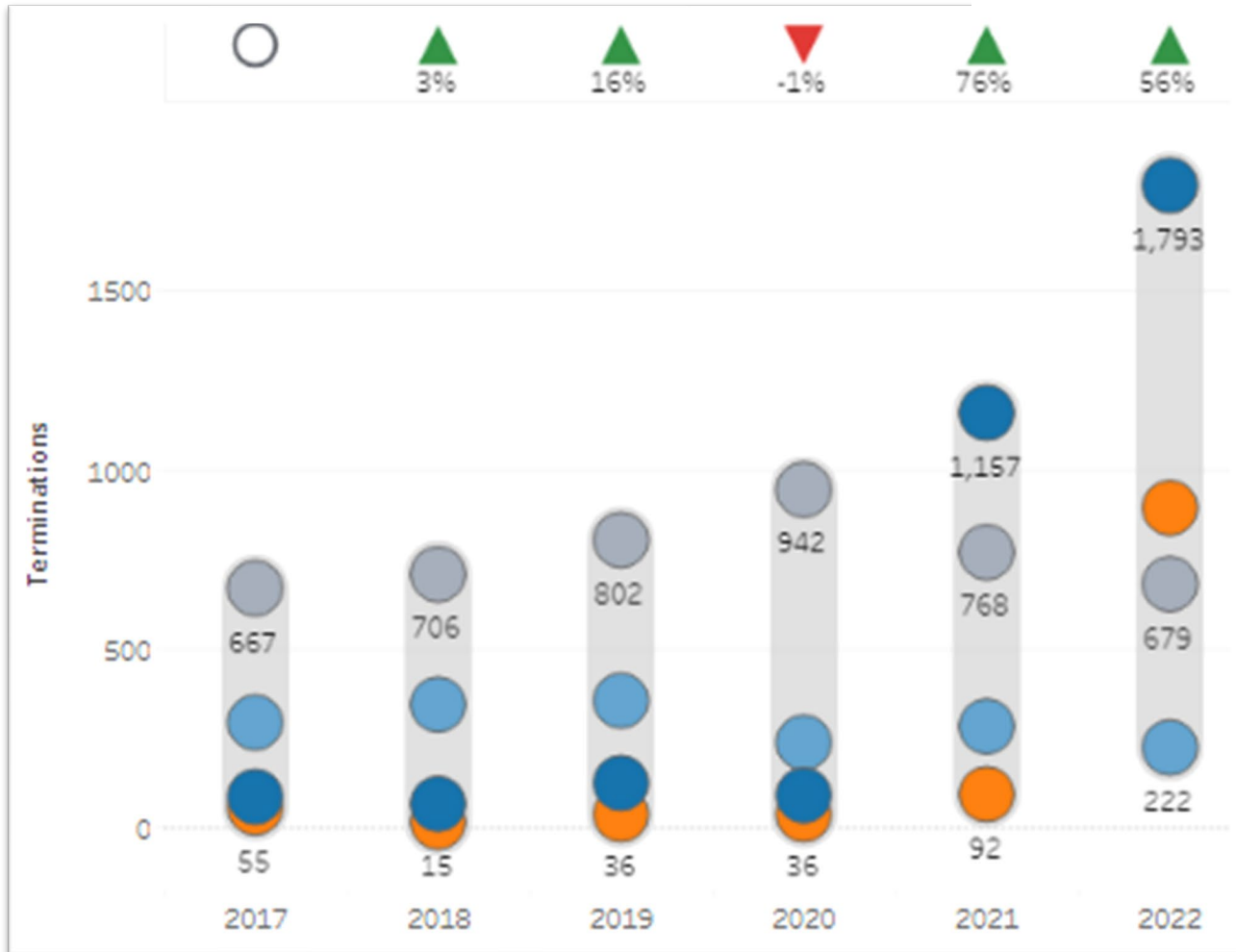


Spotting Data Integrity Issues



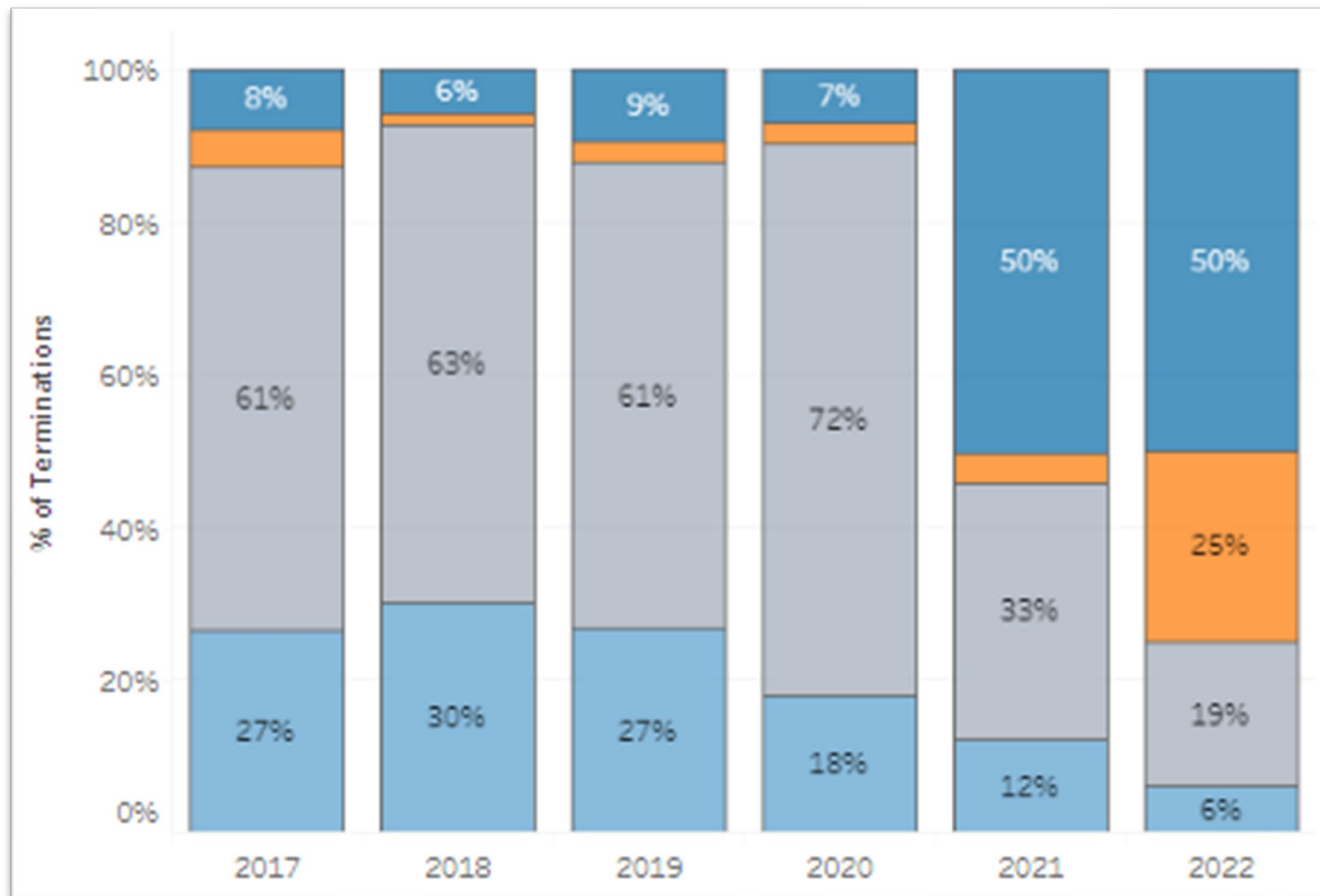
Seeing Trends

- Company Initiated Cancellations
- Company Initiated Non-Renewals
- Insured Requested Cancellations
- Non-Pay & NSF Cancellations



Seeing Trends (Continued)

- Company Initiated Cancellations
- Company Initiated Non-Renewals
- Insured Requested Cancellations
- Non-Pay & NSF Cancellations



Things to Consider

- Value Added
 - Is there real value?
 - Will it yield any real insights?
 - What will this help drive?
- Costs vs Benefits
 - What benefits will be derived?
 - Is existing data readily available?
 - What are the costs/benefits of obtaining/creating new data sources?
- Fundamental Change
 - Process
 - Mindset
- Skill Set Differential
 - Examiner vs Analyst
 - Transaction Based vs Big Picture

Questions?

Jo A. LeDuc, CIE, MCM, CPCU, FLMI, AIDA

Division Director, Insurance Market Regulation

jo.leduc@insurance.mo.gov

573-751-2430

*2023 Summer National Meeting
Seattle, Washington*

ANTIFRAUD (D) TASK FORCE

Monday, August 14, 2023
8:30 – 9:30 a.m.

Meeting Summary Report

The Antifraud (D) Task Force met Aug. 14, 2023. During this meeting, the Task Force:

1. Adopted its 2023 Spring National Meeting minutes.
2. Discussed its 2023 charges. The Task Force reviewed its current charges in preparation for 2024. Its charges will be opened for comment through Sept. 22. The Task Force will review the comments received and meet in October to consider adoption of its 2024 proposed charges.
3. Heard a presentation from the United Brotherhood of Carpenters and Joiners of America on workers' compensation premium fraud. The Task Force discussed the importance of workers' compensation insurance fraud related to the construction industry. The Task Force advised that it would add this as an agenda topic to discuss further during its regulator-to-regulator discussions.
4. Received the report of the Improper Marketing of Health Insurance (D) Working Group. The Working Group met July 27 to discuss the newly revised draft amendments to the *Unfair Trade Practices Act* (#880). Following the meeting, a new draft was distributed for comment. The Working Group met at the Summer National Meeting to discuss comments received and finalize the draft amendments for adoption.
5. Received an update on the Antifraud Technology (D) Working Group. The Working Group chair has been working with NAIC staff on the redesign of the NAIC's Online Fraud Reporting System (OFRS). The Working Group will be continuing to meet to discuss necessary enhancements to the OFRS to include fields provided from the National Insurance Crime Bureau (NICB) data.
6. Heard a presentation from Coalition Against Insurance Fraud (CAIF) on a research study on who commits insurance fraud and why. The study showed how different generations view insurance fraud.
7. Heard reports from the CAIF and the NICB on antifraud activity.

Virtual Meeting

(in lieu of meeting at the 2023 Summer National Meeting)

MARKET INFORMATION SYSTEMS (D) TASK FORCE

Monday, July 31, 2023

12:00 – 2:00 p.m. ET / 11:00 a.m. – 1:00 p.m. CT / 10:00 a.m. – 12:00 p.m. MT / 9:00 – 11:00 a.m. PT

Meeting Summary Report

The Market Information Systems (D) Task Force met July 31, 2023. During this meeting, the Task Force:

1. Reviewed its charges and goals for 2023.
2. Adopted the report of the Market Information Systems Research and Development (D) Working Group. During its May 22 meeting, the Working Group took the following action:
 - A. Reviewed its charges and goals for 2023.
 - B. Reviewed the status of submitted Uniform System Enhancement Request (USER) forms and received an update on current NAIC Information Technology Group (ITG) projects.
 - C. Heard a report from NAIC support staff regarding iSite+ tools and reports to consider for sunset in light of other tools and data that are now available. This includes Tableau dashboards, ThoughtSpot, and the NAIC Enterprise Data Warehouse.
 - D. Discussed the Market Information Systems (MIS) Data Analysis Metrics Reports. Due to resource demands to create monthly and quarterly reports, the reports will be produced annually going forward.
3. Heard a report from the Market Analysis Procedures (D) Working Group on its work on the second recommendation in *The Market Information Systems Research and Development (D) Working Group Review of Artificial Intelligence Techniques in Market Analysis*. The Working Group has compiled an extensive list of market analysis data sources that it will begin to assess for effectiveness and predictive abilities.
4. Received a status report on USER form projects and *State Connected* projects affecting the NAIC MIS.

*Virtual Meeting**(in lieu of meeting at the 2023 Summer National Meeting)***PRODUCER LICENSING (D) TASK FORCE**

Wednesday, May 31, 2023

12:30 – 1:30 p.m. ET / 11:30 a.m. – 12:30 p.m. CT / 10:30 – 11:30 a.m. MT / 9:30 – 10:30 a.m. PT

Meeting Summary Report

The Producer Licensing (D) Task Force met May 31, 2023. During this meeting, the Task Force:

1. Adopted its Dec. 8, 2022, minutes, which included the following action:
 - A. Adopted its May 5, 2022, minutes.
 - B. Adopted its 2023 proposed charges.
 - C. Adopted the reports of the Adjuster Licensing (D) Working Group and the Uniform Education (D) Working Group.
 - D. Discussed the template for the review of 1033 requests.
2. Discussed the template for the review of 1033 requests, which are required by the Violent Crime Control and Law Enforcement Act of 1994. The Task Force discussed the following three issues: a) whether the definition of “conviction” should include pleas of abeyance and expungements should be excluded from this definition; b) whether states use the long-form or short-form for requests and why one form is preferred; and c) the factors a jurisdiction may consider when evaluating a 1033 waiver request and how states inform individuals about the 1033 waiver application process.
3. Adopted a new charge to “Review and amend, as needed, Model #228 to enhance consumer protections in the property/casualty (P/C) claims process.” The *Public Adjuster Licensing Model Act* (#228) will be amended to strengthen regulatory standards for the following four issues: a) individuals acting as unlicensed public adjusters; b) contractors who are also acting as public adjusters on the same claim; c) limiting the assignment of benefit rights to a contractor; and d) limits on public adjuster compensation.
4. Adopted the NAIC Continuing Education Recommended Guidelines for Instructor Approval to create a more uniform process for approval of continuing education (CE) instructors and a quicker process for such approval.
5. Adopted the reports for the Adjuster Licensing (D) Working Group and the Uniform Education (D) Working Group.
6. Received a report from the National Insurance Producer Registry (NIPR) Board of Directors. NIPR’s year-to-date (YTD) revenue was \$24 million, which is 3.7% over budget. The NIPR senior team and Board of Directors have begun work on the NIPR strategic plan for 2024–2026, with a vote on the final plan scheduled for the end of the year.

*Virtual Meeting**(in lieu of meeting at the 2023 Summer National Meeting)***MARKET ANALYSIS PROCEDURES (D) WORKING GROUP**

Monday, July 17, 2023

2:00 – 3:00 p.m. ET / 1:00 – 2:00 p.m. CT / 12:00 – 1:00 p.m. MT / 11:00 a.m. – 12:00 p.m. PT

Meeting Summary Report

The Market Analysis Procedures (D) Working Group met July 17, 2023. During this meeting the Working Group:

1. Adopted its June 12 minutes, which included the following action:
 - A. Adopted its May 8 minutes, which included the following action:
 - i. Adopted its April 10 minutes, which included the following action:
 - a. Discussed its charges for 2023.
 - b. Discussed the standardized ratios for the other health Market Conduct Annual Statement (MCAS).
 - ii. Discussed the NAIC Market Information Systems (MIS) data.
 - iii. Discussed proposed other health insurance MCAS ratios.
 - B. Continued discussion on the development of a list of market analysis data sources commonly used by market conduct analysts. This list will be the starting point for assessing the currently available market analysis data for needed improvements in the effectiveness of the data and its predictive abilities.
 - C. Discussed a proposed set of standard MCAS ratios for the other health MCAS blank.
 - D. Discussed the inclusion of fraternal insurance companies in the MCAS.
2. Adopted the proposed set of standard MCAS ratios for the other health MCAS blank. These will be effective for the 2023 data year.
3. Began planning for monthly regulator-only training on market analysis tools and techniques. The sessions will be flexible and designed to address topics most in demand.
4. Continued discussion on the inclusion of fraternal insurance companies in the MCAS.

MCAS Ratios

Other Health

Ratio 1. **The number of claims denied, rejected or returned to the total number of claims closed**

$$\frac{[\text{Total \# of claims denied, rejected or returned (68)}]}{\left(\begin{array}{l} [\text{\# of claims pending at beginning of period (66)}] \\ + [\text{\# of claims received (include non-clean claims) (67)}] \\ - [\text{\# of claims pending at end of period (74)}] \end{array} \right)}$$

Ratio 2. **Pre-existing Condition Denials to Total Denials**

$$\left(\frac{[\text{\# of denied, rejected, or returned as subject to pre – existing condition exclusion (70)}]}{[\text{Total \# of claims denied, rejected or returned (68)}]} \right)$$

Ratio 3. **Inadequate Documentation Denials to Total Denials**

$$\left(\frac{[\text{\# of denied, rejected or returned due to failure to provide adequate documentation (71)}]}{[\text{Total \# of claims denied, rejected or returned (68)}]} \right)$$

Ratio 4. **Average Number of Days to a Decision on Denied Claims**

$$\left(\left[\frac{[\text{Total \# of claims denied, rejected or returned (68)}]}{[* [\text{Average \# of days from receipt of claim to decision for denied claims (76)}]} \right] \right)$$

- *Note: The above calculation is the total number of days for all insurers to a decision on denied claims divided by the total number of denied claims for all insurers to produce the statewide average time to a decision.*

MCAS Ratios

Ratio 5. **Average Number of Days to a Decision on Approved Claims**

$$\left(\frac{\begin{array}{l} \text{[# of claims pending at beginning of period (66)]} \\ + \text{[# of claims received (include non-clean claims) (67)]} \\ - \text{[# of claims pending at end of period (74)]} \\ - \text{[Total # of claims denied, rejected or returned (68)]} \end{array}}{\begin{array}{l} \text{[# of claims pending at beginning of period (66)]} \\ + \text{[# of claims received (include non-clean claims) (67)]} \\ - \text{[# of claims pending at end of period (74)]} \\ - \text{[Total # of claims denied, rejected or returned (68)]} \end{array}} * \text{[Average # of days from receipt of claim to decision for approved claims (78)]} \right)$$

- *Note: The above calculation is the total number of days for all insurers to a decision on denied claims divided by the total number of denied claims for all insurers to produce the statewide average time to a decision.*

Ratio 6. **Cancellations During Free Look Period**

$$\left(\frac{\text{[# of policies/certificates cancelled during free look period (55)]}}{\text{[# of new policies/certificates issued during the period (50)]}} \right)$$

Ratio 7. **Cancellations by Policyholder to Total Policies/Certificates During the Period**

$$\left(\frac{\text{[# of policy/certificate terminations and cancellations initiated by the policyholder/certificate holder during the period (53)]}}{\begin{array}{l} \text{[# of policies/certificates in force at beginning of period (47)]} \\ + \text{[# of new policies/certificates issued during the period (50)]} \end{array}} \right)$$

Ratio 8. **Cancellations by Company to Total Policies/Certificates During the Period**

$$\left(\frac{\begin{array}{l} \text{# of policies/certificates cancelled by the company} \\ \text{for any reason other than non-payment during the period (59)]} \end{array}}{\begin{array}{l} \text{[# of policies/certificates in force at beginning of period (47)]} \\ + \text{[# of new policies/certificates issued during the period (50)]} \end{array}} \right)$$

MCAS Ratios

Ratio 9. **Loss Ratio**

$$\left(\frac{[\text{Aggregate dollar amount of paid claims during the period (80)}]}{[\text{Direct written premium (45)}]} \right)$$

Ratio 10. **Number of Complaints received per 1,000 Policies/Certificates In Force During the Period and Claims During the Period**

$$\left(\frac{\left[\frac{[\text{\# of complaints received by company (other than through the DOI) (83)}] + [\text{\# of complaints received through DOI (84)}]}{\left[\frac{[\text{\# of policies/certificates in force at beginning of period (47)}] + [\text{\# of new policies/certificates issued during the period (50)}]}{1,000} \right]} \right]}{\left[\frac{[\text{\# of claims pending at beginning of period (66)}] + [\text{\# of claims received (include non-clean claims) (67)}] - [\text{\# of claims pending at end of period (74)}]}{1,000} \right]} \right)$$

Ratio 11. **Number of Complaints Resulting in Claims Reprocessing to Total Complaints**

$$\left(\frac{[\text{\# of complaints resulting in claims reprocessing (85)}]}{\left[\frac{[\text{\# of complaints received by company (other than through the DOI) (83)}] + [\text{\# of complaints received through DOI (84)}]}{1,000} \right]} \right)$$

Ratio 12. **Percentage of Lawsuits Closed with Consideration for the Consumer**

$$\left(\frac{[\text{\# of lawsuits closed during the period with consideration for the consumer (89)}]}{[\text{\# of lawsuits closed during the period (88)}]} \right)$$

Adopted by Market Regulation and Consumer Affairs (D) Committee -
Adopted by the Market Analysis Procedures (D) Working Group – July 17, 2023,

MCAS Ratios

Ratio 13. **Lawsuits opened per 1,000 Policies/Certificates In Force During the Period and Claims During the Period**

$$\left(\frac{\begin{array}{c} \text{[# of lawsuits opened during the period (87)]} \\ \text{[[# of policies/certificates in force at beginning of period (47)] +} \\ \text{+ [# of new policies/certificates issued during the period (50)] } \end{array}}{\begin{array}{c} \text{[[# of claims pending at beginning of period (66)]} \\ \text{+ [# of claims received (include non-clean claims) (67)] /1,000} \\ \text{- [# of claims pending at end of period (74)]} \end{array}} \right)$$

Ratio 14. **Average Dollars of Commission Per Policy/Certificate**

$$\left(\frac{\begin{array}{c} \text{[Commissions paid during the reporting period (101)]} \\ \text{- [Unearned commissions returned to company on} \\ \text{policies/certificates sold during the period (102)]} \end{array}}{\text{[(# of new policies/certificates issued during the period (50))]} \right)$$

Ratio 15. **Percentage Commissions to Written Premium**

$$\left(\frac{\begin{array}{c} \text{[Commissions paid during the reporting period (101)]} \\ \text{- [Unearned commissions returned to company on} \\ \text{policies/certificates sold during the period (102)]} \end{array}}{\text{[Direct written premium (45)]}} \right)$$

- *Note: It is unclear to what extent commissions are paid on events other than new business (e.g., such as renewals)*

*Virtual Meeting***MARKET CONDUCT ANNUAL STATEMENT BLANKS (D) WORKING GROUP**

Wednesday, July 19, 2023

Summary Report

The Market Conduct Annual Statement Blanks (D) Working Group met July 19, 2023. During this meeting the Working Group:

1. Adopted its June 22 minutes, which included the following action:
 - A. Adopted its May 30 minutes, which included the following action:
 - i. Adopted the pet Market Conduct Annual Statement (MCAS) Data Call and Definitions.
 - ii. Discussed the MCAS directions for determining when a claim is closed on the personal property and homeowners line of business.
 - B. Discussed the reporting of closed claims in the private passenger auto (PPA) and homeowners Market Conduct Annual Statement (MCAS) blanks with the goal of clarifying how closed claims should be reported.
 - C. Discussed changes to the MCAS data element revision process timeline.
2. Considered a proposal to rename the claims closed data elements in the PPA and homeowners MCAS blanks to read as follows: "number of claims closed in your system with the date of final payment within 'x' days."
3. Considered a proposal to provide guidelines in the data element revision process to encourage drafting groups to finish their work products at least 60 days prior to the June 1 deadline for adoption of revisions.
4. Considered a request to move the other health and short-term, limited-duration (STLD) MCAS reporting deadlines to May 31 annually. This would align with the reporting deadline for the health MCAS.



Virtual Meetings

MARKET CONDUCT EXAMINATION GUIDELINES (D) WORKING GROUP

July 18, 2023 / March 28, 2023

Summary Report

The Market Conduct Examination Guidelines (D) Working Group met July 18, 2023, and March 28, 2023.

1. During its July 18 meeting, the Working Group:
 - A. Adopted its March 28 minutes.
 - B. Adopted revisions to Chapter 4—Collaborative Actions of the *Market Regulation Handbook* (Handbook). The purpose of the revisions is to provide nonregulators with transparency and insight regarding the multistate process that occurs at the Market Actions (D) Working Group.
 - C. Discussed a June 6 draft of Chapter 23—Conducting the Life and Annuity Examination of the Handbook and the comments received on the draft from Missouri and the Insured Retirement Institute (IRI). The comment period on the draft was extended from July 6 to Sept. 4 to allow for additional comments to be received. The proposed changes in Chapter 23 relate to the revisions to the *Suitability in Annuity Transactions Model Regulation* (#275), which were adopted by the NAIC in February 2020.
 - D. Received an update from the chair of the Working Group that revised exposure drafts of the travel insurance in-force policy standardized data request (SDR) and a travel insurance claims SDR would be distributed for discussion at a future Working Group meeting.

2. During its March 28 meeting, the Working Group:
 - A. Heard opening remarks made by the Working Group chair, which included a welcome to returning Working Group members and new members.
 - B. Discussed its 2023 charges.
 - C. Discussed next steps on carry-over items from 2022, which included a travel in-force policy SDR, a travel claims SDR; and an Aug. 22, 2022, exposure draft of Chapter 23—Conducting the Life and Annuity Examination of the Handbook.

[National Meeting Materials](#)



Virtual Meeting

MARKET REGULATION CERTIFICATION (D) WORKING GROUP

June 6, 2023

Summary Report

The Market Regulation Certification (D) Working Group met June 6, 2023. During this meeting, the Working Group:

1. Adopted its May 9 minutes, which included the following action:
 - A. Adopted its Spring National Meeting minutes.
 - B. Discussed the draft of the Voluntary Market Regulation Certification Program.
2. Adopted the Voluntary Market Regulation Certification Program.

Virtual Meeting

(in lieu of meeting at the 2023 Summer National Meeting)

SPEED TO MARKET (D) WORKING GROUP

Tuesday, July 25, 2023

2:00 – 3:00 p.m. ET / 1:00 – 2:00 p.m. CT / 12:00 – 1:00 p.m. MT / 11:00 a.m. – 12:00 p.m. PT

Meeting Summary Report

The Speed to Market (D) Working Group met July 25, 2023. During this meeting, the Working Group:

1. Adopted its Nov. 10, 2022, minutes, which included the following actions:
 - A. Adopted its July 12, 2022, minutes.
 - B. Heard an update on the edits to the *Product Filing Review Handbook*.
 - C. Heard an update on the System for Electronic Rates & Forms Filing (SERFF) modernization.
2. Discussed suggested changes to the Product Coding Matrix (PCM) and Uniform Transmittal Document (UTD) and adopted a suggestion to add two new sub-type of insurance (TOI) codes for Paid Family Medical Leave coverage—one for group and one for individual.
3. Heard a report from the Interstate Insurance Product Regulation Commission (Compact).
4. Heard a status report on the SERFF modernization.