NAIC – ARIA Insurance Regulation Research Partnership

Instructions for Interested Scholars

Background

The NAIC – ARIA Insurance Regulation Research Partnership is a program designed to foster collaboration between state insurance regulators and the community of scholars with an interest in insurance regulation.

The process begins when a state regulator outlines an issue or concern they believe academic researchers could help clarify in a request for research (RFR). A joint NAIC – ARIA committee then screens these RFRs for their suitability for academic research and scholarship. Accepted RFRs are shared with academic scholars through the NAIC's Center for Insurance Policy & Research (CIPR) website and ARIA communications. RFRs are collected, evaluated, and distributed on a rolling basis.

Instructions for Interested Scholars

A scholar interested in pursuing a research project based on a request for research (RFR) submitted by state regulators under the NAIC – ARIA partnership should submit a brief proposal (about two pages) to cipr@naic.org. The proposal should outline the analytical approach the scholar would follow to address the problem articulated in the RFR. The proposal should also specify any state insurance department resources that would be requested in the research process, including data, survey collection, and scheduled calls with the department or its stakeholders, among other possibilities.

If the proposal is acceptable to the regulator(s) submitting the initial RFR, a partnership ensues.

Expectations for Academic Partners

Within 12 months of the partnership ensuing, the academic partner is expected to provide a short policy brief that outlines the issue and discusses the analysis and proposed solution(s). This policy brief should be non-technical and include recommendations or results useful for regulators.

Within the following 12 months, the academic partner is expected to provide a detailed technical report that supports the analysis, conclusions, and recommendations in the policy brief.

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Request for Research – Property Coverage for Non-Profits

1. What is the issue or problem of concern? Please be as specific as possible.

The Department has been told that stand-alone property physical damage coverage and stand-alone auto physical damage coverage for non-profits is virtually unavailable, especially for non-profits working with children. A Risk-Retention Group (RRG) that is a major insurer in this space works with a licensed insurer to write the property and auto coverage for these risks, but the licensed insurer they use is withdrawing from the market in certain states. The Department's concern is that these non-profits may not have coverage options for their property and auto insurance needs, although the insurance trade organizations insist there is a viable market in our state and that there are residual property and auto insurance markets. Given the conflicting messages, the Department is unsure of the true nature of the situation.

Research Questions: Are non-profit entities, particularly those which work with children, able to secure physical damage property and auto coverage in our state? If not, what is the extent of the problem (e.g., what share is without coverage or unable to retain coverage)? Is this problem exclusive to our state or wider in scope? What factors are keeping more in insurers from issuing policies to non-profit entities? Are there any actions non-profit entities can take to become more insurable?

2. What are the implications of the problem for regulators, insurers, intermediaries, and/or consumers?

The Department is undecided whether it and other state insurance regulators should support or oppose the Non-Profit Property Protection Act ("NPPA"), a bill that would provide certain RRGs the ability to write property and auto physical damage for certain non-profits. The Department's preference would be for admitted insurers to underwrite these risks, and then the surplus lines market or residual market, before RRGs, which are the least regulated of these types of entities. But if there is not a viable alternative to the RRGs for providing insurance to these non-profits, perhaps state insurance regulators should stop opposing the NPPA.

Research Questions: What stand-alone physical damage property and auto coverage properties are available for non-profit entities in our state, if any, and from which insurers are they being issued? What are the regulatory implications and implications for covered entities of insurance underwritten by RRGs rather than admitted insurers. Are there legislative or regulatory actions that could encourage participation in this market by admitted insurers?

3. What information do you have regarding the problem? For example: existing research, internal documentation, data.

> The Department has information from the RRG, the insurance trade organizations, and responses to surveys issued to foster care agencies on this concern. Information is also available from the C Committee meeting held at the NAIC's Spring National Meeting, during which this issue was discussed. Other states may have information about this concern as well.

4. Will this information be available to the researcher(s) for analysis? If you are unable to provide some of the information, please specify the information that will not be available.

> Yes, the Department will make available all the relevant information it has regarding this issue.