



December 17, 2021

Mr. Damion Hughes  
Market Conduct Examination Standards (D) Working Group Chair

Ms. Erica Weyhenmeyer  
Market Conduct Examination Standards (D) Working Group Vice Chair

Ms. Petra Wallace  
Market Regulation Specialist

NAIC Central Office  
1100 Walnut, Suite 1500  
Kansas City, MO 64106-2197

RE: Request for Comments on Core Competencies and Standards of Chapter 21 – Conducting the Property and Casualty Examination - NAIC *Market Regulation Handbook*.

Dear Mr. Hughes, Ms. Weyhenmeyer and Ms. Wallace:

Examination Resources, LLC ("ER") would like to provide comments on the proposed October 27, 2021 changes to Chapter 21 – Conducting the Property and Casualty Examination of the NAIC *Market Regulation Handbook*.

ER's mission is to provide consulting services that efficiently and effectively meet our clients' objectives and improve the quality of insurance regulation with the goal of safeguarding policyholders. ER has been providing insurance regulatory consulting services since 2002 solely to insurance regulators and is currently conducting property, casualty, life, annuity and health market conduct examinations for several states and the federal government.

ER appreciates the opportunity to provide our thoughts on the proposed changes to Standard 8.

The current wording is as follows:

**Standard 8: Underwriting, rating and classification are based on adequate information developed at or near inception of the coverage rather than near expiration, or following a claim.**

**Atlanta Office** | 20 10<sup>th</sup> Street NW, Suite 803 | Atlanta, GA 30309 | 404-816-6188 (office) | 404-816-6197 (fax)  
**Baltimore Office** | 1014 West 36<sup>th</sup> Street, Lower Level, Suite B | Baltimore, MD 21211 | 678-704-2162 (office)

The proposed wording is as follows:

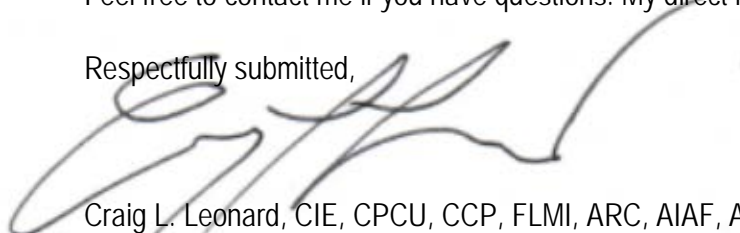
**Standard 8: Underwriting, rating and classification are based on adequate information developed at or near inception of the coverage rather than before the effective date of the insurance, near the expiration of a claim, or following a claim.**

We believe the suggested wording changes will cause confusion among both examiners and regulated entity staff. For example, the proposed revised language found in the second line stating, "before the effective date of the insurance" appears indistinguishable from the prior language stating, "developed at or near inception of the coverage" and may cause confusion in regards to what the underwriting, rating and classification is based on. In addition, we are uncertain of the meaning of the phrase "near the expiration of a claim."

Since the standard is applicable to all Property & Casualty Underwriting and Rating reviews, we believe the original language remains efficient for the examination of most coverages as it is written. We suggest any changes, specific to a limited line of business, are more appropriately placed in the "Review Procedures and Criteria" section with a note regarding the applicable lines of business that would be subject to any clarification.

Feel free to contact me if you have questions. My direct line is (816) 213-5680.

Respectfully submitted,



Craig L. Leonard, CIE, CPCU, CCP, FLMI, ARC, AIAF, ARM, MCM  
Director, Property/Casualty and Life/Annuity Examinations  
[CraigLeonard@examresources.net](mailto:CraigLeonard@examresources.net)

cc: Rebecca Belanger, Managing Member, [RebeccaBelanger@examresources.net](mailto:RebeccaBelanger@examresources.net)