

Draft Pending Adoption

Draft: 3/29/23

Market Regulation and Consumer Affairs (D) Committee
Louisville, Kentucky
March 24, 2023

The Market Regulation and Consumer Affairs (D) Committee met in Louisville, KY, March 24, 2023. The following Committee members participated: Jon Pike, Chair (UT); Mike Causey, Co-Vice Chair, represented by Tracy Biehn (NC); Michael Humphreys, Co-Vice Chair, and David Buono (PA); Peni Itula Sapini Teo represented by Elizabeth Perri (AS); Karima M. Woods and Sharon Shipp (DC); Trinidad Navarro and Susan Jennette (DE); Sharon P. Clark (KY); Chlora Lindley-Myers, Cynthia Amann, and Jo LeDuc (MO); Jon Godfread represented by John Arnold (ND); Michael Wise (SC); Cassie Brown represented by Jessica Barta, Matthew Tarpley, and Jamie Walker (TX); Kevin Gaffney represented by Karla Nuisl (VT); and Jeff Rude (WY). Also participating were: Erica Weyhenmeyer (IL); Matt Gendron (RI); Rebecca Nichols (VA); and John Haworth (WA).

1. Adopted its 2022 Fall National Meeting Minutes

Biehn made a motion, seconded by Commissioner Navarro, to adopt the Committee's Dec. 15, 2022, minutes (*see NAIC Proceedings – Fall 2022, Market Regulation and Consumer Affairs (D) Committee*). The motion passed unanimously.

2. Heard a Presentation on the Emerging Cyberthreat of Technology-Enabled Claims Instigation

Joseph Petrelli (Demotech) said multiple insurers in Florida have become insolvent in the last few years. Research by Demotech and 4Warn has shown a disproportionate increase in litigation in Florida, and they have tied this increase in litigation to the insolvencies. Petrelli said law firms have targeted the insurance companies. He said Demotech asked Todd Kozikowski (4Warn) to investigate the reasons for the insolvencies.

Kozikowski said Google sells keywords, which are used by its search engine to prioritize results obtained in searches. Entities that pay for the keywords that are used in the searches will appear as the first results for a search. Buying keywords to push up the prioritization of an entity's advertisement is called search engine optimization (SEO). He said an analysis of the keywords and the sites that own them show that the keywords include insurance company names; public adjuster names; and generic searches, such as "public insurance adjusters near me" or "claims department." The keywords will be purchased just prior to a National Oceanic and Atmospheric Administration (NOAA) named storm arriving along an affected path. Kozikowski said average monthly spending on SEO keywords by six major multinational companies—McDonald's, Ford Motor Company, Starbucks, Nestle, Costco, and Anthem Blue Cross Blue Shield—was \$296,000. He said the average monthly spending by one substantial law firm was \$741,000. He noted that one Florida public adjuster paid an average of \$57,000 per month, or about \$650,000 per year, to buy keywords. The 1,200 paid keywords generated 3,700 clicks compared to 1,200 clicks from 2,600 organic searches that did not use paid keywords.

Petrelli said six Florida insurance companies failed due to a significant increase in new lawsuits that often exceeded the number of lawsuits in entire states. He said law firms used Litify to increase lawsuit filings by 480%. He said litigation financing outperformed investments in private equity (PE), real estate, and hedge funds. He noted that the Louisiana Department of Insurance (DOI) issued a cease and desist on one law firm for fraudulent activity related to marketing practices related to promising large recoveries before a claim is investigated.

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Kozikowski said he monitored search activities and the purchase of keywords prior to the landfall of Hurricane Ian. There was a substantial increase in the purchase of keywords to elevate the results for law firms and public adjusters when consumers searched for information on their insurance companies and claims information. Kozikowski said one law firm has targeted more than 90 insurance companies by buying keywords, including the company name, such as “Travelers insurance personal injury settlement” and “Travelers insurance claims.”

Commissioner Clark asked if there was evidence of public adjusters and litigators collaborating. Petrelli said there is no direct evidence, but he believes it is occurring. He said it would be necessary to coordinate with companies to see their claims files to know if there is collaboration. He said he believes litigators have carved up the Florida insurance marketplace.

Commissioner Navarro asked if the law firms and public adjusters were intercepting calls intended for the insurance companies. Kozikowski said by using SEO, a Google search will show as a top result the telephone number for a public adjuster or litigator who purchased keywords using the insurance company’s name. Commissioner Navarro said everyone assumed that the reason the companies went insolvent in Florida was because of the cost of the hurricane-related losses. He asked if Petrelli and Kozikowski believe the companies went insolvent because of lawsuits. Petrelli said it was death by litigation.

Arnold asked if other industries and regions of the country have the same SEO issues that 4Warn is noticing in the insurance industry. Kozikowski said other industries are experiencing the same, but he has no analysis on them. There are increased litigation levels in Chicago, San Francisco, and Florida. Gendron asked why no upticks are indicated in cities other than Chicago, San Francisco, and Miami. Kozikowski said the lawsuits are targeted at specified insurers, and the upticks would be in the cities where those companies have the most losses.

Birny Birnbaum (Center for Economic Justice—CEJ) said he would like to have an opportunity to present a rebuttal to the presentation by Petrelli and Kozikowski. He said he was outraged that the Committee provided a platform for this conspiracy theory.

Ken Klein (California Western School of Law) noted that regulatory and legislative efforts to reduce litigation reduce both frivolous and meritorious lawsuits. He asked if Kozikowski or Petrelli can identify how many of the lawsuits were frivolous or meritorious. Shipp asked how many of the litigated claims resulted in payments, and Petrelli said that is information that would have to be gathered from the insurance companies.

3. Adopted its Task Force and Working Group Reports

a. Antifraud (D) Task Force

Commissioner Navarro said the Antifraud (D) Task Force met March 23 to adopt its 2022 Fall National Meeting minutes and discuss its charges and priorities for the year.

Commissioner Navarro said the Task Force received an update from the Improper Marketing of Health Insurance (D) Working Group. He said the Working Group holds monthly regulator-only conference calls to discuss ongoing investigations and state efforts concerning lead generators. The Working Group is also continuing to work on its charge to “Review existing NAIC Models and Guidelines that address the use of lead generators for sales of health insurance products, and identify models and guidelines that need to be updated or developed to address current marketplace activities.” He said in 2022, the Working Group started reviewing the *Unfair Trade Practices Act* (#880) for potential amendments. The Working Group is finalizing the draft amendments. Commissioner Navarro said following the Spring National Meeting, the Working Group will distribute an updated draft for review and hold an open conference call in April to review and potentially adopt the amendments.

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Commissioner Navarro said the Task Force received an update on the NAIC's Online Fraud Reporting System (OFRS) redesign. He said the implementation process will include collaboration with the National Insurance Crime Bureau (NICB), the National Health Care Anti-Fraud Association (NHCAA), and state vendors. He said the Antifraud Technology (D) Working Group will begin reviewing suggested enhancements for OFRS moving forward.

Commissioner Navarro said the Task Force concluded its meeting with reports on matters of interest from the Coalition Against Insurance Fraud (CAIF), the Healthcare Fraud Prevention Partnership (HFPP), and the NICB.

b. Producer Licensing (D) Task Force

Commissioner Clark said the Producer Licensing (D) Task Force has not met this year.

Commissioner Clark said the Task Force will have three working groups in 2023. The Adjuster Licensing (D) Working Group will be chaired by Rachel Chester (RI). The Uniform Education (D) Working Group will be chaired by Richard Tozer (VA). The Producer Licensing Uniformity (D) Working Group will be chaired by Bryan Stevens (WY).

Commissioner Clark said last year, the Task Force circulated a draft template on the 1033 waiver process. She said following the 2022 Fall National Meeting, the draft was circulated for comment to the Producer Licensing (D) Task Force, the Antifraud (D) Task Force, and all interested parties with a comment deadline of Jan. 31. She said there were 17 comments submitted from both state insurance regulators and industry, and NAIC staff are reviewing and summarizing the comments. She said the comments will also be posted to the Producer Licensing (D) Task Force web page for further consideration prior to the Summer National Meeting.

Commissioner Clark said Commissioner Navarro will lead a new workstream on public adjusters for the Adjuster Licensing (D) Working Group. She said the National Association of Public Insurance Adjusters (NAPIA) has requested the following four items to be addressed: 1) unlicensed public adjusters; 2) contractors who are also acting as public adjusters on the same claims; 3) the assignment of benefit rights to contractors; and 4) the general claims appraisal process.

Commissioner Clark said with last year's adoption by the Executive (EX) Committee and Plenary of the "Guidelines for Amending the Uniform Producer Licensing Applications," NAIC staff will begin coordinating with the National Insurance Producer Registry (NIPR) and states, including any back-office system support vendors, to conduct an analysis of how long it will take to implement a proposed change and the cost to implement it.

c. Market Analysis Procedures (D) Working Group

LeDuc said the Market Analysis Procedures (D) Working Group will meet April 10.

LeDuc said during its April 10 meeting, the Working Group will discuss its charges for 2023, which include a new charge to assess the current market analysis data in the NAIC Market Information Systems (MIS) and identify needed improvements in the effectiveness of the data and the predictive abilities of the scoring systems that utilize the data. She said the Working Group will begin by identifying the data that is available in the MIS and how the states are using the data.

d. Market Conduct Examination Guidelines (D) Working Group

Tarpley said he and Market Conduct Examination Guidelines (D) Working Group vice chair Weyhenmeyer met Feb. 1, Feb. 7, Feb. 27, and March 15 to discuss the Working Group's 2023 charges and topics continuing from last year.

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He said last year's continuing topics include a new travel insurance policy in-force standardized data request (SDR), a new travel insurance claims SDR, revisions to Chapter 23—Conducting the Life and Annuity Examination of the *Market Regulation Handbook*. The revision to the chapter is to the best interest provisions of the *Suitability in Annuity Transactions Model Regulation* (#275).

Tarpley said he and the Working Group vice chair are monitoring the work of the Accelerated Underwriting (A) Working Group and the Innovation, Cybersecurity, and Technology (H) Committee to prepare for the Market Conduct Examination Guidelines (D) Working Group's first meeting on March 28.

e. Market Regulation Certification (D) Working Group

Haworth said the Market Regulation Certification (D) Working Group met Feb. 27. He said during the meeting, the Working Group discussed its charges for 2023 and received an update on the revisions to the Voluntary Market Regulation Certification Program requirements, checklist, and guidelines.

Haworth said the work of the subject matter expert (SME) group revising the certification program requirements, checklist, guidelines, and scoring matrix is nearly complete. He said once the drafting group completes its final review of the revisions, the redline and clean versions of all these documents will be posted to the Working Group's web page in preparation for the Working Group's consideration and adoption.

Haworth provided an overview of the draft certification program for new members of the Market Regulation and Consumer Affairs (D) Committee. He said the current work on putting together a certification program for state market regulation departments differs from previous attempts in not insisting upon domestic deference. He noted that after the original drafting of this certification program, the Working Group oversaw a pilot of the certification program with 18 states. The states applied the certification standards to their departments and came up with a number of suggestions to improve the program prior to adoption.

Haworth said the draft certification program consists of 11 requirements that a department would be expected to achieve. The 11 requirements are broken into five broad categories covering: 1) the available statutory authorities; 2) use the *Market Regulation Handbook*; 3) staffing resources and qualifications; 4) use of NAIC MIS databases and the Market Conduct Annual Statement (MCAS); and 5) collaboration with other departments.

Haworth said the proposed implementation plan for the program anticipates an initial period where jurisdictions will be encouraged to self-certify that they meet the requirements and be provided with peer review, guidance, and training. After the initial self-certification period, jurisdictions can choose to continue to self-certify or seek full certification. Full certification would be measured by an independent panel appointed by the Working Group. A fully certified jurisdiction would submit annual self-assessments and be re-certified every five years.

Haworth said the Working Group should have the entire certification program ready for Committee consideration by the Summer National Meeting.

f. Speed to Market (D) Working Group

Nichols said the Speed to Market (D) Working Group has not met yet this year, but it is continuing its work on the revisions to the *Product Filing Review Handbook*. She said the *Product Filing Review Handbook* revisions are near completion, and the Working Group expects to have the exposure draft posted to its web page by late May or early June. She said the Working Group will consider the changes in three segments, and it anticipates having the entirety of the *Product Filing Review Handbook* changes adopted prior to the Fall National Meeting.

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Additionally, Nichols said in June and July, the Working Group will conduct its annual consideration of suggestions for the product coding matrices (PCMs).

The Market Information Systems (D) Task Force and the Market Conduct Annual Statement Blanks (D) Working Group did not meet prior to the Spring National Meeting, and they did not report.

Commissioner Navarro made a motion, seconded by Biehn, to adopt the following reports: 1) the Antifraud (D) Task Force; 2) the Producer Licensing (D) Task Force; 3) the Market Analysis Procedures (D) Working Group (Attachment One); 4) the Market Conduct Examination Guidelines (D) Working Group (Attachment Two); 5) the Market Regulation Certification (D) Working Group (Attachment Three); and 6) the Speed to Market (D) Working Group. The motion passed unanimously.

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

DRAFT - Property & Casualty Market Conduct Annual Statement
Pet Insurance Data Call & Definitions

Adopted by the Market Conduct Annual Statement Blanks (D) Working Group May 30, 2023

Line of Business: Pet

Reporting Period: January 1, 2024 through December 31, 2024

Filing Deadline: April 30, 2025

Contact Information

MCAS Administrator	The person responsible for assigning who may view and input company data.
MCAS Contact	The person most knowledgeable about the submitted MCAS data. This person can be the same as the MCAS Administrator.
MCAS Attestor	The person who attests to the completeness and accuracy of the MCAS data.

Schedule 1 – Interrogatories

ID	Description	Comment
1-01	Did the company conduct any business related to individual pet insurance policies during the period?	Yes/No
1-02	Did the company conduct any business related to group pet insurance policies during the period?	Yes/No
1-03	Did the company conduct any stand-alone pet Wellness Insurance business during the reporting period?	Yes/No
1-04	Did the company conduct any Accident & Illness, Accident only, or Illness only pet insurance business during the reporting period?	Yes/No
1-05	Did the company conduct any pet insurance business during the reporting period that does not fit into the following categories: Wellness Only, Accident & Illness, Accident only, or Illness only?	Yes/No
1-06	If yes, describe the other types of pet insurance business conducted during the reporting period	Comment
1-07	On which annual statement line(s) of business on the state page of the statutory annual statement does the company report pet insurance experience?	Comment
1-08	Was the company still actively marketing or writing pet insurance in the jurisdiction at the end of the reporting period?	Yes/No
1-09	Has the company had a significant event/business strategy change that would affect data for this reporting period?	Yes/No
1-10	If yes, explain the situation and how it may affect the data	Comment
1-11	Has all or part of the company's pet insurance block of business been sold, closed or moved to another company during the reporting period?	Yes/No
1-12	If yes, describe the nature and extent of the transaction(s)	Comment

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1-13	How does the company treat subsequent supplemental or additional payments on previously closed claims?	Comment
1-14	Does the company use pet program administrators, managing general agents (MGA) or insurance producers for purposes of supporting the pet insurance business being reported, other than the sale, solicitation, or negotiation of business?	Yes/No
1-15	If yes, provide the names, NPN (if applicable) and functions for each third party identified in question 14	Comment
1-16	Does the company have a system of supervision in place to oversee and potentially audit each type of third party identified in question 14?	Yes/No
1-17	If yes, please provide frequency of audits, if any, for each type of third party identified in question 14	Comment
1-18	Does the company require third parties identified in question 14 to forward insurance-related complaints to the company so the company may report the complaints in its complaint logs?	Yes/No
1-19	Does the company or any of its pet program administrators, managing general agents (MGA) or insurance producers offer a non-insurance wellness program to the consumers of the company's pet insurance products?	Yes/No
1-20	Additional comments if desired:	Comment
1-21	Additional state specific Underwriting Activity comments (optional)	Comment
1-22	Additional state specific Claims Activity comments (optional)	Comment
1-23	Additional state specific Marketing & Sales comments (optional)	Comment
1-24	Additional state specific Lawsuit and Complaint comments (optional)	Comment

Schedule 2 – Underwriting Activity

The Underwriting Activity schedule is to be reported for both Individual and Group policies/certificates

ID	Description
2-25	Number of policies in force at the beginning of the period
2-26	Number of certificates in force at the beginning of the period (Group only)
2-27	Number of covered pets on policies/certificates in force at the beginning of the period
2-28	Number of policies in force during the period that included accident-only coverage
2-29	Number of certificates in force during the period that included accident-only coverage (Group only)
2-30	Number of policies in force during the period that included illness-only coverage
2-31	Number of certificates in force during the period that included illness-only coverage (Group only)
2-32	Number of policies in force during the period that included accident and illness coverage

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2-33	Number of certificates in force during the period that included accident and illness coverage (Group only)
2-34	Number of policies in force during the period that included wellness coverages (other than a wellness only policy)
2-35	Number of certificates in force during the period that included wellness coverages (other than a wellness only policy) (Group only)
2-36	Number of policies in force during the period that covered wellness as an insurance benefit (and did not cover accident and/or illness)
2-37	Number of certificates in force during the period that covered wellness as an insurance benefit (and did not cover accident and/or illness) (Group only)
2-38	Number of policies returned during the period under the consumer's "Right to Examine and Return the Policy"
2-39	Number of certificates returned during the period under the consumer's "Right to Examine and Return the Policy" (Group only)
2-40	Number of policies cancelled/terminated during the period at the policyholder's request
2-41	Number of certificates cancelled/terminated during the period at the certificate holders request (Group only)
2-42	Number of policies cancelled/terminated during the period by the insurer
2-43	Number of certificates cancelled/terminated during the period by the insurer (Group only)
2-44	Number of policies cancelled/terminated during the period for non-pay or non-sufficient funds
2-45	Number of certificates cancelled/terminated during the period for non-pay or non-sufficient funds (Group only)
2-46	Number of company-initiated policy non-renewals during the period
2-47	Number of company-initiated certificate non-renewals during the period (Group only)
2-48	Number of certificates expired during the period (Group only)
2-49	Number of new policies issued during the period
2-50	Number of new certificates issued during the period (Group only)
2-51	Number of covered pets on new policies/certificates issued during the period
2-52	Number of policies in force at end of the period
2-53	Number of certificates in force at the end of the period (Group only)
2-54	Number of covered pets on policies/certificates in force at the end of the period
2-55	Number of renewal policies issued during the period
2-56	Number of renewal certificates issued during the period (Group only)
2-57	Dollar amount of direct premium written during the period
2-58	Dollar amount of direct premium earned during the period
2-59	Number of applications pending at beginning of the period
2-60	Number of new applications received during the period (Individual Only)

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2-61	Number of new applications denied for health status or condition during the period (Individual Only)
2-62	Number of new applications denied for any other reason during the period (Individual Only)
2-63	Number of applications pending at the end of the period (Individual Only)
2-64	Number of policies issued during the period that included a preexisting condition exclusion
2-65	Number of certificates issued during the period that included a preexisting condition exclusion (Group only)

Schedule 3 – Claims Activity

The Claims Activity schedule is to be reported for Wellness (Only), Accident & Illness, and Other policy types. Report median day data elements in aggregate only.

ID	Description
3-66	Number of claims open at the beginning of the period
3-67	Number of claims opened during the period
3-68	Number of claims closed during the period
3-69	Number of claims closed during the period with full payment
3-70	Dollar amount of claims closed with full payment during the period
3-71	Median days to claim closure for claims closed with full payment (Aggregate only)
3-72	Number of claims closed during the period with partial payment
3-73	Dollar amount requested for claims closed with partial payment during the period
3-74	Dollar amount of claims closed with partial payment during the period
3-75	Median days to claim closure for claims closed with partial payment (Aggregate only)
3-76	Median days to final payment for all claims paid in full and closed with partial payment (Aggregate only)
3-77	Number of claims closed during the period, without payment
3-78	Dollar amount requested for claims closed without payment during the period
3-79	Median days to claim closure for claims closed without payment during the period (Aggregate only)
3-80	Number of claims open at the end of the period
3-81	Number of claims closed during the period with full payment 0-30 days
3-82	Number of claims closed during the period with full payment 31-60 days
3-83	Number of claims closed during the period with full payment 61-90 days
3-84	Number of claims closed during the period with full payment 91-180 days
3-85	Number of claims closed during the period with full payment 181-365 days
3-86	Number of claims closed during the period with full payment beyond 365 days

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3-87	Number of claims closed during the period with partial payment 0-30 days
3-88	Number of claims closed during the period with partial payment 31-60 days
3-89	Number of claims closed during the period with partial payment 61-90 days
3-90	Number of claims closed during the period with partial payment 91-180 days
3-91	Number of claims closed during the period with partial payment 181-365 days
3-92	Number of claims closed during the period with partial payment beyond 365 days
3-93	Number of claims closed during the period without payment within 0-30 days
3-94	Number of claims closed during the period without payment within 31-60 days
3-95	Number of claims closed during the period without payment within 61-90 days
3-96	Number of claims closed during the period without payment within 91-180 days
3-97	Number of claims closed during the period without payment within 181-365 days
3-98	Number of claims closed during the period without payment beyond 365 days
3-99	Number of claims closed during the period without payment – ineligibility
3-100	Number of claims closed during the period without payment – preexisting condition exclusion
3-101	Number of claims closed during the period without payment – waiting period
3-102	Number of claims closed during the period without payment – maximum benefit limit
3-103	Number of claims closed during the period without payment – claim amount less than deductible
3-104	Number of claims closed during the period without payment – inadequate documentation
3-105	Number of claims closed during the period without payment – hereditary disorder exclusion
3-106	Number of claims closed during the period without payment – congenital anomaly or disorder exclusion
3-107	Number of claims closed during the period without payment – chronic condition exclusion
3-108	Number of claims closed during the period without payment for reasons other than questions 99-107
3-109	Number of claims closed during the period with partial payment – maximum benefit limit
3-110	Number of claims closed during the period with partial payment – inadequate documentation
3-111	Number of claims closed during the period with partial payment for reasons other than questions 109-110
3-112	Number of claimant requests/benefit requests subject to a preexisting condition exclusion

Schedule 4 – Marketing and Sales

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The Marketing and Sales schedule is to be reported for both Individual and Group policies/certificates

ID	Description
4-113	Dollar amount of commissions incurred during the period
4-114	Unearned commissions returned to the company during the period

Schedule 5 – Lawsuit and Complaint Activity

The Lawsuit and Complaint Activity schedule is to be reported for both Individual and Group policies/certificates

ID	Description
5-115	Number of complaints received directly from any person or entity other than the DOI
5-116	Number of lawsuits open at the beginning of the period
5-117	Number of lawsuits opened during the period
5-118	Number of lawsuits closed during the period
5-119	Number of lawsuits open at the end of the period
5-120	Number of lawsuits closed with consideration for the consumer

Schedule 6 – Pet Attestation

By completing the attestation information, those named understand, agree and certify on behalf of the named company that:

1. They are authorized to submit the Market Conduct Annual Statement on behalf of the named company and to bind the company to the statements in this attestation;
2. They are knowledgeable of the information required to be provided in the Market Conduct Annual Statement filed by this company and have reviewed this filing;
3. To the best of their knowledge and belief, this filing represents a full and accurate statement of the information required to be provided in the Market Conduct Annual Statement pursuant to the applicable instructions; and
4. They are aware that the state insurance department(s) receiving the data may initiate regulatory action as authorized by law in a specific jurisdiction if the data submitted in the MCAS is inaccurate, incomplete, or found to be materially false, misleading or omissive.
5. They affirm that the company is able to accurately trace the data as reported to its source within the company and if necessary, recreate the MCAS results as reported in this filing.

NOTE: The company must provide the name for at least two individuals who are able to attest that the criteria listed above have been met, and attest to the overall accuracy of the MCAS filing. Both attestors should have participated in the review and validation of the filing. We recommend that one person be the individual with operational responsibility for the source data such as a responsible individual from claims, underwriting or compliance. We recommend that the second person should

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be a responsible IT person that participated in the creation of the data in the filing.

ID	Description
6-121	First Attestor Information (First Name, Middle Name, Last Name, Suffix, Title)
6-122	Second Attestor Information (First Name, Middle Name, Last Name, Suffix, Title)
6-123	Overall Comments for the Period

In determining what business to report for a particular jurisdiction, unless otherwise indicated in these instructions, all companies should follow the same methodology/definitions used to file the Financial Annual Statement (FAS) and its corresponding state pages. Specifically, the business to be reported is the direct business of the reporting company. Reinsurance ceded is not deducted and reinsurance assumed is not included.

Participation Requirements: All companies licensed and reporting any pet insurance within any of the participating MCAS jurisdictions. (This threshold is subject to individual jurisdiction requirements.)

Definitions for the purposes of MCAS reporting:

Cancellations – Includes all cancellations of the policies where the cancellation effective date is during the reporting year.

- These should be reported every time a policy cancels during the reporting period. (i.e., if a policy cancels for non-pay three times in a policy period, and is reinstated each time; each cancellation should be counted.)

Exclude: Policies cancelled for 're-write' purposes where there is no lapse in coverage.

Chronic Condition – A condition that can be treated or managed, but not cured.

Claim – A request or demand for payment of a loss that may be included within the terms of coverage of an insurance policy/certificate. Each claimant/insured reporting a loss is counted separately.

Exclude:

- An event reported for "information only."
- An inquiry of coverage if a claim has not actually been presented (opened) for payment.
- A potential claimant if that individual has not made a claim nor had a claim made on his or her behalf.

Claims Closed with Payment – Claims closed with payment where the claim was closed during the reporting period regardless of the date of loss or when the claim was received. The number of days to closure, however, should be measured as the difference between the date of the final payment and the date the claim was reported or between the date of the final payment and the date the request for supplemental payment was received. *See also "Date of Final Payment."*

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Exclude:

- Claims where payment was made for company loss adjustment expenses if no payment was made to an insured/claimant.
- Claims that are closed because the amount claimed is below the insured's deductible.

Clarifications:

- If a claim is reopened for the sole purpose of refunding the insured's deductible, do not count it as a paid claim.
- For claims where the net payment is \$0 due to subrogation recoveries, report the number of claims in which any amount was paid to the insured; do not net the payment with subrogation recoveries when counting the number of paid claims.

Calculation Clarification:

- For each coverage identifier, the sum of the claims settled with payment across each closing time interval should equal the total number of claims closed with payment during the reporting period.

Handling additional payment on previously reported claim/subsequent supplemental payment for claims closed with payment during the reporting period:

- If a claim is reopened for a subsequent supplemental payment, count the reopened claim as a new claim. Calculate a separate aging on the supplemental payment from the time the request for supplemental payment was received to the date the final payment was made.

Claims Closed without Payment – Claims closed with no payment made to an insured or third party. The number of days to closure is the difference between the date the claim was closed and the date the claim was reported and/or reopened. See also "Date of Final Payment."

Include:

- All claims that were closed during the reporting period regardless of the date of loss or when the claim was received.
- Claims where no payment was made to an insured/claimant even though payment was made for company loss adjustment expenses.
- A demand for payment for which it was determined that no relevant policy/certificate was in-force at the time of the loss if a claim file was set up and the loss was investigated.
- Claims that are closed because the amount claimed is below the insured's deductible.

Calculation Clarification:

- For each coverage identifier, the sum of the claims closed without payment across each

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closing time interval should equal the total number of claims closed without payment during the reporting period.

Commissions – Compensation, as defined as Commissions and Brokerage Expenses in the statutory financial annual statement instructions, paid to a producer or appropriately licensed entity for the sale, solicitation or negotiation of pet insurance.

Complaints Received Directly from any Person or Entity Other than the Department of Insurance – Any written communication that expresses dissatisfaction with a specific person or entity subject to regulation under the jurisdiction’s insurance laws. An oral communication, which is subsequently converted to a written form in order to be analyzed and acted upon, will meet the definition of a complaint for this purpose.

Include:

- Any complaint regardless of the subject of the complaint (claims, underwriting, marketing, etc.)
- Complaints received from third parties

Congenital Anomaly or Disorder – A condition that is present from birth, whether inherited or caused by the environment, which may cause or contribute to illness or disease.

Date of Final Payment – The date final payment was issued to the insured/claimant.

Calculation Clarification:

- If partial payments were made on the claim, the claim would be considered closed with payment if the final payment was made during the reporting period regardless of the date of loss or when the claim was received.
- Report a claim as “closed with payment” or “closed without payment” if it is closed in the company’s claims system during the reporting period (even if the final payment was issued in a prior reporting period.)
- If a claim remains open at the end of the reporting period (even though a final payment has been issued) it should be reported as open. Only when the claim is closed in the company’s claims system, would you report the days to final payment.

Example:

- A claim is open on 11/1/00 and final payment is made on 12/1/00. The claim is left open until 2/1/01 to allow time for supplemental requests.
 - The claim would be reported as open in the “00” MCAS submission and closed in the “01” MCAS submission.
 - The number of days to final payment would be calculated as 30 days and reported in the “01” MCAS submission.

Hereditary Disorder – An abnormality that is genetically transmitted from parent to offspring and may cause illness or disease.

DRAFT - Property & Casualty Market Conduct Annual Statement

Pet Insurance Data Call & Definitions

Adopted by the Market Conduct Annual Statement Blanks (D) Working Group May 30, 2023

Individual vs. Group Policies – Report business associated with individual policy forms as individual. Report business associated with group policy forms, such as certificates, as group. Report business issued to individuals in the Individual column even if it is marketed through a group channel.

Insurer Non-Renewals – Non-renewals initiated by the reporting entity. A non-renewal is the termination of coverage at the end of the policy contract period.

Exclude:

- Non-renewals occurring as a result of nonpayment of premium (these data are reported separately, as policyholder cancellations).

Lawsuit – An action brought in a court of law in which one party, the plaintiff, claims to have incurred a loss as a result of the action of another party, the defendant.

For purposes of reporting lawsuits in the Pet MCAS blank:

- Include only lawsuits brought by an applicant for insurance or a policyholder or a claimant/beneficiary as a plaintiff against the reporting insurer or its agent as a defendant;
- Include all lawsuits, whether or not a hearing or proceeding before the court occurred;
- Do not include arbitrations of any sort;
- If one lawsuit seeks damages under two or more policies, count the number of policies involved as the number of lawsuits. For example, if one lawsuit seeks damages under three policies, count the action as three lawsuits;
- If one lawsuit has two or more complainants, report the number of complainants as the number of lawsuits. For example, if one lawsuit has two complainants, report two lawsuits. If the lawsuit is a class action, see instructions for treatment of class action lawsuits;
- Report a lawsuit in the jurisdiction in which the policy was issued with the exception of class action lawsuits;
- Treatment of class action lawsuits: Report the opening and closing of a class action lawsuit once in each jurisdiction in which a potential class member resides. Include an explanatory note with your submission stating the number of class action lawsuits included in the data and the general cause of action.

Lawsuits Closed During the Period with Consideration for the Consumer – A lawsuit closed during the reporting period in which a court order, jury verdict, or settlement resulted in payment, benefits, or other thing of value, i.e., consideration, to the applicant or policyholder in an amount greater than offered by the reporting company before the lawsuit was brought.

Managing General Agent (MGA) – An insurance producer authorized by an insurance company to manage all or part of the insurer's business. Activities on behalf of the insurer may include marketing, underwriting, issuing policies, collecting premiums, appointing and supervising other agents, paying claims, and negotiating reinsurance. Many states regulate the activities and contracts of MGAs.

DRAFT - Property & Casualty Market Conduct Annual Statement
Pet Insurance Data Call & Definitions

Adopted by the Market Conduct Annual Statement Blanks (D) Working Group May 30, 2023

Median – A median is the middle value in a distribution arranged in numerical order (either lowest to highest or highest to lowest). If the distribution contains an odd number of elements, the median is the value above and below which lie an equal number of values. If the distribution contains an even number of elements, the median is the average of the two middle values. It is not the arithmetic mean (average) of all of the values.

Consider the following simple example of the number of days it took to settle each of the following seven claims:

Claim	Nbr 1	Nbr 2	Nbr 3	Nbr 4	Nbr 5	Nbr 6	Nbr 7
Days to Settle	2	4	4	5	6	8	20

In this situation, the Median Days to Final Payment would be 5 because it is the middle value. There are exactly 3 values below the median (2, 4, & 4) and 3 values above the median (6, 8, & 20). If the data set had included an even number of values, then the median would be the average of the two middle values as demonstrated below.

Claim	Nbr 1	Nbr 2	Nbr 3	Nbr 4	Nbr 5	Nbr 6
Days to Settle	2	4	5	6	8	20

$$\text{Median Days to Final Payment} = (5 + 6)/2 = 5.5$$

The median should be consistent with the paid claim counts reported in the closing time intervals.

Example: A carrier reports the following closing times for paid claims.

Closing Time # of Claims

< 30	<u>22</u>
31-60	<u>13</u>
61-90	<u>18</u>
91-180	<u>11</u>
181-365	<u>12</u>
>365	<u>15</u>

The sum of the claims reported across each closing time interval is 91, so that the median is the 46th claim. This claim falls into the closing time interval "61-90 days." Any reported median that falls outside of this range (i.e., less than 61 or greater than 90) will indicate a data error.

National Producer Number (NPN) – A specific number provided by National Insurance Producers Registry (NIPR) to individuals and most business entities that are listed in the NIPR's Producer Database (PDB).

DRAFT - Property & Casualty Market Conduct Annual Statement

Pet Insurance Data Call & Definitions

Adopted by the Market Conduct Annual Statement Blanks (D) Working Group May 30, 2023

Non-Insurance Wellness Program – a subscription or reimbursement-based program that is separate from an insurance policy that provides goods and services to promote the general health, safety, or wellbeing of the pet. This definition is not intended to classify a contract directly between a service provider and a pet owner that only involves the two parties as being “the business of insurance,” unless other indications of insurance also exist.

Number of Policies Renewed – Number of pet insurance policies renewed during the specified period. If the policyholder number remains the same, count the policy as renewed.

Group Policy Clarifications:

- One group policy should be reported regardless of the number of products made available to the group.
- An insured group that changes products to another product offered by the same carrier should not be reported as a termination renewal, if a group changes to a new product with the same carrier this should be reported as a policy renewal (not as a policy issued).

Individual Policy Clarifications:

- An individual that changes policies to another policy offered by the same carrier should be reported as a termination.
- At renewal, if an individual changes to a new product with the same carrier this should be reported as a policy issued (not as a policy renewal).

Other Policy Type – Any policy type other than a Wellness Policy and/or an Accident/Illness Policy.

Pet Insurance means a property insurance policy that provides coverage for one or more of the following: accidents, illnesses or wellness of pets. Pet insurance does not include non-insurance wellness programs for pets.

Pet Program Administrator – An individual or entity that directly or indirectly underwrites, collects charges or premium from, or adjusts or settles claims on residents of a state, in connection with pet coverage offered or provided by an insurer, unless excepted by statute.

Policies/Certificates – Refers to the coverage documents provided to individuals or families (i.e., state residents) who are enrolled in coverage.

Policyholder/Certificate Holder – Refers to the individual who is afforded benefits of the coverage according to the laws of the state in which they reside. Policyholder is the individual when purchased in the individual market. Certificate holder is the individual when purchased through a group, which is the policyholder.

Policyholder Cancellations – Policies cancelled at any point during the reporting period at the request of or in response to the policyholder. Exclude policies terminated for nonpayment of premium.

DRAFT - Property & Casualty Market Conduct Annual Statement
Pet Insurance Data Call & Definitions

Adopted by the Market Conduct Annual Statement Blanks (D) Working Group May 30, 2023

Preexisting Condition – Any condition for which any of the following are true prior to the effective date of a pet insurance policy or during any waiting period:

- A veterinarian provided medical advice;
- The pet received previous treatment; or
- Based on information from verifiable sources, the pet had signs or symptoms directly related to the condition for which a claim is being made.

A condition for which coverage is afforded on a policy cannot be considered a preexisting condition on any renewal of the policy.

Renewal – To issue and deliver at the end of an insurance policy period a policy which supersedes a policy previously issued and delivered by the same pet insurer or affiliated pet insurer and which provides types and limits of coverage substantially similar to those contained in the policy being superseded.

Right to Examine and Return the Policy (Free Look) – Report the number of policies/certificates that were returned by the owner under the free look provision during the period, regardless of the original issuance date. Count any policy returned under the Free Look provision even if an alternative policy was ultimately purchased by the insured.

Veterinarian – An individual who holds a valid license to practice veterinary medicine from the appropriate licensing entity in the jurisdiction in which he or she practices.

Waiting Period – The period of time specified in a pet insurance policy that is required to transpire before some or all of the coverage in the policy can begin. Waiting periods may not be applied to renewals of existing coverage.

NAIC Recommended Guidelines for Continuing Education Instructor Approval

Adopted by the Uniform Education (D) Working Group 11.30.23

Goal: These guidelines apply to the application and renewal process of continuing education (CE) instructors in states where applicable.

- These guidelines establish a recommended minimum standard for CE course instructors.
- States should consider adopting the online NAIC Uniform Instructor Registration Form. (Insert State Link)
- If a state uses an outside vendor to receive and process instructor applications, the state should monitor the vendor to ensure that applicants are completing the most current application. It is recommended that states have the ability for instructor applicants to apply or renew online using the NAIC Uniform Instructor Registration Form.
- Instructors should submit a biography or resume along with a completed NAIC Uniform Instructor Registration Form and remit the appropriate fee to the state. CE providers should maintain copies of their instructor biographies/resumes on file.
- States should approve CE instructors by course category and not require instructor approval for each course filed. If qualified, an instructor should be approved for multiple course categories.
- Instructors approved in their Home State should be approved to teach the same course categories in reciprocal states.
- Each state may use its own method to determine if an instructor is qualified, and no instructor will be approved unless the instructor has provided sufficient information to demonstrate that the instructor is qualified according to that state's laws and regulations.
- At a minimum, instructors should have one year of experience in the subject matter area they are seeking approval.
- In lieu of experience, or a combination thereof, an instructor may demonstrate knowledge in the subject matter area in which they are seeking approval if they have a degree or designation in the subject matter being taught.
- Each state reserves the right to disapprove individual instructors who have been the subject of disciplinary proceedings, have otherwise failed to comply with a state's laws and regulations, or do not meet that state's qualification requirements. States may conduct a background check to verify the suitability to become an instructor.

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Implementation Plan adopted by the Market Regulation Certification (D) Working Group –
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 –

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

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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. Inasmuch 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.

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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:

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- *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:

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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?	_____	_____
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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:

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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.

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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	

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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? | _____ | _____ |

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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:

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

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.

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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.

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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.

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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:

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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?	_____	_____
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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:

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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.

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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.

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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?

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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:

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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

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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:

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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.

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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:

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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?		

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- 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:

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Implementation Plan adopted by the Market Regulation Certification (D) Working Group –
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 –*

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.	_____	_____
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COMMENTS:

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

	YES	NO
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?)	_____	_____

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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?

_____	_____
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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.

_____	_____
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COMMENTS:

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.

- 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.

*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?			
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?			

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?			
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?			
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?			
6k	Does your state participate in one national analysis team at least every other year?			
6l	Who in the department, by functional title, participates on a national analysis team at least every other year?			

Pam's Note - 6.k. and 6.l. should be deleted to track changes 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?	No	Yes	Yes
8b	Does the department enter or transmit data at least quarterly into RIRS?	No	Yes	Yes
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?	Yes	No	Yes
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.)	No	Yes	Yes
8e	If the answer to item 8a., item 8b., item 8c., or item 8d. is "No," please provide an explanation.	Yes	Yes	No

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?	No		
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?			Yes
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?	No		
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?			Yes
9e	List any other market conduct or market analysis-related working groups and/or task forces that the department participates in or monitors.			Yes

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)
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<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>
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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