

July 30, 2008

To: **NAIC Advisory Organization Examination Protocol Working Group**

Re: Chapter 25 – Conducting the Advisory Organization Examination – draft dated July 10, 2008

At the July 17 conference call, the working group asked for comments on the draft examination chapter. Our understanding is that you requested comments on the sections preceding the standards sections and our few comments are limited to those sections pending further discussion of the standards sections.

Section 3.A. 2.a, page 6

This part defines the scope of a “comprehensive examination of a single advisory organization”, listing several areas to be included. The areas listed seem to be limited to statistical agent functions, and may have been copied from earlier versions of the chapter when it solely focused on statistical agent examinations. The working group may wish to consider expanding the list to include all of the areas that are shown as items A through O on pages 4 and 5, or refer back to them, to clarify the scope of a “comprehensive examination”.

Section 8 page 12

We appreciate your consideration of the suggested ISQ that ISS submitted on March 18 and encourage the working group to adopt our recommendations. These included redrafted Standards 2 and 4 that are listed under the reference to Chapter 16 – Operations/Management. These changes were suggested to better organize the control areas, and remove references that would apply only to insurers. Since there is only a reference to Chapter 16, it is not clear how to incorporate our suggested changes to the standards, but we would appreciate your consideration for including them within Chapter 25.

We appreciate the opportunity to provide these comments and would be happy to discuss them with the working group.

Sincerely,



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