

October 3, 2008

Joe Bieniek
NAIC
Advisory Organization Examination Protocol (C) Work Group
2301 McGee Street, Suite 800
Kansas City MO 64108

RE: NAIC Examination Standards for Statistical/Advisory Organizations

Members of the Working Group:

We again appreciate the opportunity to provide comments on Chapter 25 – Examinations of Advisory Organizations. Our comments focus on Section 11. Standards for Statistical Agent Functions, as those are primary to our operation.

Section B. Statistical Filings

This is a newly added section, currently with no text. Section E. Reports, Report Systems and other Data Requests already addresses “the statistical agent’s reports and other statistical compilations prepared for the states...”. We are unclear what the new Section B is intended to cover that would be different from or in addition to Section E. It would appear that a separate section on “Statistical Filings” is not needed.

Section C. Data Collection and Handling

This section covers data quality standards. Chapter 2 of the NAIC’s Statistical Handbook of Data includes a comprehensive set of data quality tests to be performed by statistical agents similar to what is covered under this section. We suggest that the review procedures and criteria sections of the standards, where appropriate, include reference to the Handbook, and that the standards reflect those tests in the Handbook. For example, the Handbook requires a completeness test (item 2.3.1), for which there is no standard. The standards for edits, reasonability and reconciliation to Annual Statement State Pages (statutory page 14) are covered by Standards 1, 2, and 4. It should be noted that Standard 4 currently makes reference to the Handbook.

Section E. Reports, Report Systems and other Data Requests

Please see comments above about Section B.

We suggest that this section also refer to the Handbook. The chapters for each line of business in the Handbook describe the content of the Annual Reports to be submitted by statistical agents/advisory organizations. A standard could be added that reviews the reports submitted by the agents and confirm that they meet the content requirements from the Handbook. It also seems appropriate that this section include a standard that reviews and confirms that the company lists prescribed in section 2.4 of the Handbook are included with the reports.

Section F. Data Quality

Like section B, this is a newly added section, with no text. Section C would appear to already cover data quality standards. Many of the standards in section E also review data quality issues. It would seem that this section is not needed.

Thank you for the opportunity to comment on the standards. If you have any questions or would like to discuss my comments, please contact me at 847-553-3880.

Very Truly Yours,

A handwritten signature in cursive script that reads "Stuart A. Yates".

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