



**Kelly Ireland**

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**Sent via email to Petra Wallace**

Honorable John Morrison  
Commissioner of Insurance, State of Montana  
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Dear Commissioner Morrison and Ms. Wallace:

The American Council of Life Insurers (ACLI) appreciates this opportunity to comment on the D Committee's August 25<sup>th</sup> Market Regulation Accreditation Program Draft (as per my telephone conversation with Ms. Wallace, we received some late arriving comments that we wanted to share and appreciate the opportunity to do so outside of the comment period). The ACLI is the principal trade association of the life insurance industry, representing 353 member companies that account for 93 percent of the industry's total assets in the United States.

We commend the committee for its work to develop a market conduct accreditation program, which relies heavily on the core competencies established by Market Regulation Handbook. Accreditation has the potential to improve market regulation processes and encourage greater uniformity in market regulation standards, and we offer the following comments and concerns regarding the current draft proposal.

**Category I – Data Collection and Reporting - Standard 1 F** appears to require each state to reconcile its complaint data with data provided by insurers. Currently only a handful of states request annual complaint reconciliations, if most or all states were to require this it would be a significant undertaking to comply and would create a time and resource issue for companies.

**Category I – Data Collection and Reporting - Standard 6** requires that departments of insurance file a minimum of one Special Activities Database (“SAD”) data transaction per quarter. What if there isn't any such transaction for a quarter? What is a “legitimate source” for non-public information contained in the SAD? There is concern about having to attain a potentially artificial minimum SAD requirement.

**Category III – Market Conduct Examinations - Standard 2 B** requires departments of insurance to prepare an examination work plan, including a time and cost estimate. The work plan, especially the

time and cost estimate would be helpful information and should be included in the required announcement of the examination to the insurance company.

**Category III – Market Conduct Examinations - Standard 5** states that data requests shall conform to the standardized data requests contained in the Market Regulation Handbook Web page. Companies may have developed their own standardized data reports based on data requests currently in use by the states, and they should not be precluded from using these in states seeking accreditation.

**Category V – Oversight of Contractors – Standard 1** is lacking in identifiable minimum qualifications for contractors and fails to address the qualifications of department staff and resources. While it is imperative to establish contractor standards, it follows that the standards must also apply to employee-examiners. The accreditation program should include minimum mandatory standards covering such things as relevant credentials, English-language proficiency, insurance product knowledge and basic insurance accounting.

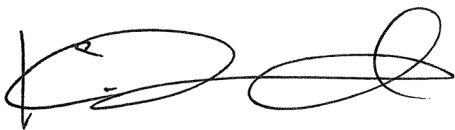
**Category V – Oversight of Contractors – Standard 3** makes reference to insurance department oversight of the cost and reasonability of contractor conducted exams. As with the comments in the section above, we would appreciate greater specificity in this section and application of reasonability and cost standards for employee-examiners, which along with establishing examiner qualifications is critical to the success of the market conduct accreditation program.

**Category VI – Treatment of Confidential Information – Standard 1** should reflect that the insurance department shall have the authority to share and receive confidential and privileged information with other regulatory and law enforcement agencies and with the NAIC, only when the recipient has the requisite legal authority to maintain the confidentiality of the information in accordance with the providing jurisdiction's laws pertaining to the information (including trade secret and open records laws).

Finally, one overall concern with the draft proposal is that it is silent on the issue of domestic deference. It is vitally important to insurers that state insurance departments maintain the ability to recognize and honor the examinations conducted by domestic regulators. As it stands a number of states may have difficulty receiving accreditation under the program, and we are concerned that this could result in increased examination activity in those states if domestic deference is afforded only to accredited states.

Again, we appreciate your willingness to consider these comments concerning the draft Market Regulation Accreditation Program and hope that they may assist in improving the proposal and furthering the goal of modernizing the market conduct regulatory process.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Kelly Ireland', with a stylized, looping flourish at the end.

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