

10/24/08

Below are comments from Maine regarding the Market Regulation Accreditation Program Draft as of August 20, 2008.

Category I – Data Collection and Reporting

Standard 1, B and C. As written, this should not be an accreditation standard primarily due to the identified error rate of 2% or less and the 2% or less use of the complaint code “other.” We would suggest the following standard, which was used in the 2006 Core Competencies Self Assessment, “frequent, current, accurate, and complete manner.” Later, after a certain amount of accreditation reviews have been conducted and analyzed, then the error rate and the use of “other” code can be revisited for appropriateness. We also believe the 5 business day turn around is to tight a time frame on 1B and would like to suggest 15 days.

Standard 1, E. Instead of “5 business days”, we suggest 15 business days. As written, this is requiring a rather quick turnaround.

Standard 2, D. For an accreditation standard, one year seems quick. Instead, we would suggest using 18 months, which is the financial exam accreditation standard to complete a report.

Standard 2, F. Instead of “5 business days”, we suggest 15 business days.

Standard 3. B. We believe that the requirement to perform both a level 1 and level 2 review before performing any action from the continuum is to restrictive. There may be situation where a state is required by law to perform an examination after a set period of time and it does not appear that this scenario would fit into the exception for not having to perform a level 1 and level 2 as currently written. Perhaps the exception language should be broadened to encompass other scenarios

Standard 4, C. As background, RIRS entries are primarily investigations on producers, agencies and insurance companies. Therefore, any reference to RIRS, from an accreditation perspective, needs to be specific to market conduct examinations.

Standard 4, E. Instead of “5 business days”, we suggest 15 business days.

Standard 5, A -D. Regarding RIRS, see comments at Standard 4, C.

Standard 5, B and C. We do not believe that the 2% error rate or 2% use of the code “other” should be used. This percentage is too restrictive and we would suggest the use of the standard used in the 2006 Core Competencies Self Assessment (“frequent, current, accurate, and complete manner”). The use of the error rate and “other” could be revisited at a later date. If it was determined that the error rate should be used we would suggest

15 days instead of 5 days as the time allowed to submit corrected data updates to the NAIC.

Standard 5, B and E. Instead of “5 business days”, we suggest 15 business days.

Standard 6. As background, it is our understanding that SAD entries involve activities relating to investigations on producers, agencies and insurance companies. Therefore, this standard should be eliminated from market conduct accreditation standards.

Standard 6, D. Instead of “5 business days”, we suggest 15 business days.

Category II – Market Analysis

Standard 2, A. Presently, we conduct market analysis (Level One) annually. As written, we would not be compliant with “on a no less than quarterly basis” standard. It seems appropriate to use the 2006 Core Competencies Self Assessment standard, which was completion of Level One analysis.

Standards 3, A, 3, C and 6, A. The terms “material”, “timely”, “promptly” and “frequent basis” are used and their meaning is not clear. We suggest deleting these terms or at a minimum, defining these terms.

Category III – Market Conduct Examinations

Standard 8, A. This conflicts with our current process of having all work papers stored on site at the company. Said work papers are kept in a locked file cabinet and we have the only key. This process is the same as financial examination’s process, which, to date, has not been an issue from a financial exam/analysis accreditation perspective.

Standard 14, B. This seems to be duplicative of Standard 14, A.

Standards 15 and 16. Needs to be specific to market conduct exam and market analysis. As written, it is too broad because it may be incorporating enforcement actions which are separate and distinct from market conduct exams and market analysis.

Standard 15 A – It appears that the requirement to have a system in place to differentiate between “willful actions” and inadvertent ones” in order to demonstrate an enforcement strategy is too restrictive.

Standard 15 B – It appears that the requirement to have a documented methodology in place for determining the amounts of fines is too restrictive.