

**NORTH CAROLINA
ERNEST NICKERSON**

Accreditation Category I - Data Collection and Reporting

Standard 1(F) - This standard appears to require reconciliation with every licensed insurer which would be a daunting task and does not identify the frequency in which reconciliation should occur (e.g. monthly, quarterly, annually). In lieu of the current language, we recommend that reconciliation take place at the request of the insurer.

Standard 3(B) - Given that our law mandates a comprehensive examination on domestic insurers every five years, it would not be very efficient or beneficial for us to perform a Level 1 and Level II analysis prior to each examination. In addition, there are times that we receive referrals from other divisions within the Department requiring an immediate and expeditious continuum action, thus making a Level 1 and Level 2 review unnecessary.

Accreditation Category II - Market Analysis

Standard 2 - We recommend that baseline analysis be performed on at least a semi-annual or annual basis in lieu of the recommended quarterly basis due to the short period of time elapsing thus making it difficult to identify legitimate trends in inappropriate business practices that may violate state law.

Also, we recommend including a glossary to define certain terms in the accreditation proposal that are not specifically defined in the Market Regulation Handbook to ensure that states have a clear understanding and expectation of the meaning of certain terminology prior to and during the accreditation process. Examples of terminology that may need defining include:

p. 3 - Standard 2: submitting RIRs information no later than 30 days after the "**conclusion of any regulatory action**"

p.4 - Standard 5 - "regulatory action"

p. 5 - Standard 6 (A) - "suspicious activities"

p. 9 - Standard 14 (B) - "final examination results"

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