



NAIC's Market Analysis Review System (MARS) Level 1 Analysis Questions

1. Has there been a significant change in the contacts for the Financial Annual Statement, officers, directors, or trustees of the company as reported in the Financial Annual Statements over the last three years?
 2. Are you aware of any changes in the company's organization, management, or operations that might change the way the company operates in the marketplace?
 3. Has the insurer reported in its Financial Annual Statements over the last three years that it has:
 - a. Been involved in or a party to a merger or consolidation, or;
 - b. Had any Certificates of Authority, licenses, or registrations (including corporate registrations, if applicable) have been suspended or revoked by any governmental entity, or
 - c. Changed its state of domicile?
 4. Review the company's Risked-Based Capital (RBC) ratios and Financial Analysis Solvency Tools (FAST) scores for the last five year period to determine whether financial results may have the potential to have an adverse impact on the market conduct activities of the company.
 - a. Review RBC ratios for the last five year period. Has the company's RBC ratio triggered any action level events or has the RBC ratio significantly declined during the period reviewed?
 - b. Review total FAST scores for the last five year period. Are there any concerns related to the total FAST score or individual scores?
 5. Are there entries in the NAIC's Special Activities Database (SAD) of substantive concern?
 6. Review the Regulatory Actions Report- 5 Years, the Substantive Regulatory Actions report and the summary information of these reports. Are there any regulatory actions reported of concern or are there concerns with any patterns in the origins of action, reasons for action, disposition etc., of the actions listed in the Regulatory Actions Report- 5 Years?
 7. Review the ETS SUMMARY – 5 Years report and the summary information of the report.
 - a. Have there been more than three examinations entered in the last 12 months?
 - b. Are there any examinations reported of substantive concern or are there concerns with any patterns in the exam triggers, types, areas, status, etc., of the examinations listed in the ETS SUMMARY – 5 Years?
 8. Review the MITS Summary – 5 Years report and the summary information of the report. Are there any initiatives reported of substantive concern or are there concerns with any patterns in the lines of business, causes/reasons, action types, dispositions, origins, etc., of the initiatives listed in the MITS Summary – 5 Years report?
- P&C Statement Blank*
9. Review the company's direct written premium reported on a national and state basis.
 - a. Has the company's direct written premium in any one jurisdiction increased or decreased by more than 33% in any single year during the last five years?
 - b. For the state under review, has the company's direct written premium for any of the top five lines of business increased or decreased by more than 33% in any single year during the last five years?
 - c. For the state under review, has the company's direct written premium for the line(s) of business under review increased or decreased by more than 33% in any single year during the last five years?



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Life, Accident & Health Statement Blank

9. Review the company's direct business reported on a national and state basis.

- a. Has the company's direct business for any line of business in any one jurisdiction increased or decreased by more than 33% in any single year during the last five years?
- b. For the state under review, has the company's direct premiums and/or annuity considerations for any of the top five lines of business increased or decreased by more than 33% in any single year during the last five years?
- c. For the state under review, has the company's direct premiums and/or annuity considerations for the line(s) of business under review increased or decreased by more than 33% in any single year during the last five years?

Health Blank

9. Review the company's direct business reported on a national and state basis.

- a. Has the company's direct business for any line of business in any one jurisdiction increased or decreased by more than 33% in any single year during the last five years?
- b. For the state under review, has the company's premiums written for any of the top five lines of business increased or decreased by more than 33% in any single year during the last five years?
- c. For the state under review, has the company's premiums written for the line(s) of business under review increased or decreased by more than 33% in any single year during the last five years?

10. Review the company's market share information for the state under review over the last five years. Has there been a significant change in the company's market share for the line(s) of business under review over the last five years?

P&C Statement Blank

11. Review the company's loss and expense ratio information on a national and state specific basis for the line(s) of business under review for the last five years.

- a. For the line(s) of business under review in all jurisdictions, are the loss and expense ratios for the company unusually high or low as compared to the industry averages or are there any unusual trends in the company's ratios?
- b. For the state and line(s) of business under review, are the loss and expense ratios for the company unusually high or low as compared to the industry averages or are there any unusual trends in the company's ratios?

Life, Accident & Health Statement Blank

11. For individual and group accident and health, review the company's loss and expense ratio information on a national and state specific basis for the last five years.

- a. For the line(s) of business under review in all jurisdictions, are the loss and expense ratios for the company unusually high or low as compared to the industry trends averages or are there any unusual trends in the company's loss ratios?
- b. For the state and line(s) of business under review, are the loss and expense ratios for the company unusually high or low as compared to the industry averages or are there any unusual trends in the company's ratios?

Health Blank

11. Review the company's loss, administrative expense and combined ratio information on a national and state specific basis for the last five years.



NAIC's Market Analysis Review System (MARS) Level 1 Analysis Questions

- a. For all jurisdictions, are the loss, administrative expense and combined ratios for the company unusually high or low as compared to the industry averages or are there any unusual trends in the company's ratios?
- b. For the state under review, are the loss, administrative expense and combined ratios for the company unusually high or low as compared to the industry averages or are there any unusual trends in the company's ratios?
- c. For the line(s) of business under review, are the loss, administrative expense and combined ratios for the company unusually high or low as compared to the industry averages or are there any unusual trends in the company's ratios?
- d. For the state and line(s) of business under review, are the loss, administrative expense and combined ratios for the company unusually high or low as compared to the industry averages or are there any unusual trends in the company's ratios?

P&C Statement Blank

12. Review the premium written, direct defense and cost containment expenses paid, direct losses incurred and industry averages for the last five years on a national and state specific basis.

- a. On a national basis, are the direct defense and cost containment expenses paid unusually high when measured against premium volume and industry averages or are there any unusual patterns with the direct defense and cost containment expenses paid and direct losses incurred?
- b. On a state specific basis, are the direct defense and cost containment expenses paid unusually high when measured against premium volume and industry averages or are there any unusual patterns with the direct defense and cost containment expenses paid and direct losses incurred?

Life, Accident & Health Statement Blank

12. Review the summary information related to resisted claims for the last five years.

- a. On a national basis, are there any unusual patterns in the amount of resisted claims compared to the total claims for either the entire book of business or an individual line(s) of business?
- b. For those claims disposed of or resisted during the current year, are there any unusual patterns in the state of residence of the claimant?
- c. For those claims disposed of or resisted during the current year, are there any unusual patterns regarding the reason claims were compromised or resisted?

Health Blank

12. Review the unpaid claims information for the company over the last five years. Are there any significant changes in the average number of days of unpaid claims, claims unpaid, claims incurred or the unpaid claims to incurred claims expense ratio over the last five years?

13. Review the company's complaint data:

- a. Has there been a significant change in the CONFIRMED complaint index for the current year plus four years?
- b. Has there been a significant change in the COMPLETE complaint index for the current year plus four years?
- c. Review the Closed Complaint By Code – 5 Year report and the Summary of the Closed Complaint By Code – 5 Year report. Are there any areas of concern noted in these reports?

14. Does your state participate in the Market Conduct Annual Statement and is the statement applicable to the line or lines of business under review?



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- a. Was the company identified as an "outlier" through the Market Conduct Annual Statement? If yes, in which statement and/or schedules is the company considered to be an outlier?
- b. When compared to statewide averages in each reporting area, are any of the company's ratios of concern? If yes, in what areas are the ratios of concern?

15. What is your recommended next step?

- [Incomplete Review]
- Level 2 analysis is scheduled
- Direct contact with the company is scheduled
- Investigation is scheduled
- Examination is scheduled
- Enforcement action is scheduled
- We will contact the Collaborative Action Designee (CAD) of other states with similar concerns regarding possible collaborative activity
- We will proceed with another option on the Continuum of regulatory responses (please explain the option to be used along with the rationale description)
- No further analysis is necessary