

**Market Conduct Annual Statement Procedures**  
*Adopted 8/30/2006*

The following establishes policies and procedures of the Market Regulation (D) Committee Market Conduct Annual Statement Working Group with respect to proposed amendments to the annual statement blank and instructions. Additionally, timeframes have been established for the dissemination of a call letter and report cards.

1. The Market Conduct Annual Statement Working Group may consider relevant proposals to change the annual statement blank and instructions at any conference call, interim or national meeting as scheduled by the Market Conduct Annual Statement Working Group (hereinafter "MCAS Working Group").
2. Suggested changes and amendments shall be filed with the NAIC Executive Headquarters through Craig Leonard (cleonard@naic.org) on or before August 1<sup>st</sup> annually. Suggestions received after that date can be considered at the current year's Fall meeting only with the unanimous consent of the MCAS working group. Suggested changes and amendments can be considered as an exception to the above stated process and timeframe based on a super majority (two-thirds) consent of the MCAS Working Group members present.
3. All proposals shall be stated in a concise and complete form. The Submission Form and Instructions are available online at \_\_\_\_\_. The form shall include:
  - a. A concise statement of the proposed change;
  - b. The precise caption for each item and the location of the proposed change;
  - c. The reason for the change together with background information relating to the change;
  - d. All instructions to be incorporated relating to the change; and
  - e. All proposed changes and instructions must be presented in a format wherein the new language is underscored and deletions struck through.

If another NAIC Committee, Task Force or Working Group is known to have considered the proposal, that Committee, Task Force or Working Group should provide relevant information.

4. The following guidelines apply:
  - a. Timeframes. Any proposal shall be effective at the beginning of the year and must be adopted no later than the NAIC Summer National Meeting in the year of the change. (Example: change adopted June 2007, to be effective January 1, 2008 for the annual statement to be filed in 2009).
  - b. Exception to Established Timeframes: Changes that do not conform to the time guidelines above are limited to items that provide instructional clarification of current reporting requirements or deletions of data elements. These proposals will modify the instructions or definitions only and will not additional data to be captured.
5. The MCAS Working Group will review the proposal and determine whether to receive the proposal for public comment and consideration at its next meeting or to reject the proposal. The comment period ends 30 days prior to the next designated conference call, interim or national meeting of the Working Group. The Working Group will consider comments received on each proposal at its next meeting. Proposals under consideration may be deferred by the Working Group until the next meeting. The Working Group may also refer proposals to other NAIC groups due to their technical expertise or for other review. If a proposal has been referred to another NAIC group, the proposal will come off of the MCAS Working Group's agenda and will only be considered again in the form of a new proposal.
6. The NAIC Executive Headquarters shall prepare an agenda of all proposals, as appropriate. One copy of the agenda shall be sent to each member of the MCAS Working Group, or his/her representative, at least two weeks prior to the next regularly scheduled meeting.
7. a. The agenda shall be divided into two sections. NAIC staff will complete the initial classification of the submissions into one of the two sections prior to exposure of the agenda. The criteria for classification into one of the two sections is as follows:

1. ITEMS PREVIOUSLY EXPOSED – The first section of the agenda will be limited to items that the MCAS Working Group received for public comment at its prior meeting.
2. NEW ITEMS – The second section of the agenda will be limited to new items.

b. At each meeting, the MCAS Working Group shall not hold any discussion on any substantive item in the agenda until the chair has briefly stated the agenda item and the chair has called for a motion from the members. If a motion is made and seconded, the item is then discussed and voted upon.

8. At each meeting, the MCAS Working Group will review comments for proposals the MCAS Working Group received for comment at a previous meeting.

9. NAIC Staff will provide to the MCAS Working Group, as appropriate, a list of necessary non-substantive changes discovered in the process of implementing proposals. The MCAS Working Group will review these changes and may adopt the appropriate items at any regularly scheduled meeting. Such actions will be documented in the minutes of the MCAS Working Group. NAIC Staff may also request the Working Group reconsider items adopted, if these items contain substantial errors.

10. States will distribute annually report cards to filing companies on the template adopted by the MCAS Working Group. The report cards shall be issued not later than: September 1<sup>st</sup> for Property/Casualty filings and October 1<sup>st</sup> for Life/Annuity filings.

11. The MCAS Working Group will facilitate the distribution of a call letter to companies, on behalf of participating states. The call letter will be distributed to companies annually within the first two weeks of December.

12. The MCAS Working Group may, when deemed necessary, appoint an ad hoc group to study and propose resolution of issues.

13. The NAIC Executive Headquarters will publish an agenda, as directed and approved by the chair, approximately two weeks prior to each conference call, interim or national meeting (including proposals received for comment and comments received) on the NAIC website.

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