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Dear Mr. Helder:

I would like to thank the working group for the opportunity to comment on the “Market Regulation Accreditation Proposal One”. At this time I offer the following comments and suggestions:

Category II – Market Analysis

Standard 1
Standard 1 requires the each state’s Department of Insurance to “fully participate” in the listed NAIC systems. This standard as currently written identifies the Exam Tracking System (ETS) as one of those systems requiring participation. As pointed out by WV in earlier comments, the working group should consider including language that will incorporate systems that may be implemented in the future and address the reporting areas (complaints, regulatory actions, exams and other market actions). ETS is in the process of being replaced by the Market Actions Tracking System (MATS), with the new system scheduled for production during 2015. The proposal as written will not address this system and will instead require use of a system that no longer exists.

Also regarding this standard, we are concerned that “fully participate” is undefined. Although the term is foot-noted to mean “electronic submissions from departments that are complete, timely, and accurate”, this definition does not make clear how departments will be measured, as the terms complete, timely, and accurate all allow room for subjective interpretation (especially “timely”). We encourage the working group to structure this standard to allow for states’ existing reasonable processes for populating these data bases to qualify.
Standard 4
Standard 4 requires the state to enter it analysis and reasons for the exam in the Market Analysis Review System (MARS) prior to sending an examination call letter. California recommends deleting this standard. There is no corresponding Core Competency that ties to this standard. It seems to just be a procedural step that is duplicated through other aspects of states’ processes and data base administration that are otherwise incorporated in this Proposal’s standards. For example, the ETS system (soon to be replaced by MATS) already includes the exam trigger as a data field, and when ETS becomes MATS it will support linkage to earlier market initiatives with which the exam being entered is associated, and will facilitate attaching relevant documents, and is thus addressed by Category II – Standard 1. Also, Category III- Standard 1 covers adhering to the Uniform Examination Outline for exams, and part of this outline covers planning and documenting bases for all aspects of that plan – i.e., the analysis that was done that prompted the exam or helped the department define the scope of the exam will be part of the exam file.

Because this project is in the very early stages, the proposed program will likely undergo many additions, deletions and modifications before the working group is ready to adopt it. California looks forward to continuing to be involved in reviewing and commenting on the proposed program as this process moves forward.

Sincerely,

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