

**AMERICA'S HEALTH INSURANCE PLANS  
AMERICAN COUNCIL OF LIFE INSURERS  
AMERICAN INSURANCE ASSOCIATION  
BLUE CROSS AND BLUE SHIELD ASSOCIATION  
NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES  
PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA**

Honorable Ralph Tyler, Commissioner  
Chair, NAIC Special Accreditations Standards (D) Committee  
Maryland Insurance Administration  
200 St. Paul Place, Suite 2700  
Baltimore, MD 21202

Craig L. Leonard  
Assistant Director,  
Market Regulation NAIC Central Office  
2301 McGee Street, Suite 800  
Kansas City, MO 64108-2662

October 9, 2009

Dear Commissioner Tyler,

On behalf of America's Health Insurance Plans, American Council of Life Insurers, American Insurance Association, National Association of Mutual Insurance Companies, and Property Casualty Insurers Association of America, we write to thank you for your leadership on the issue of market conduct accreditation and to outline our views on your working group's efforts. We also want to thank you for your recent comments calling for an actionable program as an important milestone in this effort. Finally, we would like to offer our historical and technical expertise to help create an accreditation program that is workable and sustainable over time.

We have provided comments on the working group's earlier drafts, and look forward to providing specific input on any revisions. We wish, here, to take the opportunity to provide you with our thoughts and observations on Market Conduct Accreditation in general, in advance of any amendments to the September 1<sup>st</sup> Draft, and to express our continuing desire to participate in this activity.

Recognizing that the current proposal is patterned after the NAIC's Financial Regulation and Accreditation Program, we recall that that highly successful program took over a decade to complete. The development of that sophisticated technical program required considerable commitment from regulators and industry representatives, all of whom continue to work on the specific accounting concepts, terms and definitions critical to the program's uniform application across all jurisdictions. The continued refinement of the nuts and bolts of the accreditation program attests to its long term viability and the possibility of creating a similar program for market conduct.

Given this experience, we would not anticipate that a meaningful and uniform Market Conduct Regulation and Accreditation Program would be created within a single year. We also suggest that the working group would not be shirking its duty if it were to take a considered approach to this matter and create a program over the next several years. Such an effort could begin with the development of the framework, continuing with specific programmatic steps that incrementally raise the bar of market conduct regulation rather than keeping it low for the sake of expediency and speedy adoption.

Creating a market regulation framework is a very different endeavor than creating a financial regulatory framework. We particularly note that to date there is no express common goal for the program in the way there was the clear goal of ensuring company solvency for the financial program. But that does not mean that the NAIC cannot create a transparent, structured and measurable program to ensure that market regulation activities are performed in an effective and efficient manner for the demonstrable benefit of consumers. Such a program would help ensure that companies are acting in accordance with laws and regulations that pertain to consumers and the market place. It would also ensure that regulators are performing their duties in accordance with uniform standards and practices thereby addressing a number of industry concerns, again for the demonstrable benefit of consumers.

We understand that this task will take considerable effort, and we wish to help. There are many lessons learned from the development of the financial program that we would like to bring to the table to assist your endeavors regarding this accreditation proposal.

We hope that you will give our comments and concerns due consideration during your continuing deliberations. Most importantly, we ask that collaborative discussions of the issues take place before any final decision-making and that all alternatives be thoroughly explored and vetted in the interests of all the interested parties.

Respectfully,

Martin Mitchell  
Director, Product Policy  
America's Health Insurance Plans

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Counsel, Insurance Regulation  
American Council of Life Insurers

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