

From: Nickerson, Ernest
Sent: Tuesday, July 01, 2008 3:01 PM
To: Mullen, Timothy B.
Subject: FW: NAIC - Market Regulation Proposal

Tim,

Comments/questions from North Carolina regarding the proposed Market Regulation Accreditation standards are as follows:

1). Under the section titled "How The Market Regulation Accreditation Program Works", please provide clarity regarding the statement that reads: "Additionally, the program will provide guidelines for states already accredited to maintain their accredited status." Since market regulation does not currently have an accreditation program and since market regulation accreditation status will not impact financial accreditation status, please provide clarity regarding the reference to "...states already accredited to maintain their accredited status."

2). Standards 2 and 3, The Continuum Subsection: Market Conduct Examinations competency - The criteria for compliance indicates that "An insurance department shall enter a market conduct and/or combined examination into ETS no later than 60 days before the expected date of the onsite exam." This requirement seems to conflict with guidelines established by the NAIC Uniformity WG several years ago to enter exams into ETS at least 12 months in advance, where possible, to allow for collaboration.

In addition, I would recommend removing "onsite" from the aforementioned statement in quotes to account for desk audits.

Also, in regard to the reporting of RIRS entries no later than 30 days after the conclusion of any regulatory action, does this include all RIRS entries (e.g. Mkt Regulation, Producer, Agency, etc.) or just RIRS actions resulting from a market conduct (i.e. Mkt. Regulation) action?

3). Standard 1, Market Analysis Subsection: Analysis - One criteria for completeness and accuracy states that "the data logically supports the conclusion/next step recommended by the insurance department." Will the NAIC Accreditation team judge the adequacy of decisions made by insurance department staff?

In addition, regarding the test for timeliness, I recommend modification of the statement that currently reads: "Review a current I-SITE Market Regulation Report to determine whether the insurance department has completed the minimum required number of Level 1 Analysis reviews recommended for that jurisdiction by June 30 of the year to be examined."

This section including revisions will read as follows: "Review a current I-SITE Market Regulation Report to determine whether the insurance department has completed the minimum required number of Level 1 Analysis reviews recommended for that jurisdiction annually by June 30."

In regard to the scoring range, will examples or guidelines be provided denoting standards meeting good, poor, excellent, etc. scores?

4). Standard 5, The Continuum - In regard to the criteria to add a regulatory initiative into MITS no later than 30 days after the onset of the initiative, can you provide clarification as to whether the test for compliance will include MITS entries for all applicable areas (e.g. Mkt Regulation, Consumer Services, Life and Health, Property and Casualty, Seniors Health Insurance Program) within the N.C. Department of Insurance or will the test for compliance apply to market conduct (i.e. Mkt. Regulation) only?

In addition, the Guide for Reviewing and Entering Initiatives into MITS specifies that the regulatory initiative have the potential to impact other jurisdictions. I would recommend that similar language be incorporated into this competency for clarity.

5). Standards 4 and 8, The Continuum Subsection: Investigations - This section states "At the conclusion of any regulatory action, each Department of Insurance shall enter the appropriate information into the RIRS system." In regard to the test for compliance, does the reference to "any" in the aforementioned statement in quotes include RIRS action as a result of market conduct (i.e. Mkt. Regulation), Producer, and Agency violations or just market conduct (i.e. Mkt. Regulation) violations?

6). Standard 5, The Continuum Subsection: Consumer Complaints - In regard to the data verification process for consumer complaints, since insurance departments are required to submit complaint data to the NAIC, I would like to propose that the NAIC develop a database to allow insurers to verify complaints by state in lieu of each state creating and/or maintaining a database to verify complaint data. This will allow insurers to verify complaint data in one location and follow-up with appropriate states to discuss discrepancies, as necessary. If this approach is considered, I would recommend that the data verification process be removed from the competency.

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