

August 16, 2010

**Consumer Representatives
Comments on Proposed Amendments to Financial Condition (E) Blank
Proposal**

The Consumer Representatives to the NAIC, on behalf of millions of patients, consumers and workers, wish to convey our support of suggested amendments #1, 2, 3, 4, 6, 7, 8, 9, 10 and 11. For reasons we have stated in earlier comments, we cannot support amendment #5.

While in previous comments we expressed concern with amendments # 8 and 9, we now we understand that these amendments are intended to limit the extent to which wellness and health promotion activities and prospective utilization review can be claimed as quality improvement expenses. Without them, the definition will be much broader. Therefore, we urge you to support amendments #8 and 9.

We continue to have a concern that page 18 of the Blank indicates that the expense allocation supplemental filing is a “regulator only” form. The current definition of quality improvement will require many decisions by insurers as to whether activities should be classified as quality improvement or administrative and it is important that these decisions be transparent and open to the public. By adding new categories of quality improvement expenses, the suggested amendments make this even more important.

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