



February 13, 2015

Tim Mullen  
Director, Market Regulation  
NAIC  
1100 Walnut Street, Suite 1500  
Kansas City, MO 64106-2197

Dear Tim:

Risk & Regulatory Consulting, LLC (RRC) appreciates the opportunity to submit our proposal and comments to the Market Regulation Accreditation (D) Committee Working Group (Working Group).

The Market Regulation Accreditation Program (MRAP) can provide achievable measures to ensure collaboration and uniformity amongst the NAIC member jurisdictions' (Members) regulatory activities. The end result of the MRAP should maintain the basic element that the market regulatory process will benefit the interests of regulators, consumers, and industry.

The Core Competencies, adopted by the Market Regulation and Consumer Affairs (D) Committee on October 20, 2010, and the Market Regulation Handbook (Handbook) should be applied consistently to ensure that Members maintain a certain level of governance over the market regulatory activities.

RRC understands that a basic premise of accomplishing the objectives of the Working Group is to consider the constraints that affect different Members such as budget limitations, employment/staffing obstacles, number of insurers, population, statutes and administrative codes. The accreditation process should contain standards which incorporate the Member's ability to meet the Working Group's objectives by retooling through a phased approach as described below.

RRC recommends the Core Competency standards should be included as part of the MRAP. In addition to the Core Competency standards, we provide the following suggested standards for your consideration. We hope these suggestions will provide an initial blueprint to support the Core Competencies and Working Group's objectives.

1) Accreditation standards

1a) Jurisdiction/Regulatory Authority

- Every Member should have the statutory authority to perform market regulatory functions, including but not limited to market analysis, continuum of regulatory responses, collaborations and sharing of information with other Members.

- Members should have the statutory authority to adopt analysis or examination results from other Members as part of their regulatory framework.

#### 1b) Staff and Training

- Develop a market regulation core training program or webinars which should be attended by every Member's market regulation staff and contract examiners to ensure that all persons performing market regulation activities are uniform and the results of market conduct examinations can be accepted by other Members.
- Members' staff and contract examiners should receive a minimum number of market regulation continued education and training certifications every 24 months.

#### 1c) Market Analysis

- Members should participate in the Market Conduct Annual Statement process.
- The Market Analyst should have experience or have received adequate training with data analysis with respect to the specific line of business reported in the Market Conduct Annual Statement.

#### 1d) The Continuum

- Members should have a process in place to use the continuum of regulatory responses prior to calling an examination. Exceptions to this standard are examinations that are called to respond to more immediate conditions.

#### 1e) Collaboration

- Members should have a process in place to actively collaborate with other Members during the initial examination process or prior to sending the examination call letter to determine if a coordinated examination may produce a cost efficient effort, if the Member who initiated the examination has reason to believe that the issue may be occurring in other Members' jurisdictions.

This type of collaboration should help to avoid duplication in the market regulatory activities within and among Members.

#### 1f) Uniformity

- Recognizing that market conduct examination procedures are performed based on the unique circumstances of each examination, Members should establish timelines, based on the scope of the examination to ensure that certain portions of the examinations are conducted on a uniform basis and to help keep the examination moving forward. Timelines should include but not be limited to:

- A range of days to submit a call letter after the examination warrant (or Member specific document) is issued.
- A range of days to submit the initial data request after the call letter has been submitted to the regulated entity.
- A range of days to send the regulated entity the selection of samples.
- A range of days for the regulated entity to respond to findings or criticisms.
- A range of days to issue the draft examination report after the conclusion of the examination.
- A range of days to issue the final examination report after the Member and the regulated entity have discussed the draft examination report.

2) Process for state implementation of standards

- The number of personnel available to the Members' market regulation areas depends on numerous factors, including but are not limited to, number of insurers, population, budget, statutes and administrative codes. It is understood that the implementation of the MRAP by Members may require additional staff or budget increases which typically must be approved through the legislative process. In some Members' jurisdictions, legislators meet once every other year so the implementation process should provide flexibility for differences among Members. Upon adoption of the MRAP, we recommend that a phased approach over a 24 month period be considered with all Members completing implementation no later than 24 months.
- A phased approach will allow Members to implement and incorporate the respective standards of the approved MRAP over time to adjust their existing budgets and staffing levels and/or allow for the legislative process in order to meet the MRAP objectives.

3) Process to measure state compliance with standards

- At the end of the first 12 month period after adoption of the MRAP, each Member should submit to the NAIC a self-certification indicating completion of the implementation process or indicating which standards remain incomplete and a timeline for completion.
- For Members that have self-certified an incomplete status at the end of the 12 month period, an updated self-certification should be provided no later than 6 months acknowledging completion of the implementation process or a status and updated timeline for completion.
- The first full accreditation review should commence 12-18 months after each Member's self-certification of completeness is submitted.

- Subsequent full accreditation reviews should be performed every 5 years thereafter by independent reviewers.

4) Process for future revisions to the standards

- The NAIC should maintain a core Accreditation Working Group who monitors the results during the implementation process and review the standards.
- Members and interested parties should provide new standards or revisions to existing standards to the core Accreditation Working Group.
- The core Accreditation Working Group meetings should be held at least once every quarter to discuss the progress of the implementation process and discuss new and revised standards with other Members and interested parties.

We value the opportunity to submit to you and the Market Regulation Accreditation (D) Committee Working Group. We are available to further discuss our proposal and recommendations at your convenience. If you have further questions, please feel free to call me at 850.524.6852.

Sincerely,  
Risk & Regulatory Consulting, LLC



Sam Binnun  
Senior Director