

Draft: 7/11/24

Market Analysis Procedures (D) Working Group
Virtual Meeting
June 24, 2024

The Market Analysis Procedures (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met June 24, 2024. The following Working Group members participated: Jo LeDuc, Chair (MO); John Haworth, Vice Chair (WA); Teri Ann Mecca (AR); Maria Ailor and Tolanda Coker (AZ); Don McKinley (CA); Tracy Garceau (CO); Steve DeA

LeDuc said she believes there is a way to build a system that accurately prioritizes companies in a way that everyone can understand.

Haworth asked if anyone uses the rankings. He said he tends to ignore them and goes straight to the underlying data. He said a lot of time is spent just verifying the data is correct. LeDuc said that is what is happening, and the system has to be refined so analysts do not have to go through all of that effort.

Ailor said there is a disconnect between the analysis tools, and there needs to be better synthesis among them. She said Arizona also does not use rankings but does rely heavily on MAPT scores because they are familiar with how they were generated, but not everyone has that knowledge. She said if a different method is developed to prioritize companies, such as the ratios in the Market Conduct Annual Statement (MCAS), there must be uniformity. She said once a prioritization method is chosen, it should be tested on a line of business.

LeDuc said she likes the idea of testing a method on a single line of business. She said she would choose a property/casualty (P/C) line. Haworth agreed and said most people have a familiarity with the private passenger auto line, whereas the health line would be too unwieldy. He said the Working Group would need to determine the best tool to use because the NAIC is coming up with new tools. Once one is developed for the private passenger auto line, the processes can be tested on other lines. LeDuc agreed that private passenger auto was a good line to start with since everyone is an auto insurance consumer and has familiarity with the line. She suggested forming a subject matter expert (SME) group.

LeDuc said the SME group would look into what data is missing. For example, MAPT only has examination data and not any data from the Market Actions Tracking System (MATS). She said we could also expand quarterly financial data and add in Market Analysis Review System (MARS) reviews. She said the SME group could also look into adding new concepts, such as clustering companies by a common attribute like premium size or incorporating text analytics. Ailor said that Brent Kabler (MO) has developed a method for isolating only the most substantive Regulatory Information Retrieval System (RIRS) data. Gerling said he has that methodology. Haworth suggested including the System for Electronic Rates & Forms Filing (SERFF) data and licensed producers in the prioritization. He said the financial MAPT and the MCAS-MAPT are often very different, and it is unclear if the company was inaccurate in its financial reporting or its market conduct reporting. LeDuc said she would recommend merging the two MAPTs. Mayette said the financial MAPT has more current data than the MCAS-MAPT, which may make merging difficult. Dachs noted that a definition document is needed. LeDuc said that was a good point and that good documentation would be one of the goals for the SME group.

LeDuc said she sees little value in conducting interviews regarding the MCAS-MAPT. She suggested the Working Group spend its time envisioning a future for both the MAPT and MCAS-MAPT. LeDuc

Having no further business, the Market Analysis Procedures (D) Working Group adjourned.

Sharepoint/Member Meetings/D CMTE/2024 Summer National Meeting/MAPWG/0624/06-MAPWG.docx