Draft: 3/12/24

#### Market Analysis Procedures (D) Working Group Virtual Meeting (in lieu of meeting at the 2024 Spring National Meeting) February 26, 2024

The Market Analysis Procedures (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met Feb. 26, 2024. The following Working Group members participated: Jo LeDuc, Chair (MO); John Haworth, Vice Chair (WA); Jake Windley (AR); Tolanda Coker and Cheryl Hawley (AZ); Don McKinley (CA); Jamie Crise (CO); Steve DeAngelis (CT); Tina Ching (DC); Susan Jennette (DE); Paul Walker (FL); Erica Weyhenmeyer (IL); Shannon Lloyd (KS); Lori Cunningham (KY); Mary Lou Moran (MA); Raymond Guzman (MD); Connie Mayette (ME); Jeff Hayden (MI); Bryce Wang (MN): Troy Smith (MT); Robert McCullough (NE); Maureen Belanger (NH); Erin Porter (NJ); Larry Werter (NY)

1. Adopted its 2023 Fall National Meeting Minutes

Haworth made a motion, seconded by Weyhenmeyer, to adopt the Nov. 20 minutes ((see NAIC Proceedings Fall 2023, Market Regulation and Consumer Affairs (D) Committee, Attachment xx). The motion passed unanimously.

#### 2. Discussed its 2024 Charges

LeDuc said the Working Group will primarily concentrate on its second charge, and much of its

She said the list is located in the Exposure Drafts section of page. After developing the list, the Working Group agreed to dive deeper into the usage of the MAPT since it provides a substantial amount of data for use in baseline analysis and incorporates a scoring mechanism. LeDuc said 25 states were interviewed, and a summary is being drafted to report on the findings.

LeDuc said the only other charge is to consider recommendations for new lines of business for the MCAS Last year, the Working Group

Bache said the final draft of the pet insurance MCAS ratios is posted on the Working Group web page. He expressed his thanks to the SME group, which included five state insurance regulators and 14 industry representatives. The SME group completed its work through nine calls beginning in October 2023 and finishing in mid-February 2024.

Bache said most of the ratios were useful, and the SME group decided to divide the ratios into a group of eight ratios for posting on the MCAS scorecard web page. The remainder of the ratios will be made available non-publicly in the MCAS analysis tools located in the NAICi-Ste+ analysis tools.

Bache said that during the SME group it became apparent that a couple of terms need to be defined and darified in the pet insurance blank. He said the blank does not define partial payment, and it is not clear whether a policy reported as returned during the right-to-review period would also be reported as a cancellation. He said a request will be made to the Market Conduct Annual Statement Blanks (D) Working Group to form an SME group to recommend revisions to the pet insurance MCAS blank to address these issues and draft a frequently asked questions (FAQ) document to provide darifications to companies for th

LeDuc thanked the SME group for its work and said the Working Group will consider the ratios for adoption at its next meeting. She said comments should be sent to Helder by March 22.

#### 4. Discussed the Premium Reporting Threshold for the MCAS

LeDuc said that in 2023, the Working Group began a discussion on whether to include fraternals in MCAS. She said that when states began collecting MCAS, fraternals were exempt from reporting for several reasons, including the lack of regulatory authority over fraternals by some jurisdictions and because fraternals had their own financial annual statement form. T

Gerachis said Virginia has quite a few fraternals with large markets and would like to move forward with requiring fraternals to report MCAS. Veroniki aw no reason

for excluding fraternals from MCAS. Haworth said that even if the exemption is removed, any state that does not have authority over fraternals can approve waiver requests from fraternals in their state.

Allison Koppel (American Fraternal Alliance AFA) said the AFA continued to oppose removing the exemption. She said that if it is removed, companies need to be provided at least six months to prepare for reporting MCAS LeDuc said that the process of making changes to MCAS provides at least six months to prepare.

LeDuc said comments on including fraternals should be sent to Helder by March 15.

#### 5. Discussed NAICMISData

LeDuc said a summary of the state interviews regarding their techniques for using the MAPT and suggestions for improvement will be ready soon. Once ready, the Working Group can review them and discuss next steps.

LeDuc said the Lunch & Learn sessions will begin again soon

### Ratio 7. Percentage of lawsuits closed with consideration for the consumer

(Number of lawsuits closed with consideration for consumer (5-120)]
[Number of lawsuits closed during the period (5-118)]

### Ratio 8. The number of complaints received directly from any entity other than the DOI per 1,000 policies in-force during the period

 $\left(\frac{\text{[\#of complaints received directly from any person or entity other than the DOI (5-115)]}}{\left(\text{[[\#of policies/certificates in force during the period ($\hat{U}$ (2-28 through 2-37)]]} \div 1,000}\right)}$ 

### Non-Public Ratios

#### Ratio 9. The number of claims closed with partial payment compared to the total number of claims closed

( [# of claims closed with partial payment during the period (3-72)] [# of claims closed during the period (3-68)]

#### Ratio 10. The number of claims closed with full payment compared to the total number of claims closed

( [#of claims closed with full payment during the period (3-69)] [#of claims closed during the period (3-68)]

### Ratio 11. Percentage of claims unprocessed at the end of the period

Number of claims open at the beginning of period (3-66) + Number of claims opened during period (3-67) ( - Number of claims closed during the period (3-68) # of claims open at the beginning of period (3-66) + # of claims opened during the period (3-67)

# Ratio 12. The number of claims closed without payment beyond 60 days compared to the total number of claims closed without payment

(	[total #of claims closed during the period without payment beyond 60 days ( $\hat{\mathbf{U}}$ 3-95 through 3-98)]

# Ratio 18. Inadequate documentation - closed without payments to total claims closed without payment

( [#of claims closed during the period without payment due to inadequate documentation (3 – 104)] [#of claims closed during the period without payment (3-77)]

# Ratio 19. Hereditary disorder exclusion - closed without payments to total claims closed without payment

( [#of claims closed during the period without payment due to hereditary disorder exclusion (3 – 105)] [#of claims closed during the period without payment (3-77)]

Ratio 20. Congenital anomaly or di Tf09@003rEQ0 0 612 792 reW\*nE/TT2 12 Tf-0.0123Td652

# Ratio 24. Maximum benefit limit - closed with partial payments to total claims closed with partial payment

 $(\frac{\text{[\#of claims closed during the period with partial payment due to maximum benefit limit (3 - 109)]}{\text{[\#of claims closed during the period with partial payment (3-72)]}})$ 

Ratio 25

## Ratios To Be Dropped

#### Ratio 23. Loss ratio

( Dollar amount of paid claims closed with full payment during the period (3-70) | + Dollar amount of claims closed with partial payment during the period (3-74) | [Direct earned premium during the period (2-58)]

## Ratio 3. Percentage of claims closed with full payment beyond 60 days (combined 3&4 for all claims)

( [total # of claims closed during the period with full payment beyond 60 days ( 3-83 through 3-86)] ( total # of claims during the period with full payment closed over all durations ( 3-81 through 3-86)])

# Ratio 4. Percentage of claims closed with partial payment beyond 60 days (combined 3&4 for all claims)

 $(\frac{\text{[total \#of claims closed during the period with partial payment beyond 60 days ($\hat{Û}$ 3-89 through 3-92)]}{\text{[total #of claims closed during the period with partial payment over all durations ($\hat{Û}$ 3-87 through 3-92)]})}$ 

# Ratio 13. Percentage paid on partial payments of the amount requested on partial payments

(  $\frac{\text{[Dollar amount of claims closed with partial payment during the period (3-74)]}}{\text{[Dollar amount requested for claims closed with partial payment during the period (3-73)]}}$