

April 15, 2022

Mr. Damion Hughes, Chair
Ms. Erica Weyhenmeyer, Vice Chair
Market Conduct Examination Guidelines (D) Working Group
National Association of Insurance Commissioners

RE: Comments on Chapter 20-Market Conduct General Examination Standards

Dear Mr. Hughes and Ms. Weyenmeyer:

We appreciate the opportunity to provide additional comments as requested by the working group during its meeting on Mar. 10. Our comments relate to the issue of coordination between financial analysts and market conduct examiners with regard to the proposed revisions in Chapter 20 of the Market Regulation Handbook regarding the Insurance Holding Company System Regulatory Model Act (#440).

The working group meeting on March 10 included discussion of existing procedures within the *NAIC Financial Analysis Handbook* that are performed by financial analysts as part of their review of domestic companies or lead state review of group carriers. Market risks are a part of the branded risk categories that are routinely reviewed by financial analysts and their assessments of market risks are included in the insurer profile summaries and group profile summaries. We have included excerpts from the *NAIC Financial Analysis Handbook* that can be easily referenced in the Market Regulation Handbook to ensure effective coordination between market regulation and financial regulation.

We recommend including specific references and guidance in the Market Regulation Handbook that clearly indicates that market conduct examinations should always coordinate reviews of model act guidance with the domestic or lead state financial analyst prior to conducting an independent review or requesting such information directly from the company. Specific models include, but are not limited to Group Capital Calculation, ORSA, Corporate Governance Annual Disclosure and Insurance Holding Company System Model Act and Regulation.

Thank you for the opportunity to provide this additional information. If you have any questions, please do not hesitate to contact us.

Sincerely,

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