

Market Regulation—Hot Topics
AICP—Heartland Chapter—March 2007

What topics are new, emerging or continue to come up in the area of market regulation? Here are some regulators' perspectives of issues to watch.

- How Market Analysis impacts insurers and how regulated entities can stay on top of the market analysis curve.

- Who's complaining about insurance issues in the Heartland and what are they complaining about?

- Life after Katrina. How might Hurricane Katrina and other major storms change the "insurance climate"?

- What are the key changes and national issues from the past few years that should be on the top of every compliance manager's list?

- Partnership LTC programs, one of the newest products for producers, companies and insurance regulators to gear up for?

- Let's hear from you. How should regulators make compliance managers lives easier? Where should regulators focus regulatory reforms? What questions do you have about what's happening at the NAIC?

IRES Market Conduct Certification and new NAIC designations

by Douglas A. Freeman, CIE
IRES President

Thanks to the leadership of Gary Domer and Kate Bergan, the IRES Market Conduct Certification (MC+) Project is entering its second phase. MC+ is an IRES educational project to provide hands-on training for IRES members on how to efficiently and effectively run market conduct examinations. Scores of IRES volunteers have helped with MC+.

Phase One included detailed research and drafting of a course outline and textbook containing 24 chapters covering all aspects of how to run a market conduct examination.

Request for Proposals (RFPs) have gone out to potential vendors for Phase Two of the MC+ Project, which includes reviewing the 24 chapters drafted by IRES members and volunteers to ensure style and substance continuity and professional textbook standards.

Phase Three of the MC+ Program most likely will be a two-day training session with a multiple choice examination on the third day. Plans for regional MC+ site opportunities are being discussed.

Inspired by both regulator and industry interest, MC+ will first be geared to those IRES members with the Accredited Insurance Examiner (AIE) and Certified Insurance Examiner (CIE) designations who are Market Conduct Examiners-In-Charge (EIC). After a pilot project planned for the Spring 2007, IRES is hopeful to have some component of MC+ presented as part of the Pittsburgh Career Development Seminar (CDS) Sunday, August 12 through Tuesday, August 14, 2007, which will also be IRES' 20th Anniversary. Plans are to open the MC+ Program to other IRES members (regulators, independent contractors, etc.), insurance industry personnel, and other interested parties after refining the pilot project.

MC+ is the first of several supplementary designations to the AIE and CIE, which hopefully will be followed by other regulatory compliance

specialty designations in consumer affairs and possibly other areas.

As the MC+ Project is being introduced, the NAIC is also introducing three new NAIC designations, which are available to regulators only. IRES believes the MC+ Project and the NAIC's designations complement each other by focusing on different aspects of regulation. Two of the three NAIC new designations, the Associate Professional in Insurance Regulation (APIR) and Professional in Insurance Regulation (PIR), are geared toward regulators beginning their career, while the

MC+

third designation, the Senior Professional in Insurance Regulation (SPIR), focuses on the Deputy Commissioner level.

IRES believes the MC+ Program will be extremely valuable to all individuals involved in the market conduct examination process.

When the MC+ Program becomes operational, IRES hopes to work closely with the NAIC to determine how, if possible, the MC+ coursework might be used to also count toward one or more of the three new NAIC designations.

For more information about the NAIC new designations, please see www.naic.org/education_designation.htm.

For more information about the IRES MC+ Program, please contact Doug Freeman at dafreeman18@aol.com, or Gary Domer at gldwildkat@aol.com.

*Happy Holidays to all our
IRES members
and friends,
and best wishes
for a great 2007.*





**INSURANCE REGULATORY EXAMINERS SOCIETY
MARKET CONDUCT CERTIFICATION PROGRAM
CURRICULUM OUTLINE (Main Sections Only)**

Part I**I. Introduction to Market Regulation**

Educational Objective: Understand the history and purpose of market conduct exams conducted by State Insurance Departments. Understand how market conduct fits in to the larger picture of market analysis. Be able to determine which regulatory tool is appropriate (and when a market conduct examination would be the right choice) to address problems uncovered through the market analysis process.

II. Anatomy of a Market Conduct Examination

Educational Objective: Be able to identify the sequential components and processes of a “typical” market conduct examination

III. Company Communication Techniques

Educational Objective: Understand how to communicate with a company under examination and how to get information from a company without excessive conflict.

IV. Examination Assignments

Educational Objective: Identify the best practices to use when assigning examiners to a market conduct exam. How assignments are made and how people work together.

V. Core Exam Procedures

Educational Objective: Identify best practices that can be used successfully and uniformly in conducting market analysis.

VI. Questions of Fact

Educational Objective: Identify best practices in solving problems when questions of fact arise in the examination process

VII. Addressing Violations of the Law

Educational Objective: Describe the process for reviewing compliance with regulations and statutes and identify the best course of action when an exam reveals practices that are violations of regulations or statutes.

VIII. Use of Automation Tools

Educational Objective: Describe the types of automation tools that enable more efficient market conduct exams

IX. Communication Techniques within the Department of Insurance

Educational Objective: Identify constructive communication techniques to use when communicating with other Department of Insurance staff. Identify and understand interstate collaborative efforts.

X. Detection of Fraud

Educational Objective: Best practices to use when the examination has uncovered suspected fraudulent activity

XI. Non-Violation Issues

Educational Objective: Identify the best course of action when an exam reveals practices that are not statutory violations but may harm consumers.

XII. Confidentiality and Work Papers

Educational Objective: How to successfully prepare and protect examination work papers.

XIII. Management of Examination Staff

Educational Objective: Identify the best management strategies for examination staff

PART II

JOB SKILLS TRAINING

INSURANCE COMPANY STRUCTURE

AREAS OF INVESTIGATION BY LINES OF BUSINESS

STANDARDIZED DATA REQUEST (SDR)

ACTUAL DATA FILES