June 28, 2006

Bulletin 138

Market Conduct Initiatives and the Use of "Best Practices" Organization Documentation during the Market Conduct Examination Process

The purpose of this bulletin is to inform all life insurance companies admitted to do business in the state of Indiana that the Indiana Department of Insurance ("Department") is continuing its efforts to promote high standards in connection with market conduct activities. As part of this process the Department is reviewing existing marketing and sales, underwriting, complaint handling and claims practices.
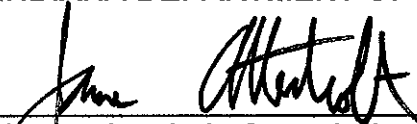
The Department will be reaching out to the life insurance industry to obtain its input and to discuss the following issues:

(1) Meaningful market conduct data for effective analysis and the means by which to collect such data;
(2) The development of a market conduct analysis function;
(3) Changes and improvements to current market conduct regulatory processes;
(4) Ongoing and emerging market conduct issues; and
(5) The potential role of "best practices" organizations.

Currently, the Department has been reviewing the work performed by "best practices" organizations during the market conduct examination process. The Department or its examiner routinely inquires as to whether companies are members of the Insurance Marketplace Standards Association ("IMSA"). If a company is a member of IMSA, the Department requests and considers IMSA information in the Department's initial risk assessment. The Department also considers the IMSA information in determining the nature and scope of the review of the marketing and sales practices of the insurance company, including agent training and licensing, replacement, and advertising as well as other areas such as consumer complaint handling.

The Department looks forward to the opportunity to work collaboratively with the insurance industry and best practices organizations such as IMSA to promote high standards in market conduct activities.

INDIANA DEPARTMENT OF INSURANCE

James Atterholt, Commissioner