



Market Conduct Annual Statement (MCAS)

What's It All About?



Purpose of MCAS

- To provide a uniform system of collecting market conduct related information
- To provide regulators with information not otherwise available for market analysis
- To promote uniform analysis by applying consistent measurements and comparisons between companies, allowing all companies to be compared on an equal basis



Emergence of MCAS

- **Background**

- Nine States Initially Participated (CA, IL, MD, MO, NE, OH, OR, PA and WI)
- Claims and Underwriting Data Requested and Analyzed
- Any company licensed was included

- **Initial Life MCAS Project**

- First MCAS Focused on Life and Annuity Insurers
- Data Called in July 2002 from 439 Insurers
- Data Period of January through June 2002

- **Initial Property & Casualty MCAS Project**

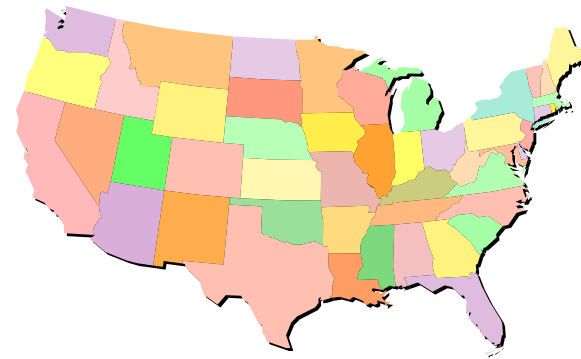
- Second MCAS Focused on Property & Casualty Insurers
- Data Called in September 2002 from 330 Insurers
- Data Period of January through June 2003



MCAS Basics - States

Annually, states provide to NAIC:

- Contact information
- Email address for MCAS submissions
- Statutory authority citation to collect data
- Authorizing signature





MCAS Now

◦ MCAS Today

- \$50,000 of Direct Written Premium or Annuity Considerations in the State
- MCAS Project now Conducted by 29 states
- Data Period Now Based on Annual Basis (i.e.: January to December)
- Data Fields Expanded to Include Law Suit Information
- Most Recent MCAS Projects Included 277 Property & Casualty Insurers and 317 Life Companies



MCAS Basics – NAIC Staff

Annually, NAIC staff:

- Updates the state information
- Emails companies for contact information
- Updates the databases
- Tests the databases
- Creates and distributes CD's
- Responds to questions

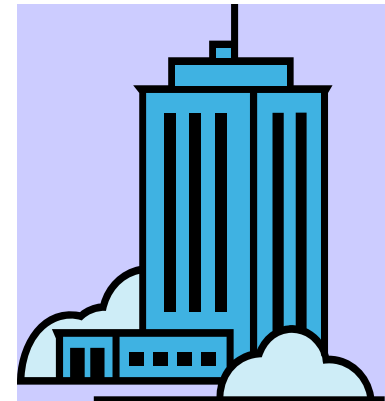




MCAS Basics - Companies

Annually, companies:

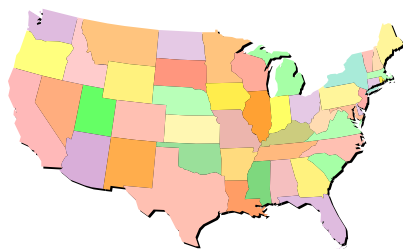
- Update company contact information
- Download company databases from www.naic.org
- Enter MCAS data and submit data files as required





MCAS Parameters

- Types of Business:
 - Property and Casualty  
 - Life and Annuity  
- \$50,000 of Direct Written Premium or Annuity Considerations where licensed
- 29 states required 2008 data to be submitted in 2009





Key MCAS Dates

- October:
 - Companies update contact information
 - States update contact and submission information
- November: NAIC staff emails data calls to companies
- April 30: Due date for P&C MCAS submissions
- June 30: Due date for L&A MCAS submissions
- October: P&C report cards sent to companies
- November: L&A report cards sent to companies





MCAS Submissions - NAIC

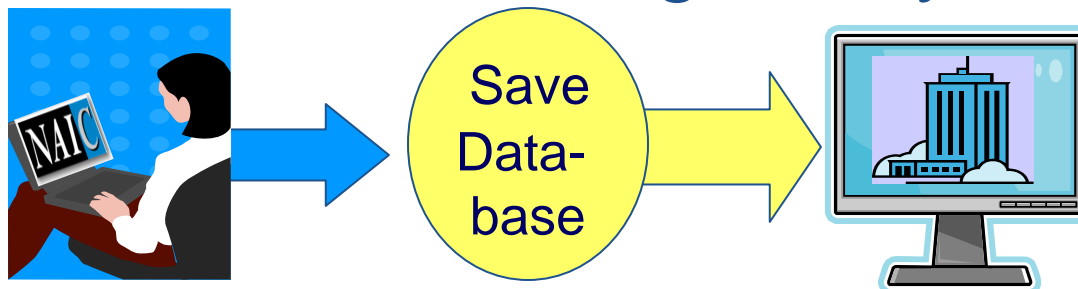
- Sends data calls to companies:
 - A company-specific data call to the first contact on Financial Annual Statement
 - A generic data call to the MCAS contact
- Generic data call information posted at:
http://www.naic.org/committees_d_mcas.htm





MCAS Submissions-Companies

- Download a database for each company
- Enter or upload the data into database
- Address all error flags
- Use comment boxes
- Have a knowledgeable person review
- Attach certificate signed by officer





MCAS Submissions-Companies

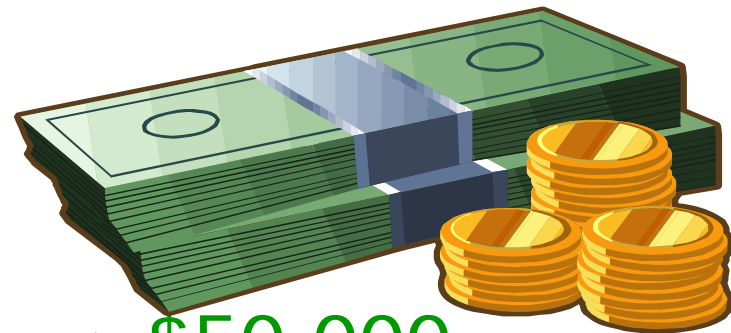
- Attach DBF or CSV files
- Send separate submission for each company
- Can submit auto and homeowners data together if the same company has both
- Put the company name and NAIC cocode in the reference line
- Will have submissions returned if all steps are not followed
- Follow all state-specific instructions





MCAS Submissions-Companies

- Must request exemption from each state in an email explaining why an exemption should be granted
- Has automatic exemption if it has less than \$50,000 of Direct Written Premium or Annuity Considerations or it is not licensed in the state



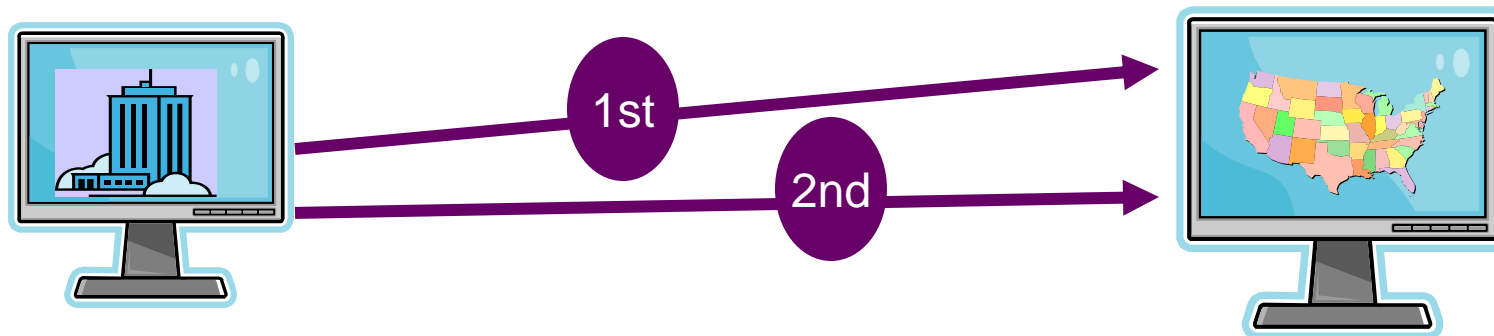
> \$50,000



MCAS Submissions-Companies

If company sent incorrect data in error:

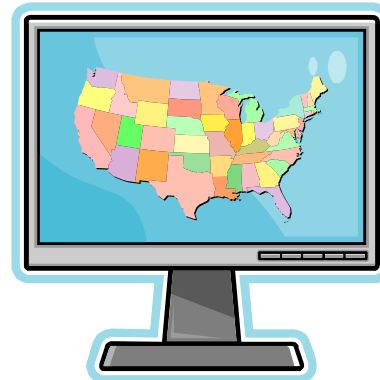
- Check to see if incorrect in more than one state
- Notify the state immediately of error
- Create and submit a new DBF or CSV file using procedures
- New submission replaces previous one
- New certificate of compliance





MCAS Submissions - States

- Receive DBF or CSV files via email
- Import files into state database
- Print reports
- Validate data
- Contact company for explanation





Types of Information - P&C

- Claims
- Suits
- Policies
- Autos/Homes/Insureds
- Premiums
- Cancellations
- Nonrenewals





Data Elements - P&C

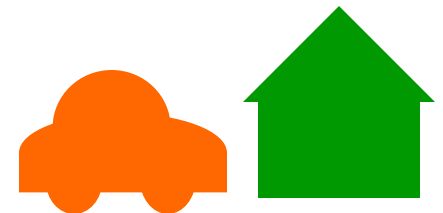
Number of Claims:

- Open at the beginning of year
- Opened during the year
- Closed with payment
- Closed without payment
- Paid in 30, 60, 90 days, etc.

Median Days to Date of Report

Number of Suits:

- Filed
- Closed
- Open at year-end





Data Elements – P&C

Number of Policies:

- New - written during year
- In force at year-end

Number of Autos/Homes/Insureds:

- Covered at year-end

Direct Written Premiums

Number of Cancellations:

- Mid-term
- During the underwriting period

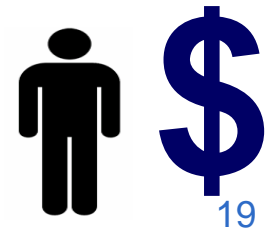
Number of Nonrenewals





Types of Information – L&A

- Replacements
- Policies
- Premiums
- Complaints
- Claims





Data Elements - L&A

Number of Replacements

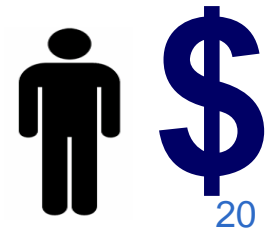
Number of 1035 exchanges

Number of Policies:

- In force at year-end
- With outstanding loan balances
- Surrendered

Total face amount of policies:

- Issued
- In force year-end





Data Elements – L&A

Premiums:

- Direct Written Premium
- Annuity Considerations

Number of Written Complaints Received from:

- Consumers
- Department of Insurance

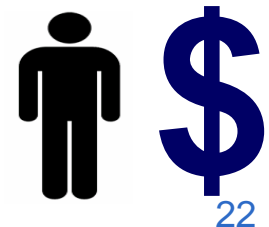




Data Elements – L & A

Number of Claims:

- Closed with payment in 60 days
- Closed with payment beyond 60 days
- Denied, resisted, or compromised
- Received during year





Public Policy Issues

- Certificate of Compliance
- Accuracy of Data
- Sympathy for Company Resources
- Expansion of MCAS to Other Lines of Business and Data Fields (Rescissions)



Useful Information

- NAIC website (www.naic.org)
- Helpful Hints
- Frequently Asked Questions
- mcas@naic.org (if you cannot find the answer to your question in resources listed on the NAIC Web site)