

— Market Examination Section —

The Market Conduct Section monitors many facets of the “insurance market” in order to detect any signs of market stress. It is imperative that the “markets” function in a balanced and predictable way, so that insurance companies can provide the products and services that are so critical to our society. When imbalances start to occur within the insurance markets, the system starts to show signs of stress.

Market conduct examinations are detailed and structured in order to determine how the insurance market is functioning. It uses specific sampling techniques to maintain a fair and balanced review of the examinee.

Market conduct also serves as an information resource for other sections of the Division, such as the Investigation, Licensing, and the Consumer Complaint Sections. It has to maintain a broader overview of the market as a whole and uses market conduct examinations as its primary tool to “take the pulse” of the insurance industry in Alaska.

The concept and techniques of “Market Analysis” as being developed by the NAIC, continue to be enhanced and refined by the Alaska Market Conduct Section. In addition to participating in the NAIC Market Analysis committees and reviews, the Market Conduct Section has initiated a new internal database specific to market conduct activities that will help the section fulfill its duties into 2005.

2004 Market Conduct Accomplishments

- 1) In CY2004 the Market Conduct section initiated a review of the use of contingency fees, broker fees, and agency fiduciary responsibilities by resident Alaska licensed agency firms. This review was in conjunction with the nationwide review initiated by the NAIC. The review was conducted in two phases, with the first starting in the fall of 2004 continuing into CY 2005. This was a significant project utilizing much of our resources for the latter half of the year.
- 2) In April of 2004 the Market Conduct section initiated a review and monitoring of “Health Discount Plans” marketed to Alaskans via the internet. This is an ongoing project to monitor the proliferation of these ‘non-insurance plans’ while providing assistance to consumers in cooperation with the consumer services section.
- 3) We continue to provide support to the Investigations Section when requested.
- 4) We provide assistance to the Consumer Services Section on a regular basis by;
 - a) Researching possible unauthorized insurance activity;
 - b) Answer questions to complaints requiring market conduct expertise;
 - c) Providing health and disability insurance technical analysis and claims assistance.
- 5) We continued to review title insurance market activities in Alaska and participated with the Investigations Section in a review of title agencies in the Anchorage and Mat-Su recording districts.
- 6) The Market Conduct section continues to participate in various NAIC committees to monitor the activities of insurance markets nationwide and stay involved in the critical issues of the day. In CY 2004 we were appointed as a member of the NAIC Title Insurance Issues Working Group and continue to participate into CY 2005.