

Bulletin 339

"Best Practices" Market Conduct Initiatives

Section 221 of the Maine Insurance Code requires the Bureau of Insurance to examine each insurer authorized in this State in order to determine its financial condition, fulfillment of its contractual obligations and compliance with the law. This section also sets forth the criteria that the Bureau must consider in determining the nature, scope and timing of such an examination. The Bureau interprets this list as a minimum set of criteria that does not limit its legal authority to consider other criteria consistent with the purposes of such examinations.

The Bureau has recently reviewed its efforts to promote the highest standards for market regulation and market conduct activities. To that end, the Bureau has considered the role that "best practices" organizations might play in promoting such standards in the life insurance industry.

One such organization is the Insurance Marketplace Standards Association (IMSA). During an examination, Bureau examiners may ask whether the insurer is a member of IMSA. If so, the examiners will ask for and review evidence concerning the insurer's compliance with IMSA's standards. Such evidence may be one of the criteria for the examiners to consider, consistent with section 221 and the Bureau's exercise of its judgment in regulating the business of insurance. For example, examiners may consider such evidence in determining the scope of their review of the insurer's marketing and sales practices, such as producer training and licensing, as well as its handling of consumer complaints.

While this Bulletin addresses IMSA membership, the Bureau does not mean to exclude from consideration an insurer's membership in other "best practices" organizations. The Bureau encourages insurers admitted in Maine to investigate membership in such organizations as a way of developing high and uniform standards for market conduct activities.

October 17, 2005 _____
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