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STANDARDS ASSOCIATION

Building Blocks for Robust Insurance Markets: Marketplace Standards

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Open Markets Require Regulatory Oversight



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WORLD TRADE ORGANIZATION





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The Regulatory Challenge

- **Promote healthy and competitive marketplace.**
- **Meet the needs of consumers, companies, intermediaries, shareholders, and government.**
- **Minimize impediments and costs to business and consumers.**

Supervisory Framework



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Qualitative
Quantitative



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Market Conduct Challenges

- **Fair marketing.**
- **Suitable sales practices.**
- **Honest advertising.**
- **Timely payment of claims.**
- **Prompt & fair complaint resolution.**
- **Intermediaries -- trained and supervised.**
- **Fair commission structures.**
- **Fraud detection.**
- **Etc.**

Regulatory Tools



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- **Transparent laws and regulations.**
- **Adequate staff -- trained and compensated.**
- **Quality data collection.**
- **Timely analysis.**
- **Determine compliance with laws, regulations and BPO/SRO standards.**
- **Examinations.**



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U.S. -- Market Conduct Supervision

**Routine: Examination every 3-5 years
or target exams**

2004 NAIC Modernization Roadmap

- **Focus on market analysis and a review of company systems and controls.**
- **Periodic review of policies and procedures coordinated with Best Practices Organizations.**



IMSA-qualified companies

(60% of U.S. life market)

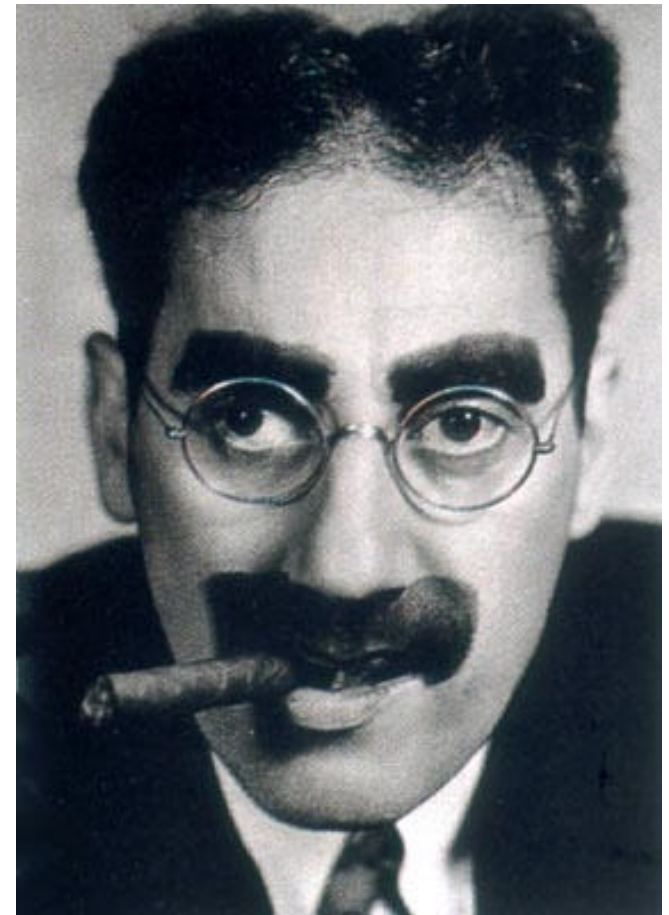
- **Higher financial ratings.**
- **Improved ROE/ROA.**
- **Fewer consumer complaints.**
- **Lower lapse & surrender rates.**



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**“The secret of life
is honesty and fair
dealing . . .
if you can fake that,
you've got it made.”**

Groucho Marx





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**In a fair, well-regulated
marketplace,
everyone wins
-- consumers, regulators,
companies and shareholders,**