

Date: 3/5/25

Virtual Meeting

MARKET CONDUCT EXAMINATION GUIDELINES (D) WORKING GROUP

Thursday, March 13, 2025

1:30 – 2:30 p.m. ET / 12:30 – 1:30 p.m. CT / 11:30 a.m. – 12:30 p.m. MT / 10:30 – 11:30 a.m. PT

ROLL CALL

Matthew Tarpley, Chair	Texas	Ellen Wilkins	New Hampshire
Brett Bache, Vice Chair	Rhode Island	Ralph Boeckman	New Jersey
Molly Nollette	Alaska	Alma Tapia	New Mexico
Maria Ailor	Arizona	Sylvia Lawson	New York
Teri Ann Mecca	Arkansas	Teresa Knowles	North Carolina
Nick Gill	Connecticut	Rodney Beetch	Ohio
Sharon Shipp	District of Columbia	Landon Hubbart	Oklahoma
Elizabeth Nunes/ Paula Shamburger	Georgia	Cassie Soucy	Oregon
Chris Heisler	Illinois	Gary Jones/ Paul Towsen	Pennsylvania
Doug Ommen	Iowa	Karla Nuissl	Vermont
Mary Lou Moran	Massachusetts	Bryan Wachter	Virginia
Jeff Hayden	Michigan	John Kelcher	Washington
Teresa Kroll/Jo A. LeDuc	Missouri	Desiree Mauller	West Virginia
Peggy Willard-Ross/ Hermoliva Abejar	Nevada	Rebecca Rebholz/ Darcy Paskey	Wisconsin

NAIC Support Staff: Petra Wallace/Lois Alexander

AGENDA

1. Hear Opening Remarks—*Matthew Tarpley (TX)*
2. Discuss its 2025 Adopted Charges and Work Plan—*Matthew Tarpley (TX)* Attachment 1
3. Consider Adoption of the Feb. 11 Draft of Chapter 21A—Conducting the Property/Casualty Travel Insurance Examination of the *Market Regulation Handbook*—*Matthew Tarpley (TX)* Attachment 2
4. Discuss Any Other Matters Brought Before the Working Group
—*Matthew Tarpley (TX)*
5. Adjournment

Market Conduct Examination Guidelines (D) Working Group 2025 Charges

Posted on the Working Group's web page at

https://content.naic.org/cmte_d_market_conduct_exam_guidelines.htm

The Market Conduct Examination Guidelines (D) Working Group will:

1. Develop market conduct examination standards, as necessary, for inclusion in the *Market Regulation Handbook*.
2. Monitor the adoption and revision of NAIC models and develop market conduct examination standards to correspond with adopted NAIC models.
3. Develop updated standardized data requests, as necessary, for inclusion in the *Market Regulation Handbook*.
4. Discuss the development of uniform market conduct procedural guidance (e.g., a library, repository, or shared collaborative space with market conduct examination templates, such as an exam call letter, exam exit agenda, etc.) for inclusion in, or for use in conjunction with, the *Market Regulation Handbook*.
5. Coordinate with the Innovation, Cybersecurity, and Technology (H) Committee to develop market conduct examiner guidance for the oversight of regulated entities' use of insurance and non-insurance consumer data and models using algorithms and artificial intelligence (AI).

Chapter 21A—Conducting the Property and Casualty Travel Insurance Examination

IMPORTANT NOTE:

The standards set forth in this chapter are based on established procedures and/or NAIC models, not on the laws and regulations of any specific jurisdiction. This handbook is a guide to assist examiners in the examination process. Since it is based on NAIC models, use of the handbook should be adapted to reflect each state's own laws and regulations with appropriate consideration for any bulletins, audit procedures, examination scope and the priorities of examination. Further important information on this and how to use this handbook is included in the Foreword section of the handbook.

This chapter provides a format for conducting travel insurance company examinations. Procedures for conducting property/casualty (P/C) insurance company examinations and other types of specialized examinations, such as third-party administrators (TPAs) and surplus lines brokers, may be found in separate chapters.

The examination of travel insurance operations may involve any review of one or a combination of the following business areas:

- A. Operations/Management
- B. Complaint Handling
- C. Marketing and Sales
- D. Producer Licensing
- E. Policyholder Service
- F. Underwriting and Rating
- G. Claims

When conducting an examination that reviews these areas, there are essential tests that should be completed. The tests are applied to determine if the company-travel insurer is meeting standards. Some standards may not be applicable to all jurisdictions. The standards may suggest other areas of review that may be appropriate on an individual state basis.

A. Operations/Management

Use the standards for this business area that are listed in Chapter 20—General Examination Standards.

B. Complaint Handling

Use the standards for this business area that are listed in Chapter 20—General Examination Standards.

C. Marketing and Sales

Use the standards for this business area that are listed in Chapter 20—General Examination Standards and Chapter 21—Conducting the Property and Casualty Examination and the standards set forth below.

1. Tests and Standards

The marketing and sales review includes, but is not limited to, the following standards addressing various aspects of the marketing and sales function. The sequence of the standards listed here does not indicate priority of the standard.

STANDARDS MARKETING AND SALES

Standard 1

Ensure the advertising and/or sales materials being utilized by the limited lines travel insurance producer and travel insurer: (i) provide the information required by Section 4(C) of the model law [or state equivalent]; (ii) are consistent with the travel protection plan being offered; (iii) are not deceptive or misleading; and (iv) otherwise comply with state law.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

- _____ Applicable statutes, rules and regulations
- _____ The travel insurer's approved brochures or other written materials used in offering or disseminating travel insurance to prospective purchasers
- _____ Policy forms and fulfillment materials are accurately represented in advertising and sales materials
- _____ Producers' own advertising and sales materials, including travel retailers under the direction of a limited lines travel insurance producer

Others Reviewed

- _____
- _____

NAIC Model References

Travel Insurance Model Act (#632)
Unfair Trade Practices Act (#880)

Review Procedures and Criteria

Examiners should request a listing of all marketing materials and select a sample according to the jurisdiction's sampling protocols. If the examiner is unable to obtain the requested information from the travel insurer or the limited lines travel insurance producer, the examiner may request the information directly from the travel retailer.

Review specimen or actual copies of all of the brochures or other written materials in conjunction with the appropriate policy forms, endorsements, policies, rate filings, and certificates of insurance. There should be a notation indicating the manner and extent of distribution and the form number of every brochure advertised.

All advertisements should be maintained in the file for a period of either at least three (3) years from the date the advertisement was first used or later if required by applicable state statutes, rules and regulations.

Materials should not:

- Misrepresent policy benefits, advantages or conditions by failing to disclose limitations, exclusions or reductions, or use terms or expressions that are misleading or ambiguous; ~~and~~
- Make false, deceptive or misleading statements or representations with respect to any person, company or organization; ~~and~~

- Offer unlawful rebates.

Materials should:

- Clearly disclose the name and address of the travel insurer;
- If using a trade name, disclose the name of the insurer, an insurance group designation, name of the parent company of the travel insurer, name of a particular division of the travel insurer, service mark, slogan, symbol or other device or reference, if the advertisement would have the capacity or tendency to mislead or deceive as to the true identity of the travel insurer, or create the impression that a company other than the travel insurer would have any responsibility for the financial obligation under a policy;
- Clearly describe the type of policy being advertised;
- Indicate that the travel protection plan being marketed is insurance; and
- Comply with applicable statutes, rules and regulations.

Determine if the travel insurer approves producer sales materials and advertising.

**STANDARDS
MARKETING AND SALES**

Standard 2

The disclosures combinations of travel insurance, non-insurance travel assistance services, and cancellation fee waivers are compliant with applicable statutes, rules and regulations.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ Policy forms and fulfillment materials are accurately represented in advertising and sales materials

_____ Producers' own advertising and sales materials and travel retailers acting under the direction of a limited lines travel insurance producer

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Act (#880)

Review Procedures and Criteria

Examiners should request information from the travel insurer or limited lines travel insurance producer that is sufficient to determine compliance with this standard. If the examiner is unable to obtain the information from the travel insurer or the limited lines travel insurance producer, the examiner may request the information directly from the travel retailer.

STANDARDS MARKETING AND SALES

Standard 3

The limited lines travel insurance producer has established and maintains a register of each travel retailer that offers travel insurance on the producer's behalf.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ Register of each travel retailer that offers travel insurance on the limited lines travel insurance producer's behalf

_____ Policies and procedures for maintaining the accuracy of the register

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Act (#880)

Review Procedures and Criteria

Examiners should request a copy of the register of each travel retailer that offers travel insurance on the producer's behalf from the travel insurer or limited lines travel insurance producer that is sufficient to determine compliance with this standard.

Examiners should ensure that the register is in the form required by the commissioner and includes all information required by statute, if applicable.

If the examiner is unable to obtain the information from the travel insurer or the limited lines travel insurance producer, the examiner may request the information directly from the travel retailer. A random sample should be selected for review from the travel insurer's register.

Reconcile the information received for compliance, the register shall include the name, address, and contact information of the travel retailer and an officer or person who directs or controls the travel retailer's operations, and the travel retailer's Federal Tax Identification Number (FEIN).

STANDARDS MARKETING AND SALES

Standard 4

The limited lines travel insurance producer has documentation sufficient to demonstrate compliance that the travel retailers (acting under the limited lines travel insurance producer's license) comply with 18 USC § 1033 Crimes by or affecting persons engaged in the business of insurance whose activities affect interstate commerce.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ Travel insurer and department of insurance producer licensing records

_____ Travel insurer and producer training materials

_____ Travel insurer advertising and sales records

Others Reviewed

_____ 18 USC § 1033

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Model Act (#880)

Review Procedures and Criteria

Examiners should request information from the travel insurer or limited lines travel insurance producer that is sufficient to determine compliance with this standard.

If the examiner is unable to obtain the information from the travel insurer or the limited lines travel insurance producer, the examiner may request the information directly from the travel retailer.

Review travel insurer and department of insurance producer licensing records for potential concerns and cross reference with department of insurance licensing records.

Evaluate the travel insurer's system for controlling advertisements. Every travel insurer should have and maintain a system of control over the content, form and method of dissemination of all advertisements of its policies. All advertisements, regardless of by whom written, created, designed or presented, are the responsibility of the travel insurer.

Ensure the travel insurer maintains, at its home or principal office, a complete file containing a specimen copy of every printed, published or prepared advertisement of its individual policies and specimen copies of typical printed, published or prepared advertisements of its blanket, franchise and group policies. There should be a notation indicating the manner and extent of distribution and the form number of every policy advertised. All advertisements should be maintained in the file for a period of either at least three years from the date the advertisement was first used or later if required by applicable state statutes, rules and regulations.

Review advertising materials in conjunction with the appropriate policy form.

Examiners should ensure that travel insurer practices do not violate any state-specific unfair trade practices as outlined in applicable state statutes, rules and regulations.

DRAFT

STANDARDS MARKETING AND SALES

Standard 5

Determine that consumers were provided with information and an opportunity to learn more about the pre-existing condition exclusions: (i) at any time prior to the purchase; and (ii) in the fulfillment materials.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ Policy form, fulfillment materials, advertising/sales materials, and disclosures

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Model Act (#880)

Review Procedures and Criteria

Determine that information about pre-existing condition exclusions is provided prior to the time of purchase, including whether the purchaser of travel insurance: (i) has the ability to waive the pre-existing condition exclusion; (ii) under what circumstances it can be waived; and (iii) whether the purchaser of travel insurance has been advised that the coverage for pre-existing conditions can be purchased, if applicable.

Determine that the fulfillment materials provide information about pre-existing condition exclusions.

Determine that the policies or certificates and fulfillment materials clearly define pre-existing conditions as intended in the exclusions.

STANDARDS
MARKETING AND SALES

Standard 6

Determine that descriptions of the following are provided to the purchasers of travel insurance: (i) the material or actual terms of the insurance coverage; (ii) the process for filing a claim; (iii) the review or cancellation process for the travel insurance policy; and (iv) the identity and contact information of the travel insurer and limited lines travel insurance producer.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Act (#880)

Review Procedures and Criteria

Examiners should request information from the travel insurer or limited lines travel insurance producer that is sufficient to determine compliance with this standard. If the examiner is unable to obtain the information from the travel insurer or the limited lines travel insurance producer, the examiner may request the information directly from the travel retailer.

STANDARDS MARKETING AND SALES

Standard 7

The limited lines travel insurance producer has an adequate training program in place, containing instructions on the types of insurance offered, ethical sales practices, and required consumer disclosures, that is required of each employee and authorized representative of the travel retailer whose duties shall include offering and disseminating travel insurance.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

- _____ Applicable statutes, rules and regulations
- _____ Limited lines travel insurance producer's policies and procedures, including the standards for product training
- _____ Limited lines travel insurance producer's instruction/training files and training materials for travel retailer employees and authorized representatives offering or disseminating travel insurance

Others Reviewed

- _____
- _____

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Model Act (#880)

Review Procedures and Criteria

Review policies and procedures to ensure that the limited lines travel insurance producer has adequate procedures in place to provide instruction and training that is appropriate for and consistent with the type(s) of travel insurance being offered. Review the limited lines travel insurance producer's procedures used to inform travel retailers of the regulated entity's standards for travel insurance product training and of applicable state statutes, rules or regulations regarding the solicitation and sale of travel insurance products.

Determine that the limited lines travel insurance producer has adequate procedures in place to verify that the employees and authorized representatives of a travel retailer have completed necessary training, as required by applicable state statutes, rules and regulations, before allowing the employees and authorized representatives to sell travel insurance for that insurer.

Contact other state insurance regulators that may have conducted a recent review of the training standards.

Determine if the training materials are appropriate and accurately reflect the coverage provided by the travel insurance product.

Review a regulated entity's records to determine if, when and how training occurred prior to the employees or authorized representatives of a travel retailer's recommendation of a travel insurance product.

STANDARDS MARKETING AND SALES

Standard 8

~~The limited lines travel insurance producer has designated a “Designated Responsible Producer.”~~

The limited lines travel insurance producer has designated one of its employees who is a licensed individual producer as the person (a “Designated Responsible Producer” or “DRP”) responsible for the compliance with the Travel Insurance laws and regulations applicable to the Limited Lines Travel Insurance Producer and its registrants.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ Copy of agency manual

_____ Copy of travel insurer operations manual

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Model Act (#880)

Review Procedures and Criteria

Examiners should request information from the travel insurer or limited lines travel insurance producer that is sufficient to determine compliance with this standard. If the examiner is unable to obtain the information from the travel insurer or the limited lines travel insurance producer, the examiner may request the information directly from the travel retailer.

Ensure that the agency and travel insurer operations manuals include the process, criteria and procedure pursued to determine the “Designated Responsible Producer” or “DRP.”

Ensure the agency and travel insurer operations manuals include the fingerprinting requirements applicable to insurance producers in the resident state of the Limited Lines Travel Insurance Producer.

**STANDARDS
MARKETING AND SALES**

Standard 9
Sales practices do not include “negative option or opt out.”

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ ~~Sales and marketing~~ Advertising/sales materials

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Act (#880)

Review Procedures and Criteria

Review a sampling of marketing materials and policies to confirm that customers were not offered or sold a policy through negative option or opt out.

**STANDARDS
MARKETING AND SALES**

Standard 10

Blanket coverage is not marketed or described as “free” coverage.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ All marketing/sales material related to blanket coverage

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Act (#880)

Review Procedures and Criteria

Review the use of the words/phrases “free,” “no cost,” “without cost,” “no additional cost,” “at no extra cost,” or words/phrases of similar import. Such words/phrases should not be used with respect to any benefit or service being made available with a policy, unless true.

STANDARDS MARKETING AND SALES

Standard 11

If ~~the aggregator's~~ any website provides a short summary of the coverage, determine that the consumer has access to the full provisions of the policy by electronic means.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ All online locations where the travel insurer's products are marketed, including aggregators' websites

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Act (#880)

Review Procedures and Criteria

Examiners should request information from the travel insurer or limited lines travel insurance producer that is sufficient to determine compliance with this standard.

Examiners should confirm that the aggregator's website does not violate applicable state statutes, rules and regulations relating to Model #880 and any other law applicable in [insert applicable] state. This includes verifying that an accurate summary or short description of coverage is provided on the web page, so long as the consumer has access to the full provisions of the policy through electronic means.

If the examiner is unable to obtain the information from the travel insurer or the limited lines travel insurance producer, the examiner may request the information directly from the travel retailer.

Review the travel insurer's website or sources provided by others through an aggregator site to determine how travel insurance is marketed.

Request information from the travel insurer which includes the disclosure in the policy documentation and fulfillment materials whether the travel insurance is primary or secondary to other applicable coverage.

D. Producer Licensing

Use the standards for this business area that are listed in Chapter 20—General Examination Standards, ~~and~~ Chapter 21—Conducting the Property and Casualty Examination and the standards ~~s~~ set forth below.

DRAFT

**STANDARDS
PRODUCER LICENSING**

Standard 1

Determine that the travel insurer or limited lines travel insurance producer has provided the information required in ~~Section 4(B)(1) [or state equivalent]~~ applicable state statutes, rules and regulations to the purchasers of travel insurance.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Act (#880)

Review Procedures and Criteria

Determine if the requested coverage is issued.

Examiners should request proof from the travel insurer or limited lines travel insurance producer sufficient to demonstrate that the actual information was provided. If the examiner is unable to obtain proof from the travel insurer or the limited lines travel insurance producer, the examiner may request the information directly from the travel retailer.

E. Policyholder Service

Use the standards for this business area that are listed in Chapter 20—General Examination Standards, ~~and~~ Chapter 21—Conducting the Property and Casualty Examination and the standards set forth below.

DRAFT

STANDARDS
POLICYHOLDER SERVICE

Standard 1

Fulfillment materials were provided to the policyholder or ~~certificate holder~~certificateholder, as required.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ All applications

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Act (#880)

Review Procedures and Criteria

Examiners should request documentation from the travel insurer or limited lines travel insurance producer that is sufficient to demonstrate that the fulfillment documents were provided to the purchasers of travel insurance.

STANDARDS
POLICYHOLDER SERVICE

Standard 2

The policy documents disclosed whether the travel insurance was primary or secondary to other coverage.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ All applications

_____ Policy contract terms related to payment terms

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Act (#880)

Review Procedures and Criteria

Examiners should request documentation from the travel insurer or limited lines travel insurance producer that is sufficient to demonstrate that the policy documents state whether the coverage provided is primary or secondary to other coverage.

F. Underwriting and Rating

Use the standards for this business area that are listed in Chapter 20—General Examination Standards, ~~and~~ Chapter 21—Conducting the Property and Casualty Examination and the standards set forth below.

DRAFT

STANDARDS UNDERWRITING AND RATING

Standard 1

~~Minimum data collection standards to ensure proper allocation for payment of premium tax have been established.~~

The travel insurer has established minimum data collection standards to ensure proper allocation for payment of premium tax.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ All applications

_____ Premium tax payment documentation from the travel insurer

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Model Act (#880)

Review Procedures and Criteria

Examiners should request information from the travel insurer or limited lines travel insurance producer that is sufficient to determine compliance with this standard. If the examiner is unable to obtain the information from the travel insurer or the limited lines travel insurance producer, the examiner may request the information directly from the travel retailer.

Confirm that the travel insurer is paying premium tax, as provided in [insert applicable state]’s existing premium tax provision on travel insurance premiums paid by any of the following:

- An individual primary policyholder who is a resident of [insert applicable state];
- A primary certificateholder who is a resident of [insert applicable state] who elects coverage under a group travel insurance policy; or
- A blanket travel insurance policyholder that is a resident in, or has its principal place of business or the principal place of business of an affiliate or subsidiary that has purchased blanket travel insurance in [insert applicable state] for eligible blanket group members, subject to any apportionment rules which apply to the travel insurer across multiple taxing jurisdictions or that permit the travel insurer to allocate premium on an apportioned basis in a reasonable and equitable manner in those jurisdictions.

Confirm the travel insurer provides the following:

- Document the state of residence or principal place of business of the policyholder or certificateholder, as required in applicable state statutes, rules and regulations relating to Model #632; and
- Report as premium only the amount allocable to travel insurance and not any amounts received for travel assistance services or cancellation fee waivers.

DRAFT

G. Claims

Use the standards for this business area that are listed in Chapter 20—General Examination Standards, Chapter 21—Conducting the Property and Casualty Examination, and the standards set forth below.

DRAFT

**STANDARDS
CLAIMS**

Standard 1

The policies issued contain benefits for which a claim and claim payment could have been made.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ Review policy forms and endorsements

_____ Claim files

_____ Claim complaint records

_____ Claim procedure/underwriting manuals

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Act (#880)

Unfair Property/Casualty Claim Settlement Practices Model Regulation (#902)

Review Procedures and Criteria

To determine compliance with this requirement, examiners will: (i) review a sample set of policies to confirm that benefits are being offered under the policies issued and a payment for a claim could have been made; and (ii) review a sample of denied claims to confirm that the denials were appropriate based on the policy language.