



**STATE OF NEW YORK
INSURANCE DEPARTMENT**
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George E. Pataki
Governor

Gregory V. Serio
Superintendent

Circular Letter No. 17 (2003)
October 27, 2003

TO: All Licensed Life Insurers and Fraternal Benefit Societies

RE: Market Conduct Initiatives

STATUTORY REFERENCE: Section 309 of the Insurance Law

The Insurance Department is continuing its efforts to promote higher standards in connection with market conduct activities. As part of this process, the Department is reviewing existing standards regarding marketing and sales, underwriting, complaint handling and claims practices.

The Department will be reaching out to the life insurance industry to discuss: the sources of meaningful market conduct data for effective analysis and the means by which to collect such data; the development of a market conduct analysis function; changes and improvements to current market conduct regulatory processes; ongoing and emerging market conduct issues; and the role and effect of "best practice" organizations.

The Department has been reviewing the work performed by "best practice" organizations during the examination process. As part of the current examination process, Insurance Department examiners routinely inquire as to whether companies are members of the Insurance Marketplace Standards Association (IMSA). If a company is a member, the examiners request and review the documentation gathered to demonstrate compliance with IMSA's standards. Examiners may consider the IMSA documentation in determining the scope of their own review of the marketing and sales practices of a company including such areas as: agent training and licensing; replacements; and advertising. Examiners may also make use of the IMSA documentation in certain other areas such as consumer complaint handling.

The Insurance Department looks forward to the opportunity to work with industry on these initiatives.

Very truly yours,

Gregory V. Serio
Superintendent of Insurance