



June 7th, 2023

Ms. Karen Veronikis
Chief of Market Analysis
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Re: Market Conduct Annual Statement (MCAS)

Dear Ms. Veronikis:

The following is submitted on behalf of my society in response to agenda item “c” included on the June 12 virtual meeting of the Market Analysis Procedures (D) Working Group. We are grateful for this opportunity to provide our views about the importance of the fraternal exemption to MCAS reporting.

Limited Market Conduct Issues

Fraternal operate differently from other insurers; our society has strong ties to our members because of the unique fraternal insurer structure. Each member belongs to a local lodge and participates in the election of our society’s leadership. Our agents and members are active in communities which leads to limited complaints or market conduct concerns. We are happy to continue to provide complaint logs which demonstrate the low incidence of member complaints.

Current Market Conduct Exam Process Already Identifies Issues

Fraternal are not exempt from market conduct exams that state regulators conduct on a routine or targeted basis. We feel that submitting complaint logs and being subject to market conduct exams get to the core of protecting our members; requiring MCAS reporting would create burdensome work for our society and would not provide meaningful data for your department.

Fraternal’s Market Share is Small and Sector Is Diverse

Almost 60 fraternal benefit societies write approximately two percent of the total life insurance and annuity policies in the nation. A majority of fraternal are small organizations with between 5,000 and 50,000 members and operate primarily on a regional or single-state basis. We are proud of the diverse nature of the fraternal sector, and we understand fraternal

industry data can be inconclusive and sometimes misleading which makes MCAS data problematic to use effectively.

Our society is eager to serve and protect our members. We look forward to continuing the dialogue on this issue and are happy to answer any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Blair'.

Antoinette Blair

Assistant Vice President

Head of Human Resources and Compliance

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