

## **SERFF BOARD OF DIRECTORS**

SERFF Board of Directors Sept. 22, 2009, Minutes  
SERFF Strategic Plan (Attachment One)  
SERFF Filing Access Comments (Attachment Two)  
SERFF Product Development Report (Attachment Three)  
SERFF Marketing Report (Attachment Four)  
SERFF Speed to Market Implementation Progress (Attachment Five)  
SERFF Board Elections Memo (Attachment Six)  
SERFF 2010 Budget (Attachment Seven)  
SERFF Board of Directors August 12, 2009, Minutes (Attachment Eight)  
SERFF Board of Directors July 15, 2009, Minutes (Attachment Nine)

SERFF Board  
Washington, DC  
September 22, 2009

The SERFF Board met in Washington, DC, Sept. 22, 2009. The following members participated: Mary Jo Hudson, Chair (OH); Susan Eckler-Kerns, Vice Chair (Prudential); Bill Lacy (AR); Tammy Lohman (MN); Ted Hamby (NC); Doris Kullman (NY); Kathie Stepp (OK); Elaine Leighton (American Council of Life Insurers—ACLI); Hank Edmiston (Property Casualty Insurers Association of America—PCI); Fred Alvarado (Transamerica); and Kim Kennedy (Travelers).

The following ex-officio members participated: Maureen Hartsmith (NH); Karen Schutter and Charlie Rapacciuolo (IIPRC); Larry Mirel (Wiley Rein); Peg Ising (Nelson Levine DeLuca & Horst); and Sonja Larkin-Thorne (NAIC Consumer Representative).

1. Strategic Plan Update

Joy Morrison (NAIC) referred the Board to the strategic plan (Attachment One) distributed prior to the meeting. There were updates to the document to indicate features to go in v5.8, such as the IIPRC's statement of intent and mix-and-match indicator enhancements. Surveys are being developed for the forms-driven filing and concurrent rate and form review projects.

2. Internet Access to SERFF Filings Comments

The floor was opened to individuals who had submitted written comments (Attachment Two). Randy Moses (SD) clarified that South Dakota's request was not to change the rules about what constitutes public access but rather to make the process more efficient. He feels SERFF gives the reviewer the ability to mark pieces of the filing as trade secret, and that is what South Dakota needs to do.

Bill McAndrews (IL) said Illinois is supportive of making SERFF filings accessible via the Internet. Illinois currently provides access to information that is public but, as the state is relying more on SERFF to be their main system for rates and forms, he feels SERFF should provide the access, too. SERFF is the logical choice to meet these needs. Legal ownership of the documents is with the states, so there should be no legal issue with offering information through a proprietary tool that is not owned by the states.

Randy Rohrbaugh (PA) said he manages the public room in Pennsylvania. He said the state has a right-to-know law, and the only things they don't provide access to are those considered trade secrets. They have used various means to make documents available, most recently making PDFs of the filings and storing them on their Web site. Every SERFF filing is made into a PDF and is ported, nightly, to their web site because, currently, using SERFF to see filings the public has to occur in the state office and this is not efficient. In Pennsylvania, filings are already available on the Web, just not via SERFF. The department receives more than 2,000 hits each month on this Web portal and has approximately 20,000 filings currently available via the Web. Mr. Rohrbaugh said he thinks access to the filings stimulates competition and keeps the market healthy. He would like to see a national system in place to handle this uniformly and believes SERFF should be the vehicle for this.

Kevin Gaffney (VT) said this measure would allow for secure remote access to SERFF filings. SERFF is the common filing platform for most states, with 22 states—including Vermont—requiring the use of SERFF as the sole filing method. As states move toward 100% SERFF filings, the need for the public to review paper or microfiche filings in person at the department of insurance will be a thing of the past. Currently, public records law in Vermont and many other states allows for access to public records, in person, at designated times during normal business hours. While this process has worked well, current technological advancements would allow for remote access to state records at any time via SERFF. Vermont supports this measure, as it allows for equal access to filings for consumers, consumer advocates, researchers and industry alike. Vermont considers this a positive change, enhancing both public access and transparency.

Gayle Woods (OR) said the Oregon Insurance Division supports the proposal to access SERFF filings via the Internet. Over the past few years there has been a lot of interest in Oregon's rate review process for health insurance, and providing consumers with more information about this process is a key element of Oregon's health reform. In 2007, the passage of Oregon's House Bill 3103 established requirements for public disclosure of rate filings submitted for individual, small employer, and portability health insurance coverage. The division posts these filings to its Web site upon receipt and updates this information when a decision on the filing has been made. The division also posts a rate filing decision summary for each

of these filings that explains why the division arrived at the final disposition. Beginning in 2010, Oregon consumers will have an opportunity to send comments on these rate filings to the division. Providing easier access to this information via the Web is good for consumers and supports Oregon's efforts for improved transparency.

Tammy Lohmann (MN) referenced the letter submitted by Commissioner Glenn Wilson (Attachment Two) and added that the uniformity of the same system being used by all states would be beneficial to all.

Beth Berendt (WA) said Washington is in support of opening access to filings. They store filings in their own back office system and have been offering filings online for four years without a problem. Washington is currently evaluating SERFF as an option to its back office system, and this would be beneficial, especially if the decision is made in Washington to use SERFF only.

Ms. Schutter spoke for the IIPRC, saying the decision to use SERFF was one of the first made by the Compact, and SERFF allows for a more efficient use of their limited resources. The process of fulfilling public records requests requires the same IIPRC resources as are devoted to the product review operations. When a request is made, especially for multiple filings, it takes quite a bit of time for the IIPRC team member to locate the filings and put them in the appropriate electronic format for transmission. With the electronic access proposed by South Dakota, the IIPRC would be able to provide public access to approved filings and would save the time and resources required today to fulfill a request.

Michael Lovendusky (ACLI) discussed the need to clearly articulate the scope of the change being considered, as it raises many issues. Some concern surrounds how trade secrets would be handled and the enforcement of trade secret laws. He also feels it brings into question the investment the industry has made in SERFF and the purpose of SERFF itself. The industry has enjoyed a balance between the access to filings and the need to protect the investment of insurance companies in trade secrets. Mr. Lovendusky said technology can be destructive to that balance, and efforts should be made to sustain the balance that has been achieved. He noted that the IIPRC is different than SERFF in that part of its attraction is the uniform approval for providing public access; the NAIC, however, is an aggregation of states operating independently. Regulatory resources are being diminished by technology. He said the NAIC is subsidizing these services, and this leads the NAIC into a misappropriation of funds or a misuse of the data to which it has access. If this request proceeds, the ACLI will pay particular attention and review it carefully before deciding whether to support it.

Birny Birnbaum (Center for Economic Justice—CEJ) said he had experienced various approaches used by states in satisfying requests for information. Sometimes he has had to go to the state and make copies or put filings on a disc; other states are willing to e-mail requested information, and some states make filings available via the Internet. Consumer groups think the proposal is a good idea and a positive approach. It is logical and efficient, and it eases access efforts for the public. He understands that SERFF can provide protection to the filings, and he feels that competition is enhanced when competitors have access to non-trade-secret information. Commercial access is available, but many small companies cannot afford those services, and this prevents a competitive field. He said he is somewhat surprised that a handful of industry people have veto power over this proposal when many states, much of the industry, and the consumers want it.

Cate Paolino (American Insurance Association—AIA) requested a demonstration of SERFF's features to control access to filing data. She asked what would happen with filings created prior to a time when SERFF had these features and how the project would be funded. Ms. Paolino cautioned that the power to mark a portion of a filing as trade secret should reside with a human being and not the system.

Tim Perr (Perr & Knight) said his company has provided information since 1998. They access SERFF filings via the states and make them available on their own Web site. His company would like to help the states with a solution. He said he does not believe the people who would pay to fund this are the same people who would access the data, and that SERFF is unfairly competing with companies like his. Mr. Perr maintained that SERFF was based on Lotus Notes, and it was used long after Lotus Notes became outdated. He feels that without appropriate competition, SERFF as a technical system will again fall behind. He assured the group that he could have states up and running on his system within two weeks.

Lenore Marema (Surety & Fidelity Association of America) had questions about how the process would work. She is concerned that if documents could be modified if they were provided electronically. She does not want to have to pay for this project with SERFF filing fees and does not understand why the SERFF Board would want to add a feature that would allow access to competitive information.

Mary VanSise (Insurance Services Office) said the question is not about public access but rather about the role of the SERFF Board and the NAIC in this process. She said before the industry put money and intellectual capital into SERFF, it was agreed that SERFF would not be used for this purpose. SERFF was to have no direct role in regulation. Ms. VanSise said

several places in the SERFF bylaws refer to SERFF's duty to keep information confidential. It comes down to a question of whether this is what SERFF should do. The interests were balanced and have remained balanced. She said it isn't necessary to use SERFF to provide this solution.

Ray Becker (PCI) said he wanted to know what would be next. He feels he is always hearing about SERFF being used for a purpose other than what was intended. The last rumor was that it would be used for Climate Change. He stated that it is an over-simplification to think this issue is only about access. There are public policy questions, and questions about cost and the bylaws. Those issues relating to where SERFF is headed should be addressed before this project moves forward.

Aaron Sisk (MS) said Mississippi has concerns about access to filing information. They would prefer to have this be an option for the states, rather than mandatory. In Mississippi, a written request is required for access to information, and that request is reviewed through multiple levels to ensure no proprietary information is exposed. He said he feels there is a legal liability that should be considered.

Director Hudson said the next step is for the Board to discuss the oral and written comments they had received.

### 3. Reports

Ms. Morrison reported that SERFF v5.7 was released to production Aug. 12. The release included a Reminders Tool, State Rate Data, additional Correspondence fields in the Export Tool, additions to the confidentiality mechanism, and a PDF search feature that is currently being piloted in two states. SERFF v5.8 is in development and will include two enhancements for the IIPRC—the fielding of the data within the Statement of Intent and a mix-and-match indicator for Compact filings. This release will also include the ability for filers to update a number of fields after the filing has been submitted. The Product Steering Committee is working on the forms-driven filing enhancements, as well as gathering preliminary information on the concurrent rate and forms review project.

Julie Fritz (NAIC) reported that 46 out of 52 jurisdictions are using the new Medicare Supplement codes implemented in the Product Coding Matrix (PCM) in June. Four additional states are waiting on legislation and should be ready Sept. 24; one state has a hearing scheduled for Oct. 1; and the last state still has some questions. Nearly all states have completed all major lines and filing types in SERFF using the PCM. Ms. Fritz said an integration with Florida was considered several years ago when there were funds budgeted for it in Florida and at the NAIC. But other projects took precedence in both organizations, and now neither party has the funds to consider a full integration. However, discussions continue regarding the potential to submit filings via SERFF to Florida.

Ms. Morrison reported that 57 companies have been licensed since the Summer National Meeting; there are currently more than 2,900 unique, licensed companies. SERFF usage has been down approximately 6% through July. Nearly 2,700 companies have implemented Electronics Funds Transfer; this equates to 93% of the total number of licensed companies. The SERFF team attended an education day at the Louisiana Department of Insurance and will attend the Association of Insurance Compliance Professionals national conference in October.

### 4. 2010 Board Elections

Ms. Lohmann, Ms. Stepp, Ms. Eckler-Kerns, and Ms. Leighton were appointed to a nominating committee to review nominations for Board terms. The following Board members have terms expiring Dec. 31, 2009: Ms. Kennedy, Mr. Alvarado, Mr. Edmiston, Mr. Lacy, and Susan E. Voss.

### 5. 2010 Proposed Budget

Mr. Hamby moved to approve the 2010 SERFF budget. Mr. Lacy seconded the motion. Mr. Edmiston raised the issue of an audit of SERFF to determine if the illustrations the Board has been provided by the NAIC are accurate for the allocation of resources, expenses, funding and staffing. Director Hudson said the Executive (EX) Committee had discussed this request and did not support it on the basis that SERFF is not its own entity; it is audited as part of the annual audit performed on the NAIC. In addition, Ms. Kennedy said she would like the Board to consider additional filing block types as an option to reduce filing fees for the carriers.

Ms. Kullman said that a discussion of these issues did not need to hold up budget approval. Director Hudson agreed that these items could be discussed in the future. Bill Lacy called the question, and the motion to approve the 2010 SERFF budget passed.

6. Antitrust Update

Director Hudson addressed a concern that a state mandate of SERFF would be an antitrust violation. Director Hudson said it is the NAIC legal department's opinion that the states are immune from the application of federal antitrust laws when they act in their capacity as states. Director Hudson said this issue had been discussed with the Executive (EX) Committee, and they are comfortable that there is no antitrust violation involved in states mandating the use of SERFF and, thus, will not seek outside counsel on this issue.

7. Approval of Minutes

A motion was made by Ms. Kennedy to approve the minutes of Aug. 12 and July 15 conference call minutes (Attachments Seven and Eight). Ms. Stepp seconded the motion, and the minutes were approved.

Having no further business, the SERFF Board adjourned.

w:\sep09\SERFF\BoardAgendas-Minutes\SERFF(O)09-22-09Min.doc

SERFF Strategic Plan						
Enh No	Project	Source	Project Hrs	Initial Projection	Updated Projection	Recommendation
<b>Work scheduled for completion by year end 2008 (SERFF 5.6)</b>						
<b>Work to be prioritized for 2009 &amp; 2010</b>						
410-01	NAIC Technology Requirement - DB Char Set Conversion	NAIC	750	2009 Q2	SERFF 5.6.2	<p><b>9/09</b>This will need to be carried into 2010 although it appears unlikely there will be a solution within the next 12 months.</p>
270-01 & 270-02	NAIC Initiative (LDAP)	NAIC	1500	2008 Q4	SERFF 5.6.1	<p><b>9/09</b>This project needs to be carried into 2010 as the NAIC hopes to have LDAP issues resolved and to continue implementation next year.</p> <p>The feedback on this enhancement was somewhat surprising given the support it had from SERFF users when the roadmap was developed. It may be that the system has evolved enough – or that the users have a better understanding of it – that this is no longer a critical feature for most users.</p> <p>It is suggested that a very simple reminders tool, with a minimal set of features, be implemented for the 5.7 release. The functionality should include a means of tracking the tool's usage for evaluation before spending additional resources.</p>
310-01	Reminders	PSC	750	2009 Q1	SERFF v5.7	<p><b>9/09 RELEASED IN SERFF v5.7</b></p>

Enh No	Project	Source	Project Hrs	Initial Projection	Updated Projection	Status	Recommendation
280-01 & 280-02	Post-Submission Updates	PSC	500	2009 Q2	Planned for 5.8	<p><b>Sept 2009</b> Planned for v5.8-to be released in Dec 2009.</p> <p>August 2009 - This feature will be released in v5.8 currently scheduled for Nov 4,2009.</p>	<p>This enhancement received the most consistent feedback and appears to be a high priority for many of the respondents. This is consistent with the experience of the SERFF support staff, who regularly field questions and comments about the inability to update filings post submission. It is recommended that the staff work on resolving the technical considerations while the PSC moves forward with requirements for additional updateable fields. A goal to implement two fields or fields set updates per release is recommended.</p> <p><b>3/09</b> A detailed estimate will be developed based on additional work with the PSC. However, this enhancement will be more than the 500 hours in the initial projection.</p>
240-02	Pipeline	PSC	500 480	2009 Q4	SERFF v5.7	<p><b>9/09 RELEASED IN SERFF v5.7</b></p> <p>August 2009 - These changes will be released in v5.7 scheduled for Aug 12.</p>	<p>Given the consistency of the feedback received and the widespread use of Pipeline, it is recommended that this enhancement be started with the 5.7 release. The PSC should work on compiling a list of the changes required. These changes can be worked in over several releases. We also recommend allocating hours toward further optimization of Pipeline to minimize its impact to system performance.</p>
300-02	Field-based General Instructions Pt 2	PSC	500 160	NA	SERFF v5.7	<p><b>9/09 RELEASED IN SERFF v5.7</b></p> <p>August 2009 - This feature will be available in the v5.7 release scheduled for Aug 12.</p>	<p>Original recommendation revised based on BOD and PSC feedback. Plan is now to put some search fields for this enhancement in place with the 5.7 release. By the time 5.7 is in production, states would have had time to implement and further assessment can be undertaken as to adding more fields and enhancing search.</p> <p><b>3/09</b> Assumes 14 fields are searchable.</p>

Enh No	Project	Source	Project Hrs	Initial Projection	Updated Projection	Status	Recommendation
200-02	Reports 2	PSC	750 320	NA		June 2009 - Proposal to the PSC is to hold off on an additional state report and use the time towards Post Submission Updates.	<p>A custom reporting framework is not available at this time and does not appear to be an option for the near future. However, lack of reporting continues to be one of the most common complaints from SERFF states, particularly those trying to move away from their back office systems.</p> <p>We propose a strategy of continual improvements to canned reporting, search, and the export tool. The improvements should be based on state feedback and consensus. A goal to add at least one significant reporting improvement per release is suggested.</p> <p><b>3/09</b> Assumes one state report is added and that the Export Tool is modified to allow the export of Correspondence.</p>
PSC-57	Additional PSC Enhancements	PSC	540	NA	Planned for 5.7	<p><b>9/09 RELEASED IN SERFF v5.7</b> August 2009 - State Rate Data and PACM updates will be in v5.7.</p>	<p>The environment in which SERFF operates is constantly changing, as are the needs of its users. It is recommended that a substantial portion of hours for each SERFF release be reserved for small to medium enhancements suggested by users and approved by the PSC. Small to medium enhancements are those estimated at less than 200 development hours. Items larger than 200 hours will be reviewed by the PSC and, if approved, escalated to the Board for a final decision.</p> <p><b>3/09</b> These would include: State Rate Data, PACM Confidentiality Updates, and Shortcut to Upload for Supp Doc Satisfy, 8/09 PSC opted to table the upload shortcut</p>



Enh No	Project	Source	Project Hrs	Initial Projection	Updated Projection	Status	Recommendation
210-01 & 210-02							This enhancement corresponds with an NAIC enterprise project to implement a tool called Oracle Text Search. The NAIC plans to contract with an Oracle consultant, tentatively for second quarter 2009. The consultant will help with implementation of the product in various areas. It is recommended that a simple, non-functional prototype be developed prior to the consultant's arrival and demonstrated for PSC feedback. This information can be used to build a set of requirements to be discussed with the consultant. Performance impact will also be discussed with the consultant. The information gathered can be used to make a recommendation on further development. However, this is not expected to be a large development effort, probably less than 140 hours to complete.
	Searching PDFs	PSC	1500 240	2008 Q2	Planned for 5.7	<b>9/09 RELEASED IN SERFF v5.7</b> August 2009-This will be released in production with v5.7 to a limited group of states for initial trial.	<b>3/09</b> Oracle consultant will be in NAIC late April or early May to work with DBAs and developers. Estimate to complete may change based on consultant's recommendation.
220-01	PRL/RSC Part I - Analysis	PSC	1000	2008 Q2		June 2009 - Further action pending Speed to Market TF recommendation.	We recommend that no further action be taken on this item until the PRL subgroup completes their discussions. The staff has been and will continue to attend the subgroup's calls
220-02	PRL/RSC Part II - Development	PSC	2000	2008 Q4		June 2009 - Further action pending Speed to Market TF recommendation.	We recommend that no further action be taken on this item until the PRL subgroup completes their discussions. The staff has been and will continue to attend the subgroup's calls

Enh No	Project	Source	Project Hrs	Initial Projection	Updated Projection	Status	Recommendation
No ID	State Sole System- Paper Letter Template	Board	750	2008 Q4		June 2009 - No update on this item. See recommendation.	It is recommended that the hours for this project be redirected toward reporting improvements and PSC design suggestions. Alternately, some of the hours could be allocated for improvements to Paper Tracking, an existing feature that is critical for states that have not mandated SERFF but do use it as their sole system for filing review and tracking.
400-01	IIPRC Enhancements 2009	IIPRC	500 375	2009 Q1		<b>Sept 09</b> will be released on v5.8 (Dec 9) August 2009 - Incorporation of Statement of Intent will be in v5.8 as well as adding the mix-n-match indicator.	At this time, no major development changes are being requested by the IIPRC. Three low to medium effort enhancements are being evaluated. It is our recommendation that small to medium enhancements requested by the IIPRC be announced and discussed as necessary in PSC meetings, then slated for the next possible release. Larger effort enhancements should be discussed with the Board of Directors and the PSC both, as they will impact other development plans. <b>3/09</b> There are currently two enhancements that have been estimated for the IIPRC: Incorporating the Statement of Intent fields as fielded data, and added a Mix n Match indicator.

Enh No	Project	Source	Project Hrs	Initial Projection	Updated Projection	Status	Recommendation
No ID	Form-driven Filings	PSC	4000	2009 Q2		June 2009 - No update on this item. Relies on PRL decision.	6-09 One of the greatest challenges to this enhancement is its close tie to the PRL changes that are being reviewed under OEWG. We recommend that no development be started on Form Driven Filings until the PRL issues are resolved. However, additional work to detail this enhancement should be undertaken to help with additional prioritization once the PRL discussions are complete. We recommend that the SERFF team work with the PSC to create a project scope and a set of high level business requirements for this feature.
<b>420-01</b>	Incorporate Filing Mode/Method into Submission Requirements	Board	500			<b>Sep 09</b> -Preparing a survey to go to states regarding filing mode/method and their impact on Submission Requirements. August 2009-PSC is reviewing this item.	<b>8-09</b> The PSC has suggested a survey to states to determine whether incorporating the filing mode/method into the Submission Requirements will impact many Sub Req's. If the states say it has little impact, this may not be a good use of development hours. This work was indicated as a potential risk for PRL. If the Board proceeds with this enhancement prior to a decision being made on the PRL redesign, it could cause rework and/or hamper the PRL redesign.
<b>420-02</b>	Allow selection of multiple TOIs and Sub-TOIs on a SERFF filing.	Board	500-750			August 2009-PSC is reviewing this item.	<b>8-09</b> This was an item that was designated as one the team could move forward on without substantial impact from PRL changes. However, it has a significant impact on not only SERFF's filing wizard but the underlying structure of filings that have been created over the past 10 years.

Enh No	Project	Source	Project Hrs	Initial Projection	Updated Projection	Status	Recommendation
420-03	Tools to Make Filing Rules Maintenance Easier	Board				August 2009-PSC is reviewing this item.	8-09 Note: the enhancement to display the TOIs and SubTOIs that apply for each Requirement on the Requirements page will be included in this enhancement. Until the PSC defines what else would be included here, we will not be able to provide a ballpark estimate.
No ID	Concurrent Rate/Form Review	PSC	3000	2009 Q4		<p><b>Sept 09</b> Business Analyst assigned to begin work with PSC. June 2009 - Requirements work not started.</p>	<p>8/09 It is recommended that an initial call be held with the six states that provided feedback on this enhancement to try and develop a scope of work and high level business requirements. This information could be used to develop a more precise estimate so the enhancement can be evaluated further.</p> <p>6/09 This work was indicated as a potential risk for PRL. If the Board proceeds with this enhancement prior to a decision being made on the PRL redesign, it could cause rework and/or hamper the PRL redesign.</p>
No ID	Messages for Filing Rule Changes	PSC	500	2009 Q4		June 2009 - Requirements work not started.	<p>It is recommended this feature be re-evaluated after requirements work for the 5.7 release is complete. At that time, the PSC could discuss the feature and provide a recommendation. Alternately, this work could be completed in 5.7 instead of the proposed work for Reminders. However, this feature will require more analysis and development than a scaled back Reminders.</p>

Enh No	Project	Source	Project Hrs	Initial Projection	Updated Projection	Status	Recommendation
No ID	State Sole System Feature M (TBD)	Board	750	2009 Q4		June 2009 - No update on this item. See recommendation.	It is recommended that the hours for this project be redirected toward reporting improvements and PSC design suggestions. Alternately, some of the hours could be allocated for improvements to Paper Tracking, an existing feature that is critical for states that have not mandated SERFF but do use it as their sole system for filing review and tracking.  Recommendation is amended per PSC meeting. New proposal is to survey states. The goal of the survey is to validate whether states feel SERFF is moving in the right direction and will be able to meet this strategic goal as a natural consequence of the overall development plan.
No ID	Sole System State Analysis Pt 2	Board	250	NA		June 2009 - No update at this time.	
No ID	Company data moves from one Data Host to another	Board	250	2009 Q3	This process will be outside of the SERFF system so it will not be associated with a release item.	August 2009 Development has been completed on this item.	
No ID	Proof of concepts - remove data per state data retention policy and more complex company data moves	Board	120	2009 Q3	This process will be outside of the SERFF system so it will not be associated with a release item.	August 2009 - Work has not yet begun.	
<p><b>Enh No</b>-this number corresponds to the 07-08 plan and is added here to assist you in matching those up. color coding in this column is based on the 07-08 plan's estimates of effort and is just added here to help you time these features back to the 07-08 plan. This number has also been added to each feature as it appears in the Roadmap Summary document.</p>							

Enh No	Project	Source	Project Hrs	Initial Projection	Updated Projection	Status	Recommendation
	<p>Yellow= &lt;500 hours; Blue= 500-750 hours; Purple= 750-1,500 hours; Green= &gt;1,500 hours</p> <p><b>Project-</b>This is the current name for the enhancement but it should generally match to the 07-08 plan.</p> <p><b>Source-</b> This column was added so that the Board could see what group is behind each enhancements.</p> <p><b>Project Hours-</b>this is a high-level estimate only and may not reflect the actual hours spent on any one enhancement.</p> <p><b>Initial Projection:</b> refers to the tentative release set when the roadmap was developed in 2007.</p> <p><b>Updated Projection:</b> indicates the release for which the project is currently stated.</p> <p><b>Status:</b> Shows current status of the feature.</p> <p><b>Recommendation:</b> this is the summary recommendation from the Roadmap Summary document.</p>						



## Optional Use of SERFF to Satisfy Requests for Information (Compilation of Requests and Comments)

**July 2009:** South Dakota sent a request to the SERFF Board asking that access to SERFF via the internet be made available to allow the state to more easily satisfy public requests for rate and form information.

**July 15, 2009:** The SERFF Board receives the South Dakota request during their monthly meeting and decides to hold a series of web demonstrations so that Board members and interested parties could learn the current functionality in SERFF to control access to the components of a SERFF rate and form filing. Five demonstrations for approximately 400 attendees were conducted between late July and late August.

**August 12, 2009:** The SERFF Board asks that the meeting agenda for the Fall National Meeting include an agenda item to allow for comments on this issue. Interested parties are invited to submit their comments and speak on the topic.

**August 27, 2009:** A notice is distributed to SERFF users and interested parties with the details of the meeting and an invitation to provide comments. Those who wish to speak at the meeting were asked to provide written comments by September 17 and speakers are ordered by the date of their submission.

The attached represents the letter of request by South Dakota and the compilation of comments grouped by Regulator, Industry or Consumer.

## Regulator Comments

### Michigan

**Name: Randy Parlor**

**Title: Director, Product Review Section (P&C)**

**Comments (via email):**

Michigan OFIR would like the SERFF Team to make SERFF filings accessible for public access (view only), with the appropriate ID and password, from any computer by opening up access to internet addresses outside of the department of insurance. All of our filings are open to public inspection. As long as viewers cannot manipulate the file in any way and can only view, download, and/or print it then such access will greatly enhance our ability to serve our customers.

Thank you for your kind consideration of this input and request.

Sincerely,  
Randy Parlor

### \*Illinois

**Name: William R. McAndrew**

**Title: Deputy Director**

**Comments (via email):**

Illinois is strongly in favor of this proposal and our comments are submitted below. I will be attending the meeting and will speak in favor of the proposal if needed.

Since all insurance filings in Illinois are public record to one degree or another, we would welcome full public access to filings maintained by SERFF from any computer. In today's technology driven world, allowing the public to access insurance filings from their home, work, or any off-site location would greatly facilitate our ability to serve the public. Insurance company arguments that such access would be unfair or divulge trade secrets ignore the fact that such records are already available and fly in the face of open competition. Put differently, public access to SERFF filing makes no change to laws governing which documents are or are not public. It simply facilitates access to already-public documents. In addition, in 2005 the LAH form compliance unit converted entirely to electronic filing, our sole record keeper is the SERFF system. As such all non-SERFF LAH filings are submitted via CD and are downloaded into the SERFF system. In order for the State to allow open access to these documents from our website we would need to create a separate electronic storage system. Since all of these documents are already contained in final form on SERFF such duplication of efforts would be cumbersome and inefficient, and could potentially create errors.

Currently, the public can access the Department's website from any location (home, office, internet café, etc.) and see a list of filings that have been made and request copies from our back office system. Because SERFF provides no such function, access is available only through a far more cumbersome FOIA request process. Putting such barriers to public access does not comport with the broad-based desire for open government. With the current need to ensure that public government documents are available and easily accessible, it is imperative that SERFF provide public access to Department documents.

Ultimately we feel that SERFF is a tool that allows the Director to comply with statutory policy approval requirements and acts as our record storage system. As such, it should be under each state's control to establish access to such records.

### Nebraska

**Name: LeAnn Hammar**



**Title: Life/Health Analyst**

**Comments (via email):**

The Nebraska Life and Health Division would like to be able to see filings submitted to other states.

There are times when we are unsure how to process a filing and want to know what other states have done. In these cases, now we ask the companies submitting the filing for information they have received from other states. However, if we could look up the filing in the other states and see the status, objections, comments, etc. that would be a help.

Also companies should be able to see SERFF filings from all states and all companies.

**\*Vermont**

**Name: Kevin J. Gaffney**

**Title: Senior Market & Insurance Analyst**

**Comments (via email):**

Vermont appreciates the SERFF board allowing us the opportunity to comment on this important issue. Vermont would like to speak in support of the measure to enhance public access to SERFF filings. This measure would allow for secure remote access to SERFF filings. SERFF is the common filing platform for most states, with 22 states, including Vermont, requiring the use of SERFF as the sole filing method. As states move toward 100% SERFF filings, the need for the public to review paper or microfiche filings in person at the Department of Insurance will be a thing of the past.

Currently, Public Records Law in Vermont and many other states allows for access to public records, in person, at designated times during normal business hours. While this process has worked well, current technological advancements allow for remote access to SERFF records at any time. Vermont supports this measure, as it allows for equal access to filings for consumers, consumer advocates, researchers and industry alike. Vermont considers this a positive change, enhancing both public access and transparency.

**\*Puerto Rico**

**Name: Miriam Ortiz-Rodriguez, CPCU**

**Title: Supervisor, Property and Casualty Insurance**

**Comments (via email):**

Thanks for granting us the opportunity to provide our comments regarding public access to SERFF filings via Internet. The Office of the Commissioner of Insurance of Puerto Rico understands that the initiative will be beneficial for all those parties interested in viewing filings made publicly available. Notwithstanding, before granting our support, we have a few comments and concerns which we will appreciate be taken into consideration.

As you know, each state has different public inspection regulations. Therefore, the access to filings should, as possible, be according to each state's regulations. First of all and although as we understand, states will maintain the power of marking the filing publicly available, we recommend that this should be kept unalterable. This is important to us since, in Puerto Rico, not all filings can be viewed by the public, and those that can be, are subject to public access one year after the date of its approval.

In addition, not all documents submitted in a filing are subject to public access. In our jurisdiction the supporting documents of forms, rules and rates presentations are not subject to public inspection. Among these, but not limited to, are the following: explanatory memorandum, actuarial memorandum, reserve calculations and statement of variables. Likewise, we consider that reviewer notes and all communications with the insurer are private documents, and that they should not be subject to disclosure. Therefore, the system should provide the form to mark those documents within a filing for which access will be allowed.

Finally, we will like to know if the public access to the filings will be provided by the states or by NAIC. Will the control of providing IDs and passwords be the same for the general public and for insurers? We

consider that some kind of guaranty must be offered in terms that it will not be possible for anyone to reproduce the filing.

We trust the above comments will be useful and we will appreciate they be taken into consideration. To present our comments, we request a tentative turn to speak at the SERFF Board meeting. We will confirm you if the person what will assist representing Puerto Rico will be available for this meeting. However, should you have any questions, do not hesitate to contact us at your earliest convenience.

SERFF Board of Directors Hearing  
On  
PUBLIC ACCESS

NAIC Fall National Meeting  
Washington D.C., September 22, 2009

Submitted by: Pennsylvania Insurance Department

Good afternoon Directors and thank you for giving me the opportunity to speak to you on this important subject. I am Randy Rohrbaugh, Deputy Insurance Commissioner of the Pennsylvania Insurance Department. Our state is a charter member of the SERFF application tool as well as a member of the Interstate Insurance Product Regulation Commission.

Pennsylvania has a long standing history of supporting regulatory modernization and transparency. We strongly support NAIC's committee goals and activities to develop state uniformity and regulatory efficiencies. We believe these initiatives improve our combined effectiveness and ultimately are more responsive in protecting consumers.

The business of government is complex and the business government's regulation of insurance is even more complex and rarely understood by consumers. Pennsylvania and particularly our current governor do not believe impeding public access to public information makes sense. Consumers have a high level of dissatisfaction with trusting government to protect them from corporate abuse and we have the current state of our financial services industry to look to for examples of government's failure to protect consumers. We in government should be doing all we can do to rebuild faith and consumer trust that we can protect them from abuse. Open government and transparency is one of the strategies that will assist us in that goal. Pennsylvania recently passed a new law to enhance public access to information in our new "Right to Know Law" .....

SERFF has evolved and improved tremendously over the past decade. As Pennsylvania became more proficient with processing SERFF filings, it became very apparent that we could not only review filing in a paperless mode but we could also build a paperless file room. This lead to a desire to give the public "web based internet" access to SERFF filings. Unfortunately, this feature was not made available to states. Therefore, Pennsylvania decided to build its own public access tool. Several failed attempts delayed our work. Each attempt started with a simple design but ultimately grew into a grand document storage data base project and budget constraints scuttled further work. We finally got smart and simplified our scope. Six weeks later and \$7500 in cost, we built a web-based PDF Oracle application allowing public access to not only view our approved SERFF filings, but we also scanned and included all paper filings processed by our staff.

We implemented our web based Public Room in April of 2008 and we now have over 20,000 filing on our web available for anyone to view over the internet!

For the past decade, consumers could review pending filings in Pennsylvania. We announce significant rate filings to the public and make the filing documentation available for public inspection. We make this information available on our web site, so consumers can access the filing documents from their internet servers. We want consumers to have the opportunity to comment on pending filings and provide the Department with their comments before we conclude our review. This has resulted in many amended and withdrawn filings. With our new paperless file room, consumers now can access every approved rate and form filing made in Pennsylvania. In addition, competition between companies is stimulated by their ability to access filings from their offices via the internet.

Developing this type of access feature in SERFF would greatly enhance public access. Having a uniform feature developed in SERFF is obviously the right direction to take. This was clearly a feature foreseen during the development of SERFF and the Board should proceed with the development of this feature. Legislatures intended for filings to be public and to argue otherwise is inconsistent with the spirit of open government.



# Oregon

Theodore R. Kulongoski, Governor

## Department of Consumer and Business Services

Insurance Division  
350 Winter St. NE, Room 440  
PO Box 14480  
Salem, OR 97301-0405  
(503) 947-7980  
FAX (503) 378-4351  
TTY (503) 947-7280  
[www.oregoninsurance.org](http://www.oregoninsurance.org)

September 15, 2009

**Via E-Mail Only**

[jmorrison@naic.org](mailto:jmorrison@naic.org)

The Honorable Mary Jo Hudson  
Director, Ohio Department of Insurance  
Chairman, SERFF Board of Directors  
c/o Joy Morrison  
SERFF Staff Support

Dear Commissioner Hudson:

The Oregon Insurance Division supports the proposal to access SERFF filings via the Internet. Over the past few years there has been a lot of interest in Oregon's rate review process for health insurance and providing consumers with more information about this process is a key element of Oregon's health reform.

In 2007, the passage of Oregon's House Bill 3103 established requirements for public disclosure of rate filings submitted for individual, small employer, and portability health insurance coverage. The division posts these filings to its public Web site upon receipt and updates this information when a decision has been made on the filing. The division also posts a rate filing decision summary for each of these filings that explains why the division arrived at the final disposition. And beginning in 2010, Oregon consumers will have an opportunity to send the division comments on these rate filings.

Providing easier access to this information via the Web is good for consumers and supports Oregon's efforts for improved transparency.

We appreciate the opportunity to offer these comments to the Board.

Gayle L. Woods  
Operations Manager  
Oregon Insurance Division  
(503) 947-7217  
[gayle.woods@state.or.us](mailto:gayle.woods@state.or.us)



85 7th Place East, Suite 600  
St. Paul, Minnesota 55101-3165  
651.296.4026 FAX 651.297.1959 TTY 651.297.3067

September 16, 2009

SERFF Board of Directors

I would like to take the opportunity of your soliciting public comments on allowing internet public access to SERFF to reiterate Minnesota's strong support for this function.

Minnesota has long been a proponent of this functionality in SERFF as the most efficient way to provide information to the public. Since SERFF was initially developed, the way business is conducted has changed dramatically. The trend in both the public and private sector is to strive to perform as much of our business as possible electronically. This adds not only speed, but efficiency and consistency to the performance of our work. The current public access option, which requires consumers to come to the department to view public filings, is not a viable option for many citizens of our state. Internet based public access to SERFF would allow consumers quick, convenient access to information when making decisions about their insurance needs.

While some states have created their own programs for providing public access to SERFF on the internet, a uniform solution would make more sense. Not only would it save state resources at a time when budgets are very tight, but it ensures that information is provided in the same way regardless of the state in which you are seeking information. Maintaining the integrity of the filings data will also be simplified by having a single repository.

The SERFF team has made great strides in developing enhancements that protect confidential/trade secret information contained in filings from inadvertently being made public. The current version of SERFF protects the business interests of insurance companies far more effectively than would multiple systems created by the states or producing paper copies of filings.

I encourage the SERFF Board to move forward with developing an internet based public access function in SERFF that will provide consumers with easy access to public information and protect the legitimate business interests of insurance companies.

Sincerely,

A handwritten signature in black ink, appearing to read 'Glenn Wilson', is written over a white background.

Glenn Wilson  
Commissioner  
Minnesota Department of Commerce

Enforcement: 1.800.657.3602      Licensing: 1.800.657.3978  
Energy Information: 1.800.657.3710      Unclaimed Property: 1.800.925.5668  
[www.commerce.state.mn.us](http://www.commerce.state.mn.us)      An Equal Opportunity Employer

STATE OF CALIFORNIA

Steve Poizner, *Insurance Commissioner*

**DEPARTMENT OF INSURANCE**

EXECUTIVE OFFICE  
300 CAPITOL MALL, SUITE 1700  
SACRAMENTO, CA 95814  
(916) 492-3500  
(916) 445-5280 (FAX)  
www.insurance.ca.gov



September 16, 2009

The Honorable Mary Jo Hudson  
Chair, S.E.R.F.F Board  
National Association of Insurance Commissioners  
2301 McGee Street, Suite 800  
Kansas City, MO 64108-2662


SUBJECT: Internet Access to SERFF Filings  
SERFF Board Meeting, September 22, 2009

Dear Chair Hudson:

The California Department of Insurance supports, and urges the Board to enact, the request initiated by the State of South Dakota to allow access to SERFF filings via the Internet for filings made publicly available by the state. Permitting Internet access will increase efficiency both for the public and the Department, and will also increase operational transparency.

Thank you.

Sincerely,

  
JESSE R. HUFF  
Chief Deputy Commissioner

INTERSTATE INSURANCE  
PRODUCT REGULATION COMMISSION



*States, Strength & Speed Aligned*

Regulator: \*IIPRC  
Name: Karen Schutter  
Title: Executive Director

Date: September 17, 2009  
To: SERFF Board of Directors  
From: Karen Schutter, Executive Director

Cc: Commissioner Jane Cline, Chair, IIPRC  
Director, Mary Jo Hudson, Vice Chair, IIPRC  
Commissioner Sean Dilweg, Treasurer, IIPRC

Subject: Comments regarding Request to Access Filings in SERFF via the Internet

---

The IIPRC is a multi-state public entity, which serves as an instrumentality of the Member States (currently 36 states with more expected to join). The IIPRC serves as a central point of electronic filing for certain insurance products, including life insurance, annuities, disability income and long-term care insurance and develops uniform product standards, affording a high level of protection to purchasers of asset protection insurance products. The IIPRC receives its product filings via SERFF. All IIPRC filings and filing records are maintained in SERFF.

Pursuant to the IIPRC's Establishment of Conditions and Procedures for Public Inspection and Copying of Information and Official Records of the Interstate Insurance Product Regulation Commission ("Public Access Rule"), the IIPRC is required to make product filings available for public inspection upon approval (other than information that qualifies as a trade secret). IIPRC approved-products are available in up to 36 jurisdictions; however, the IIPRC office is located in Washington, DC.

The process of fulfilling public records request requires the same IIPRC resources as are devoted to the product review operations. When a request is made, especially for multiple filings, it takes quite a bit of time for the IIPRC team member to locate the filings and put them in the appropriate electronic format for transmission. With the electronic access proposed by South Dakota, the IIPRC would be able to provide public access to approved filings and would save the time and resources required today to fulfill a request.

The SERFF system today, is a web system. The entire application operates on an internet platform. It has demonstrated the capability of providing public access to consumers and interested parties on a computer in their own home or office, while affording necessary protections to prevent inappropriate access or access to protected information of both filers and regulators such as trade secret information.

Accordingly, the IIPRC supports the request initiated from the state of South Dakota that would allow access to SERFF filings via the internet for filings made publicly available by states.



## Industry Comments

### **The Hingham Group**

**Name: Anne F. Tierney, CIC, CISR**

**Title: Product Development Assistant**

**Comments (via email):**

I respectfully request that you bring before the Board at the next meeting the matter of allowing Public Access Records stored on SERFF be accessed at Industry level, rather than having to make an appointment and travel to the State offices to view records that could just as easily be viewed at the comfort of our own offices.

I'm sure this is a concern of many other Industry Users, maybe a poll could be taken amongst the Industry Users before the next Board meeting, so that you will have numbers for the Board to support this concern.

Thank you in advance for taking time to listen to my concern and any assistance you can provide making this change.

### **Ohio Insurance Mutual Group**

**Name: Sam Michener**

**Title: Auto Product Manager**

**Comments (via email):**

We are definitely in favor of allowing the general public to access filings from points outside of the department of insurance.

We are a small company that is expanding into other states. One of the issues that we have is accessing filing information for other companies.

We are dependent on someone physically going to the department of insurance to gather information for us. We are also paying for a service that allows us to access company filings, but they are typically not up to date. This would allow us the ability to access filing information from our office and to access the filings as soon as they are available.

This capability would be a tremendous benefit to us.

### **Farmers Mutual Hail Insurance Company of Iowa**

**Name: Connie Doud, CPCU, CCP**

**Title: Research Analyst**

**Comments (via email):**

I am writing in support of the South Dakota initiative to allow access to SERFF filings via the internet for filings made publicly available by the state. I have personally had to make appointments with DOI's to drive hundreds of miles to log on to their department computer to view SERFF filings. This really doesn't make any sense when we should be able to log on to the internet from any location to view the same information. In a time when we are all conscience of keeping our environment clean, why should fuel and time be wasted driving to a physical location to access data that is available already on an internet application?

### **CNA Surety**

**Name: Judy Barjenbruch**

**Title: Rate and Form Filing Analyst**

**Comments (via email):**

"For reasons of efficiency, CNA Surety supports the proposition that would allow SERFF users access to SERFF filings made publicly available by states."

**Permanent General Assurance Corporation**

**Name: Nicole Brockman**

**Title: Product Manager II**

**Comments (via email):**

I would just like to comment that this would be a welcome improvement as this would save the industry travel and lodging expenses as often times trips are necessitated only to retrieve filings. Although some Departments of Insurance allow you to view competitor rate filings information at a high level already seeing the actual filings would be hugely beneficial.

**\*American Council of Life Insurers (ACLI)**

**Name: Miriam Krol**

**Title: Vice President, Long-Term Care**

**Comments (via email):**

On behalf of ACLI, we appreciate the opportunity to comment and submit the following comments:

1. Public access is not a new issue. It was discussed at the very onset of the process of developing SERFF. Industry insisted then, and the states/NAIC agreed, that SERFF would not be used to facilitate access to filings of one company by other companies, nor to filings with one state by other states.
2. Whether the use of SERFF for public access could or would be technologically more efficient has never been the issue. The issue is fair competition between companies and other filing entities. It is not in the interest of those members of the industry who invest money and resources in developing innovative products and other intellectual property to make it easier and more efficient for companies that prefer to sit back and copy such products to access information about those innovative products/property. While such companies can, and occasionally do, go to the necessary efforts to access such information about their competitors' products today, making the process easier is not widely viewed as being in the industry's best interests.
3. Since the NAIC is not empowered to dictate to individual states how they should interpret and enforce their FOIA standards, the net result of using SERFF for public access would be to grant immediate public access to any inquiring company to filings being provided the least trade secret protection. In other words, anyone with a computer could get access to filings from the moment they are transmitted through SERFF to a state that provides little or no protection for trade secrets. So long as the NAIC can not or will not assure that even the most basic protections for trade secrets are imposed, industry is unlikely to see using SERFF for public access as being in its best interests.
4. We urge the SERFF Board of Directors members to withhold the supermajority approval that would be necessary under the SERFF Bylaws to implement the public access function.



American Insurance Association

Attachment Two  
SERFF Board  
9/22/09

1130 Connecticut Ave. NW  
Suite 1000  
Washington, DC 20036  
202-828-7100  
Fax 202-293-1219  
www.aiadc.org

April 26, 2007

VIA EMAIL

Ms. Joy Morrison  
Sr. Product Development Mgr  
NAIC-SERFF

**RE: Survey Regarding SERFF Interface to Respond to Internet FOIA Requests**

Dear Ms. Morrison:

The American Insurance Association (AIA) writes in response to NAIC-SERFF survey questions regarding the development of an Internet interface to respond to Freedom of Information Act (FOIA) requests for rate and form filing information. Thank you for this opportunity.

The survey specifically asks the benefits of a single solution. The responses from AIA members indicate that an interface might provide an easy, cost efficient way to conduct marketplace research. Also, some states may presently allow for review of paper marketing material and other filing documents, some of which should be protected as proprietary. Plugging these leaks will work to the benefit of those seeking confidentiality.

Whether SERFF should ultimately move forward with providing this interface should be considered after due diligence in considering if: (1) threshold questions are answered satisfactorily; (2) adequate protections can be put into place and appropriate assurances can be granted; and (3) practical concerns are otherwise addressed. Because of insurers' role in SERFF, industry remains extremely interested in how these issues will be resolved.

**Threshold Issues**

Legal Risk / Lack of Immunity – SERFF lacks state immunity, thereby presenting potential liability exposure in the event of errors. Even if litigation against SERFF does not result in adverse judgments, briefs and defense overall may be costly. Before a challenge is even brought, SERFF may feel it necessary to build up reserves in anticipation of potential problems. Has there been a legal opinion rendered about this exposure and potential impact to SERFF?

Cost-Benefit Analysis – For any entity, a business plan is essential to entering into a new initiative knowledgeably. Preliminary to a business plan, a cost-benefit analysis is a useful tool in assessing whether to move forward with a project. For SERFF, for industry, and for regulators, it will be useful to know the dollar-related facts. Will there be a cost to access filings via an Internet SERFF platform? Will there be costs for the development of the system

changes? Will they be paid for by insurers, by SERFF-NAIC, or by States? Will Departments pass along savings from no longer needing backroom operations to locate and copy materials, etc.? Or, will there be dual systems (paper and electronic)? Is this expected to be a revenue-generating endeavor for SERFF-NAIC? If so, will there be incentives to disclose broadly, rather than to protect proprietary data? Is there precedent for a private entity performing a public access function for States?

Privacy - Access & Data Security Safeguards – Questions of who will have access to the insurers' confidential portions of filings and what method will be used to restrict access need to be carefully considered. To the extent that states require insurers to submit personally identifiable information, assurances will need to be provided that the electronic database will build in appropriate safeguards to prevent unauthorized access.

Ability to Protect Confidentiality – It is important to think through the mechanics of the controls, with critical eye on how to structure the system to protect confidentiality given the not-for-profit status of SERFF as compared to an official state entity. Has there been a legal opinion obtained on this issue? Who will be the point-of-contact for the filing-related FOIA requests – will it be SERFF-NAIC or will it be States?

Litigation / Courts as Insurance Regulator – The development of this kind of platform may allow for an easy mechanism through which the trial bar may seek to swiftly and regularly scan and compare multiple jurisdictions for new class action litigation. To the extent rates and forms are then before the courts, the judiciary - and not the state insurance commissioner - may be the ultimate regulator of the industry.

Regulator Activity – Increasing access could result in Insurance Departments being put in a position of having to more frequently defend their actions taken in approving filings. For example, those who feel that an insurer's rates in a particular territory should be different than approved may seek to challenge the regulator's decision. This may require additional state resources.

Slippery Slope – By setting up public access to filings through SERFF, it may only be a matter of time before the public has direct access to SERFF itself – one stop shopping as an aggregator of all filings in most states. Is expansion of SERFF's use an objective?

Preventing Misuse - There is potential for misuse, abuse and fraudulent use of the information. Those who obtain the information could misuse it in various ways such as redistribution, taking information out of context, reformatting information to deceive, etc. Are there ways to mitigate such misuse?

Core Mission – SERFF's core mission of electronic filing submission is not yet completed for all states and for all lines of business. Does this initiative reflect a movement away from SERFF's core mission?

## **Achieving Objectives**

Integrity – The system must actually do what it purports to do. Responding to requests for information would need to be only half the design and purpose. The other half of the design must be to actually protect that data which is not supposed to be disclosed.

Marketplace Advantage – Some fear that allowing easy competitor access to confidential information would quickly destroy competitive advantage for those companies that innovate. For this reason, the systems would need to be careful to really protect proprietary data.

## Logistical Concerns and Questions

Types of Protected Information – States should provide assurances of the confidentiality of:

- Proprietary trade secret information;
- Filings-in-progress during the review/waiting period (only final filings should be available);
- Withdrawn filings;
- Disapproved filings;
- Nonpublic information (like the filing of reinsurance agreements where required to support expense/cat loads); and
- Email correspondence (questions and responses) sent via SERFF, especially where it relates to proprietary information.

State FOIA Laws & Interpretations / System Rules – Provisions in state FOIA laws may differ, as may the manner in which they have been interpreted. Industry must be afforded the opportunity to review the SERFF logic that will be used as this aspect of the system is developed.

State Override – If a state determines that it is going to override an industry request that a portion of the filing remain confidential, not only should the insurer be informed, but it should be informed with time to withdraw the filing or to seek injunctive relief. Advance notice should be provided rather than passive notice after-the-fact.

Confirmation – The systems must allow for a printable confirmation about what aspects of the filing will be considered public record. If this is not already part of the “Confidentiality Request” enhancement, it should be added.

Parity / Paper v. Electronic Filings – The solution should apply to all filings, including those received electronically as well as those received via paper. If there is not equal treatment, those insurers who submit filings via SERFF may be at a disadvantage as compared to those that submit paper filings.

Mechanics – Would the nonpublic data be deleted before posting for public viewing? Or, would it be set up with a filter only allowing access to certain data for an individual without authorization to get the confidential detail? Regardless, some fear that there will be mistakes and that proprietary information will be broadly viewable.

Submission – Would all documents be stored in PDF format? Again, members are anxious to learn more about the mechanics.

Standardization / Ease of Use – Not all state websites are equal in the ease with which they allow access to data. How will this work in practice?

Market Conduct – To the extent states are motivated to institute this interface in order to compare filings across states, this does not make sense given differing regulatory environments.

Intellectual Property Rights - Copyright / Trademark – To the extent an insurer wants to protect materials, names, etc., it is important that the value of copyright and trademark continue to exist.

\* \* \* \* \*

If SERFF continues considering this request, AIA looks forward to hearing how the issues and concerns presented here will be addressed. Thank you again.

Respectfully submitted,

/s/

Catherine I. Paolino

/s/

Lisa M. Brown



The Surety & Fidelity  
Association of America  
Serving the Industry Since 1908

September 17, 2009

To: Members of the SERFF Board

***Proposed Changes to the SERFF Bylaws for Use in State Public Access Functions***

The Surety & Fidelity Association of America (SFAA) is licensed as a rating or advisory organization in all states, as well as in the District of Columbia and Puerto Rico, and it has been designated by all state insurance departments except Texas as a statistical agent for the reporting of fidelity and surety experience. SFAA utilizes SERFF to submit rule, loss costs and standard fidelity form filings countrywide.

The SERFF Board has two proposals before it. One is to expand the stated functions of SERFF to permit a state's SERFF database to be used to fulfill its state public access functions, and the other is to permit states to provide access to their SERFF databases through their websites. Each of these changes to SERFF will require a change to the SERFF bylaws, and such changes require a super majority vote of the Board of Directors. Article VIII of the bylaws specifically states that SERFF is a secure point-to-point electronic transmission system and that filings and communications between system users must be kept confidential. Only "members" of SERFF have access to its technical architecture.

The issues before the SERFF Board are not public access issues, but issues of how states can and should provide public access, and in particular, whether there should be a role for the NAIC in administering a state government function. Part and parcel of this discussion is that insurance companies are the primary group that seeks public access to the filings of competitors in the market.

SFAA staff participated in the SERFF demonstration of the proposed public access function. As we understand it, what is contemplated at this point is access of a state's SERFF database from a SERFF terminal/kiosk in the insurance departments. It would be an electronic access on site rather than the traditional hard copy access. Several states already have such a function in place. That is their prerogative and as long as it is administered under their budget and their intellectual property laws, SFAA does not object.

The second proposal would be remote access. This would entail allowing a state's SERFF database to be accessed remotely from anywhere at any time from the state insurance department's website. This proposal changes the public access to industry filings. Only a very limited number of states allow access to filings upon submission. Currently, if insurers want access to the form, rule and loss costs filings of other companies or the advisory organizations, they have to go the insurance departments to obtain copies. If they want instant access, they have

to go to one of the few insurance departments that permit access upon filing. Under the second proposal before the SERFF Board, they could obtain instantaneous access to their competitors' filings and those of the advisory organizations, regardless of whether they are members of the advisory organizations, from any department's website.

We question why the NAIC would get involved in an activity that essentially is a competitive issue among insurers in the industry. With more states mandating SERFF, getting the NAIC involved in making remote access available puts it in the position of expediting the distribution of proprietary information of industry filers to their competitors and/or non-members in the industry.

SFAA does not want to pay for this remote access to our filings. SERFF now is funded primarily with industry filing fees. We do not believe that the SERFF Board should use SERFF funds to build a system that facilitates competitor requests for information?

We also would like to know whether filings accessed remotely as proposed could be manipulated by the requester. Has this been considered?

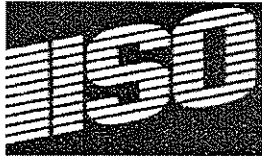
Lastly, SFAA would like to raise again a question that it has asked several times before in discussions of issues related to SERFF. Why does a SERFF filing cost \$6 each for bulk filers and \$15 each for pay-as-you-go filers, such as SFAA? The current fee schedule likely was necessary ten years ago because of all the research and development needed to make SERFF operational, but with SERFF up and running and with the exponential increase in the volume of filings now being made through SERFF as a result of state mandates, how much should it cost to make an electronic transmission of documents to the NAIC today? Before the NAIC uses SERFF funds to add new functions that do not benefit the filers, the SERFF Board should review whether SERFF fees are cost-based, as SERFF is a non-profit entity under its bylaws.

We appreciate the opportunity to comment on the role of the NAIC in assisting states to implement their public access functions.

Sincerely,

Lenore S. Marema, CPCU  
Vice President—Government Affairs





545 Washington Boulevard, Jersey City, New Jersey 07310-1686

**MARY VAN SISE**  
ASSISTANT VICE PRESIDENT  
GOVERNMENT RELATIONS  
MVANSISE@ISO.COM  
201.469.2652 FAX 201.748.1488

October 1, 2009

Re: SERFF's Role In Public Access

To the SERFF Board of Directors:

This letter summarizes the key points I made at the SERFF meeting last week in National Harbor regarding public access through SERFF. I have written on this topic to the Board twice previously, both letters of which are attached since they contain further detail than this brief summary.

The question at issue is not about public access as a legitimate state function. The question at issue is: What is the proper role of SERFF and the NAIC in this legitimate state function?

At the inception of SERFF, this exact question was asked, closely debated between industry and regulators, and answered. Industry committed substantial financial and human resources to the building of SERFF, based on the commitments regulators made as to the proper role of SERFF. There were several such substantial commitments, as outlined in my attached June 9, 2008, letter. Among those commitments was that SERFF would have only a limited role in the filing process, that of a conduit between the principals, i.e., the regulators and the filers. In particular, SERFF would have no role in the state-based process of public access.

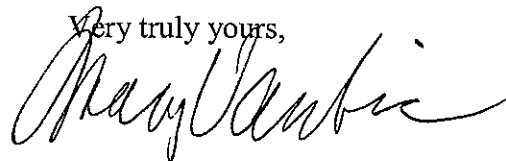
The commitments made by regulators to the industry are the essential elements of the SERFF By-Laws. There are several provisions within the SERFF By-Laws related specifically to precluding SERFF or NAIC having any role at all in public access. There are further provisions within the SERFF license agreements that are pertinent as well.

The By-Laws have a provision that enables the principals in the filing transactions (i.e., the regulators and the filers, but specifically not SERFF or the NAIC, neither of which are principals in the filing transaction) access to the technical architecture of SERFF to enhance their filing functions. This provision was designed specifically to establish ease of coordination with existing front-and back-end filing information systems, including state public access. Several states have used such provision to establish their own public access functions from their SERFF data bases under their own laws and procedures without violating the fundamental agreements under which SERFF was built.

In addition, I would note that the SERFF "Confidentiality Request" button is at best a one-dimensional view of, intellectual property issues that is not a proper replacement of a court of competent jurisdiction in such serious, situation-specific, complex, multifaceted issues. My attached letter of May 24, 2007, goes into further detail on this as well as why SERFF should continue to have no role in public access.

Thank you for the opportunity to submit these comments.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Mary Van Sise".

Mary E. Van Sise



545 Washington Boulevard, Jersey City, New Jersey 07310-1686

**MARY VAN SISE**  
ASSISTANT VICE PRESIDENT  
GOVERNMENT RELATIONS  
MVANSISE@ISO.COM  
201.469.2652 FAX 201.748.1488

May 24, 2007

To the SERFF Board of Directors:

In lieu of responding to the recently disseminated SERFF questionnaire, ISO offers the following comments to the SERFF Board of Directors. We commend the SERFF Board for its efforts to assure broad policy level discussion of the very important public access issue. I apologize for the length of these comments, but found that in considering the questions presented, other related issues became relevant. We offer these comments for your consideration.

**SERFF should play no role in public access.**

We recommend that the concept of building a public access portal in SERFF be considered in a much larger context than that presented in the survey. The fact that some states have developed their public access responsibility for electronic filings and databases as state-based systems attests to the ability for states to retain the control of, and fund, this important function within their own shops. SERFF, as a non-regulatory body, should play no role in public access.

SERFF was first conceived by a group of industry representatives who approached the NAIC to facilitate an electronic means of filing, in anticipation of the day when electronic commerce would be commonplace and routine, and mutually beneficial to both filers and regulators. Even then, there were serious industry reservations about the far-ranging access issues that could be inherent in such a system. After much discussion among industry and regulators, it was agreed that the system would, among other things:

- Honor the filing relationship between the filer and the states and do nothing to change that legal relationship or impose itself between those two principals; in other words, it would function merely as a filing conduit;
- Keep the databases in the states as state-based responsibilities; and
- Honor a commitment that SERFF would never share the filings in one state with another.

SERFF should not renege on these promises just because it is technologically feasible to do so. And in fact, it should be noted that making sure that filings remain entirely the purview of the states, with SERFF functioning solely as a conduit, was an important reason that SERFF was

first built on a Lotus Notes platform. The technological deficiencies of that platform that demanded a move to the current NAIC-based database is not sufficient reason to leverage SERFF into activities beyond its mission.

These basic understandings remain memorialized in SERFF's license agreement, which reads in part as follows:

2.) CONFIDENTIAL INFORMATION AND NON DISCLOSURE: The parties acknowledge that in the course of this Agreement, each may acquire information about the other, its business activities and operations, technical information, trade secrets, copyrighted material, and its client and financial information, all of which shall be deemed to be Confidential Information (the "Confidential Information"). All Confidential Information shall be maintained using reasonable security measures similar to those measures used by the parties for the protection of its own Confidential Information of a similar kind. Neither party to this Agreement shall be entitled to use the Confidential Information obtained from the other, for purposes other than those contemplated by this Agreement, without express prior written consent.

We believe that this language precludes SERFF from doing anything with the filings (i.e., "business activities and operations and technical information," whether or not they also qualify as trade secret or are copyrighted) that flow through it. Nor is FOIA access "the purpose contemplated by this Agreement." No changes should be made to SERFF license agreements that so substantively change the nature of SERFF's purview.

State freedom of information access to filings derives from citizens' right to have access to the decisions made on their behalf by their state government. State FOIAs do not trump other intellectual property rights in state and federal law, but rather must be administered in harmony with those laws, and such administration is vested in the state. Like Napster in the music world, electronic availability of filings --whether by the NAIC through SERFF or by the states themselves -- presents a very significant change in the balance of rights that cannot be undertaken lightly. FOIA and intellectual property rights that currently exist may, in fact, preclude certain filings (including materials that are copyrighted or material that is sold by its developer) that are FOIA-able under today's controlled and limited access in state offices from a significantly broader, quicker and less controlled electronic access. As a non-regulatory body, the NAIC/SERFF has no standing in the balance of all parties' rights, and would take on potentially large liability for a wrongful publication of otherwise protected information in case of an error.

Public access must be managed on a situation-specific basis in accordance with relevant federal and state intellectual property law, a function which SERFF is not properly designed to do today, nor will it be properly designed to do when the "Confidentiality Request" enhancement is implemented. The planned enhancement is based on a one-dimensional view of intellectual property issues, which are in fact complex and multifaceted. In intellectual property issues, the stakes are high and the risks great. Those risks may be greater for a third party involved in a disputed action.

Many regulators have stated that most public access requests are from competitors, not from state citizens impacted by a decision of government. We question whether it is appropriate to

spend SERFF funds to build a system to facilitate competitor requests that are a by-product of the right of the citizens to access their government's records.

**SERFF funds should not be used to develop state back office systems.**

To the credit of the SERFF Board, PDC and developers, it appears that SERFF is now robustly developed to fulfill its mission as an efficient filing conduit. SERFF may be quickly approaching the time to budget primarily for maintenance, rather than ongoing development, and fees that had been originally necessary to develop the system be accordingly reduced. SERFF should resist the temptation toward constant development of frequently expansive enhancements that result from the "needs" of only a small minority of users, at the expense of all. We do not believe that it is appropriate to use SERFF dollars to continually develop and expand SERFF into state back office functions (including public access) that should be funded by state legislatures and budgets.

**SERFF has a fiduciary responsibility to manage resources conservatively.**

SERFF should focus on development of enhancements that will drive voluntary usage and preclude the need for states to mandate its use. SERFF needs to be efficient and economically compelling for filers. Costs associated with SERFF are not only out-of-pocket expenses paid to use SERFF, but include the costs associated with a frequently-changing application. A "best practice" to consider is to limit updates and new versions of SERFF for only truly needed changes on a limited basis, perhaps no more than one per year. Changes in software are expensive as re-training may be needed and workflows changed. For those filers that need to work with a vendor to interface with SERFF, additional programming costs for the vendor are also incurred. Software revisions should be undertaken only with the full costs considered, and all but necessary changes should be foregone.

The SERFF Board has a fiduciary responsibility to those who fund its initiatives for a specific purpose. We recommend that an evaluation be undertaken of the need for funding continuous major development of SERFF. Certainly, substantive policy-level public discussion beyond the technical discussions of the Product Steering Committee is in order for major initiatives. Current SERFF fees have been set in the context of the need for new and developing software, and the need to market its benefits in order to generate voluntary industry usage. Consideration should be given to the maturity of the application and fees associated with SERFF reduced to make SERFF more financially attractive to filers.

We recommend that a conservative approach be taken to separate true SERFF development needs that benefit most of the stakeholders and the system as a whole, from the desires for changes that serve only a small handful of SERFF users. The technical nature of possibilities recommended by the PDC should be evaluated from a policy-level perspective of what is in keeping with SERFF's limited mission and the responsibility to deploy SERFF resources conservatively.

In keeping with its potential as a true regulatory efficiency tool, careful thought should also be given to evaluating requests for SERFF changes in the context of best practices, which is not synonymous with expansion to all possible regulatory approaches. Without such analysis, these

“needs” turn into ever-more “requirements” applicable to all filers and all states, a back door implementation of procedural or content “desk drawer rules.” We suggest a threshold of substantial regulatory “need” as an appropriate standard for SERFF development.

High priority should be placed on getting quality input from non-users and reluctant (i.e., mandated) users of SERFF to ensure development that fulfills SERFF’s promise to be efficient for all users. SERFF may well be highly efficient for the regulatory side of the equation, but SERFF is not efficient for the way many filers do business. ISO, for one, is spending more money and significantly more resources to use SERFF in states where it has been mandated. High priority must be placed on developing efficiencies for those whose fees pay for the SERFF system. SERFF should not be mandated by states until it is efficient for a large majority of filers; even then, mandating SERFF as the only filing system violates the voluntary spirit under which SERFF was established.

SERFF should be monitored to assure that it lives up to its full potential as a speed to market tool, both from a systems perspective and as it is implemented in the states. In that regard, it should resist institutionalizing “bells and whistles” that are “needed” by only a small segment of regulators or filers, leading to a greatest common multiple of “requirements,” based not on the encouragement of best practices but on the implementation of the idiosyncratic ways of the 50 states. Secondly, the manner of deployment of SERFF by states should be coached to avoid imposing detailed and unnecessary structure on how filing contents are categorized and entered into SERFF. Such deployment makes SERFF unnecessarily complicated, less user-friendly and resource-intensive, and thus less economical and attractive from the filers’ perspective. SERFF should guard against the deployment of SERFF in a way that institutionalizes unnecessarily complicated and idiosyncratic “requirements” of all kinds.

**SERFF should be conducted as a mutually beneficial and collaborative venture.**

SERFF needs a broadly collegial and open culture to regain its credibility as a system designed and managed to benefit all users.

For example, it is hard to imagine a reason that the Product Steering Committee should ever need to meet behind closed doors. Rather, all PSC discussions and decision-making should be well-publicized, and run to ensure the full and open discussion that is the hallmark of the truly collaborative venture that SERFF could and should be.

We suggest that a formal and analytic process for vetting SERFF proposals be instituted. We suggest a process similar to that used for other speed to market tools: Written requests and their support are submitted, analyzed for dollar costs, and published. Comments from the broad industry and regulatory community are sought. Decisions are made in public.

In order to assure the input of not only the technical users of SERFF who generally participate on the PSC, but the policy-level members of the industry, the SERFF Board should also meet in public sessions during quarterly NAIC meetings. Closed meetings should be strictly limited to avoid the perception of hidden agendas.

In summary, we recommend that:

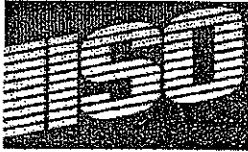
- SERFF not be a public access portal;
- SERFF fees not be diverted to build state's back office systems, including public access;
- SERFF resist the inherent tendency to build more and more requirements into the system;  
and
- SERFF reinvigorate procedures consistent with the broadly collaborative entity it needs to be.

Thank you for the opportunity to present these comments. I'll look forward to the discussion at the SERFF Board meeting in San Francisco. In the meantime, feel free to call me with questions.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Mary Van Sise".

Mary E. Van Sise



545 Washington Boulevard, Jersey City, New Jersey 07310-1686

**MARY VAN SISE**  
ASSISTANT VICE PRESIDENT  
GOVERNMENT RELATIONS  
MVANSISE@ISO.COM  
201.469.2652 FAX 201.748.1488

June 9, 2008

To: the SERFF Board of Directors

This letter documents and enhances the brief comments I made at the SERFF Board of Directors meeting in San Francisco on Saturday, May 31.

**In short, the changes proposed to the SERFF By-Laws represent a highly disturbing breach of trust that gut all of the essential protections promised to the industry by regulators and the NAIC when SERFF was originally established and implemented, and under which it has always operated.**

By way of background, I personally was one of the small group of industry representatives that approached the NAIC in the early 1990's for assistance in developing an electronic filing mechanism that ultimately became SERFF. ISO is a charter member of SERFF and has participated in its establishment and implementation since the very beginning.

As you might well imagine, in SERFF's early days the industry was somewhat leery of investing dollars and intellectual capital to help regulators develop a system that could so easily be used against its best interests, misappropriated, or even confiscated outright. To address these concerns, specific protections were required by industry as a pre-condition for participation, repeatedly promised by regulators and the NAIC to the industry, and documented in all SERFF structural documents over the last 15 years. The integrity of those promises -- and the regulators and entities that made them -- served as an inducement to participate and was relied upon by the industry as, in good faith, we worked side-by-side with regulators as equal partners to support, fund, develop and ultimately utilize the SERFF system.

The existing By-Laws explicitly incorporate fundamental principles of SERFF that were negotiated, thoroughly vetted and agreed upon by industry, regulators and the NAIC. These include various governance, financial and operational protections for the industry, all of which the proposed changes delete or eviscerate. As you will see, the words of the By-Laws speak in large part for themselves.

From a governance perspective:

1. SERFF is an independent, self-governing operation under a jointly managed Board of Directors and day-to-day operation of the NAIC. Hence, SERFF operates under duly drafted and ratified By-Laws.



2. The By-Laws provide for a Board of 6 industry representatives and 7 regulatory members, and requires supermajority agreement (i.e., 10 out of 13 votes) for essential sensitive functions. Supermajority decision-making was designed to safeguard against regulatory or NAIC abuse or confiscation of the system, specifically:

- Approval of SERFF's operating budget and all amendments thereto;
- Removal of duly-elected Board officers or directors;
- To effect "Any changes to the SERFF technical architecture that would allow access to SERFF data through the SERFF system by non-SERFF users or the NAIC."
- To amend the SERFF By-Laws.

Financial protections were built into SERFF, in addition to the above-mentioned supermajority control over the operating budget, to assure that SERFF money would be used exclusively for mutually agreeable SERFF functions, and that SERFF could not be developed into Mega-SERFF at the industry's involuntary expense (which, arguably, it already has). The By-Laws specify that SERFF is a "not for profit" and "self funded" system. More specifically:

"Fees from the SERFF system users shall be the primary source of financial support for the continuing operation of the SERFF system."

"All monies received from SERFF system users...shall be used solely for the purpose of supporting the continuing development...and operation of SERFF, as directed by the SERFF Board of Directors."

Several operational protections were built into SERFF:

1. SERFF's sole function is to be an operational efficiencies tool, equally for regulators and industry members.

2. An operational efficiencies tool will achieve widespread use if it is truly efficient for the users. In accordance with best-practices standards for any e-commerce venture, it should be used only if both parties to the transaction agree. Thus, SERFF's mission is to encourage "voluntary participation in the SERFF system." It was never to be mandated. And in fact, the SERFF Board members, all user-members (both industry and regulatory) and the NAIC as SERFF's manager have an obligation under SERFF's charter and stated mission to oppose, and perhaps even disallow, any misguided attempt at mandating of SERFF as a violation of SERFF's establishment as a voluntary system.

3. SERFF's role in the filing process is simply as a "secure point-to-point electronic transmission system for policy rate and form filings and communications about such filings between system users." Only filers and state insurance departments, as the only "point-to-point" system users (and specifically not SERFF, SERFF staff or the NAIC), have access to any material filed, or any communications about those filings.

4. SERFF "shall maintain the confidentiality within its point-to-point transmission system" of all filings, materials, transmissions and information about such filings, materials and transmissions. The point about confidentiality is so important that it is further detailed in SERFF's licensing agreement (which is also discussed in the By-Laws draft as being considered for elimination) as follows:

"CONFIDENTIAL INFORMATION AND DISCLOSURE: The parties" [i.e., filers and SERFF] "acknowledge that in the course of this Agreement, each may acquire information about the other, its business activities and operations, technical information, trade secrets, copyrighted material, its client and financial information, all of which shall be deemed Confidential Information. All Confidential Information shall be maintained using reasonable security measures used by the parties for the protection of its own Confidential Information of a similar kind. Neither party to this Agreement shall be entitled to use the Confidential Information obtained from the other, for purposes other than those contemplated by the Agreement."

The "purposes contemplated by the Agreement" is the utilization of the "secure electronic point-to-point transmission system" -- nothing more, and nothing less.

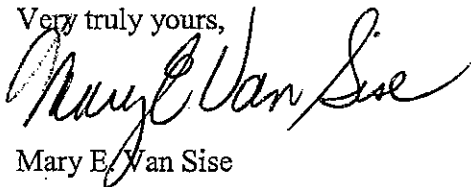
5. SERFF enables "access to the technical architecture of the SERFF system for the purposes of developing software that enhances the overall filing process" for some or all SERFF users. This is an essential protection to assure that insurer front-end document management systems and back-end filing implementation systems can be seamlessly coordinated with SERFF and thus maximize insurers' operational efficiencies. It does not enable access to the SERFF technical architecture to the NAIC, and specifically not for the development of an electronic fund transfer mechanism for any purpose other than Rate and Form Filings.

The NAIC regularly touts SERFF as a highly successful, model cooperative venture between regulators and industry. Why, then, does it undertake to abrogate all of the fundamental commitments made to industry to achieve that success? It may well be that the SERFF By-Laws need some updating and refreshing, but it cannot come at the expense of the integrity of the fundamental commitments upon which SERFF was built and has operated for its entire existence.

I recommend that the Board revisit the many suggestions I made for the improvement of the SERFF system and its management in my letter to you of May 24, 2007. We must work together to make SERFF the transparent, truly collaborative, truly operationally efficient and cost-effective system it can be. It's what we need. It's what we have worked so hard to build, based on faith in the integrity of the commitments made. And it is no less than we deserve.

I pledge my personal assistance to you in this matter. In particular, I request to be considered as an Interested Party to the subgroup that is being established to review and re-draft the By-Laws. Please let me know if I can provide other assistance as well.

Very truly yours,



Mary E. Van Sise

**Georgia Farm Bureau Insurance Companies**

**Name: Martha Holland, CPCU, AAM**

**Title:**

**Comments (via email):**

Currently to view another companies filing requires you to go to the Department of Insurance (DOI) and use their computer and review the filing. This adds to the insurer's and DOI work load without any benefit since the information is public record. To allow this information to be obtained via the internet would improve the process without any hardship to anyone.

**Georgia Farm Bureau Insurance Companies**

**Name: Amy Kinn**

**Title: CPCU, ARP, CSF, ARC, ARM, ARe, AIS, API, AIT, AIC, AU, AIM, AIAF**

**Comments (via email):** Allowing access to SERFF filings via the internet for filings made publicly available by the state would not only benefit Insurers but the Departments of Insurance as well. Obviously the ability to view public filings would be beneficial to Insurers as the access would be simpler, faster and would remove the need to print in some cases. The Departments of Insurance would be freed from the requests of Insurers to make appointments to view filings and to keep a dedicated computer for this process.

**Westfield Insurance Company**

**Name: Lorie Dorsey**

**Title: Personal Lines Product Management**

**Comments (via email):**

In the September issue of the SERFF Insider is a section regarding the upcoming open forum to discuss public access to SERFF filings via the internet. As a market research analyst for a P/C insurance company, much of my role involves accessing public filings for our competitors in order to validate that we are offering a competitive product at a competitive price. As you can imagine, the economic situation has made it difficult to travel to each state's DOI in order to obtain the filings needed. Online access would be a valuable tool in my research and I encourage the panel to seriously consider this option.

**Altius Health Plans**

**Name: Frank Kyle**

**Title: Director, Regulatory Affairs**

**Comments (via email):**

Altius Health Plans, a SERFF industry user, supports internet access to filings made publicly available by the state. This change would increase efficiency in the market because it would save time for both the requestor and state regulators, in addition to eliminating travel costs for those wishing to access the filings. The change is particularly beneficial for insurers or other public requestors who need access to filings in states other than the state where their offices are located. Significant time and travel expenses may currently apply to requestors in that situation. Altius believes that if any additional fees for this access will be assessed by SERFF or state regulators, such fees should be minimal.

**Alfa Insurance Companies**

**Name: Neal Harrison**

**Title: Vice President, Research**

**Comments (via email):**

RE: Accessing public filings

To whom it may concern:

We are in support of being able to access public filings via the internet from any computer outside the insurance departments. We feel it would be beneficial for the following reasons:

1. It should save the companies on the expense associated with travel, lost time, etc. that it takes to go the departments.
2. It is more efficient to work from your own office than at the insurance department.
3. The soft copy technology is easier to work with and could be accessed multiple times from the users own office.

Any time technology allows us to increase efficiencies and decrease expenses we are in support. The lower the companies expenses the lower the customer rates will ultimately be.

Thanks for allowing us to provide our comments.

### **MetLife**

**Name: Judith A. Elpus**

**Title: Contract Consultant**

**Comments (via email):**

I have been working in the contract/compliance area for over 20 years. I do not believe it is beneficial for any interested persons to be able to access the state filing information from carriers unless they are willing to travel to the state offices to do so. This was the process before electronic filing. I think confidentiality over the internet could become an issue if the access was open to any computer. Thank you for your consideration.

### **RAM Mutual Insurance Company**

**Name: Missy Romano**

**Title: Agency Services Specialist**

**Comments (via email):**

I am writing as a representative of RAM Mutual Insurance Company, Esko, Minnesota. Accessibility of public filings via the Internet would be a great service to the insurance industry. The task of physically travelling to another state's insurance department is a very time consuming and costly. As this information is already available for public review, it should not be so difficult to access – especially in these days of advanced technology. Thank you for your consideration.

## **Third Party Filer/Vendor Comments**

### **\*Perr&Knight**

**Name: Tim Perr**

**Title: Managing Principal**

**Comments:**



September 17, 2009

***The SERFF Board of Directors***

The Honorable Mary Jo Hudson, Chairman, SERFF Board of Directors  
Susan Eckler Kerns, Vice Chairman SERFF Board of Directors  
The Honorable Susan Voss, Director  
Fred Alvarado, Director  
Hank Edmiston, Director  
H. David Emmett, Director  
Ted Hamby, Director  
Kim Kennedy, Director  
Doris Kullman, Director  
Bill Lacy, Director  
Elaine Leighton, Director  
Tammy Lohmann, Director  
Kathie Stepp, Director

**Re: NAIC Proposal to Make SERFF Filings  
Available to the Public via the Internet  
Perr&Knight's Comments**

Dear Board,

I am Tim Perr, Managing Principal of Perr&Knight, a provider of consulting services to the insurance industry. Among other services, we offer access via the Internet to publicly available insurance company filings through our website Ratefilings.com. We have maintained a digital library of filings since 1998. We object to the proposal for the NAIC to make all SERFF filings available via the Internet through SERFF for the following reasons.

- 1. This service is already provided in the commercial marketplace.**  
Perr&Knight, through our website, Ratefilings.com, already makes these filings available via the Internet. On Ratefilings.com, SERFF filings, as well as paper filings, are integrated seamlessly providing complete access to parties interested in obtaining publicly available filings. Our service extends to all U.S. jurisdictions. We have spent many years and several millions of dollars developing Ratefilings.com to make it easy for our customers to use. It is widely used by the insurance industry to access filings. In addition to Perr&Knight, several other

*SERFF Board of Directors  
Perr&Knight Comments  
September 17, 2009  
Page 2 of 3*

companies already exist that provide access to filings through Internet applications. With additional cooperation from the states and perhaps the NAIC through SERFF, we and our competitors can achieve everything the states are looking for through this proposal. Therefore, it is not necessary for the NAIC, a quasi-governmental entity, or any of the states to make any investment to provide a service that is already available in the commercial marketplace.

2. **The funding of this proposal could be unfair to insurance companies and service providers like Perr&Knight.** SERFF is presently funded by assessing fees onto insurance companies filing over the SERFF system. If the NAIC, through SERFF, is to provide insurance company rate, rule and form filings to the public at no cost (or at a subsidized cost), the NAIC will be required to cover the cost of SERFF's file viewing function through the revenues it receives from SERFF's filing submission service. This would be unfair to SERFF's filing submission service customers who would be effectively subsidizing SERFF's filing viewing service. It would also be unfair to filing service providers like Perr&Knight (and our competitors) who cannot rely on any subsidies and must pass along all of our costs directly to our customers.
3. **The proposal will likely result in more paper filings.** Insurance company rate, rule and form filings, while deemed public information, contain very valuable information for competitors. Insurance companies don't want it to be easy or inexpensive for their competitors to obtain copies of their rate, rule and form filings. Currently, there is a cost for insurance companies to obtain their competitors' filings whether they go directly to the states or whether they buy the filings from Perr&Knight or one of our competitors. If the NAIC removes this cost by making all SERFF filings available via the Internet, it could encourage companies to revert to paper filings (i.e. filings submitted to the states via hard copy), in the states where it is allowed, to avoid having their valuable filing information becoming so easily and inexpensively available to their competition. This result will be magnified if service providers like Perr&Knight, who obtain copies of paper filings and make them available on our websites, are driven out of business. This result is not desirable for the DOIs as they could see an increase in the number of paper filings that they must review, as well as a counter-productive return to high traffic in their physical public viewing rooms and use of their copy machines. This result is also not desirable for the NAIC as they could see reduced use of SERFF if more companies revert to paper filings.

P E R R & K N I G H T



*SERFF Board of Directors  
Perr&Knight Comments  
September 17, 2009  
Page 3 of 3*

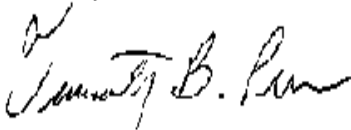
4. **The NAIC and the DOIs are not prepared to handle the associated customer service.** As a current provider of insurance company rate, rule and form filings, Perr&Knight can attest to the significant number of customer questions that the NAIC will receive if they make SERFF filings available via the Internet. Perr&Knight employs a staff of insurance professionals who are dedicated to handling phone calls and email inquiries regarding competitor rate, rule and form filings. The inquiries range from questions involving perceived missing information, technical issues with respect to downloading and viewing documents, finding information within a document, etc. Furthermore, the NAIC will likely direct most of these questions back to the various DOIs. Consequently, what is meant to be a relief to DOIs with respect to providing customer service in their public viewing rooms will likely end up as an increased burden with this unforeseen flood of customer questions.

In summary, we urge the Board to reject the proposal to open an Internet-available SERFF Public Viewing Room. Alternately, we urge the NAIC, SERFF and the individual DOIs to partner with firms like Perr&Knight with existing, proven solutions and infrastructures to meet the objectives contemplated here.

On a final note, it should be clearly understood that if the Board does decide to go forward with this proposal, it will most likely drive Perr&Knight, our competitors, and the dozens of small businesses that revolve about the DOI public viewing rooms out of this business which will result in the loss of many jobs in this already distressed economy.

Perr&Knight is happy to participate in further discussions with the NAIC or the DOIs regarding this proposal.

Sincerely,



Timothy B. Perr  
Managing Principal  
Perr&Knight

P E R R & K N I G H T



## Consumer Comments

**Name: \*See Undersigned**

**Title:**

**Comments:**

The undersigned consumer representatives, consumer organizations and other interested parties write in support of providing public access to SERFF filings from computers other than those located in state insurance departments.

This proposal benefits both regulators and the public. The proposal will benefit regulators by reducing the costs of staff time and department resources to respond to public information requests.

It will make it easier for members of the public to access rate and form filings made electronically through SERFF. This is particularly important for consumer organizations with limited resources --organizations unable to travel to states to sit at the public access computer in the state insurance department. Insurers and insurance company consultants possess the resources to access filings from state insurance departments already. While this proposal will reduce costs for insurers and their consultants, it means the difference between having access and not having access for consumers and consumer organizations located outside of the state.

Finally, the proposal is good public policy because it makes public records more accessible to the public.

Joseph M. Belth, Professor Emeritus of Insurance at Indiana University

J. Robert Hunter, Director of Insurance, Consumer Federation of America

Bonnie Burns, Training and Policy Specialist, California Health Advocates

Karrol Kitt, NAIC Consumer Representative

Bonita Kallestad, NAIC Consumer Representative

Pam Bolton, TexasWatch, NAIC Consumer Representative

Kevin Lucia, NAIC Consumer Representative

Colleen Repetto, Fair Insurance Rates in Monroe, NAIC Consumer Representative

Greg Squires, NAIC Consumer Representative

Birny Birnbaum, Center for Economic Justice, NAIC Consumer Representative

Brendan Bridgeland, Center for Insurance Research, NAIC Consumer Representative





*Providing flexibility, promoting uniformity*

## Memo

To: SERFF Board of Directors  
From: Bridget Kieras, SERFF Product Support Manager  
CC: Julie Fritz, Joy Morrison  
Date: September 4, 2009  
Re: SERFF Development Update

---

SERFF 5.7 was released to production on August 12. The release introduced several new enhancements for SERFF, including a Reminders Tool, State Rate Data, additional Correspondence fields in the Export Tool, a search for General Instructions, expansion of the ability to request filing confidentiality, and a PDF search feature. The PDF search feature is currently being enabled for select users as part of a pilot to fine-tune the functionality and ensure it does not negatively impact system performance. Two patches were also released in August to correct issues introduced with the 5.7 release.

SERFF 5.8 is in development and includes two major changes to the application – incorporation of the IIPRC Statement of Intent into a new filing schedule and the ability to update a number of fields, including Rate Data, after submission of the filing. The release is scheduled for December 9.

The Product Steering Committee has begun discussing various enhancements for 2010 and beyond. Some of the enhancements are based on user submitted design suggestions while others are items from the Board's strategic development plan. The PSC recently discussed allowing multiple Types/Sub-Types of Insurance on a single filing. Initial feedback has also been gathered for the Rate and Form Concurrent review project.

The SERFF team is hoping to move to quarterly releases in 2010. The planned release months are February, May, August, and November. The team believes smaller but more frequent releases will be more manageable for development and testing.



## Memo

To: SERFF Board of Directors and Interested Parties  
From: Thea Cook, Product Implementation Manager  
CC: Joy Morrison, Senior Manager II – SERFF  
Julie Fritz, Director, Insurance Products & Services Division  
Date: Sept. 9, 2009  
Re: Marketing Update

---

### **SERFF Company Implementation**

Since the Summer National Meeting, the Marketing Team has licensed 57 companies, primarily due to the state SERFF mandates in Michigan, New Mexico and Oklahoma. More than 2,900 unique companies are currently licensed.

### **Usage**

SERFF usage through July 2009 is down approximately 6% compared to the same time last year. Due to a decent first quarter, usage for the first six months of 2009 is roughly 5% over the budgeted transactions; however, April through July actual transactions were less than budgeted in each month.

### **EFT**

With EFT mandates and general EFT implementation, the Marketing Team has implemented approximately 50 companies since the Summer National Meeting. Nearly 2,700 companies have implemented EFT — roughly 93% of our total number of unique licensed companies.

### **Events**

The Marketing Team participated via the Web during the E-Day conference hosted by the Northwest Chapter of the Association of Insurance Compliance Professionals (AICP). The team also took part in Compliance Day at the Louisiana Insurance Department. For both events, the team provided updates on SERFF, including upcoming releases and a question/answer session.

### **Conclusion**

Even though the current state of the market seems to be influencing overall SERFF usage the latter part of 2009, SERFF continues to prove it is the ultimate speed-to-market tool. With the recently announced Maine mandate, 21 states have mandated SERFF and 12 states have mandated EFT for the payment of filing fees.

G:\DATA\SERFF\Board\NatlMeeting\Sept 2009 -DC\Handouts\Both\MarketingUpdate\_Sept2009\_BODUpdate.doc



Memo

To: SERFF Board of Directors and Interested Parties  
From: Thea Cook, Product Implementation Manager  
CC: Joy Morrison, Senior Manager II – SERFF  
Julie Fritz, Director, Insurance Products & Services Division  
Date: Sept. 9, 2009  
Re: State Implementation Update

---

**SERFF State Implementation**

The Implementation Team has been focusing on state satisfaction monitoring and general support. As reported at the Summer National Meeting, nearly all states have implemented SERFF for all lines and speed-to-market initiatives. By doing so, the states have demonstrated their willingness to achieve uniformity that benefits themselves, the industry and, ultimately, the consumer. Since the last national meeting, Kentucky implemented all health lines of business with the Product Coding Matrix, thereby becoming the 50<sup>th</sup> state to implement the Product Coding Matrix in all business areas.

Since the Summer National Meeting, two SERFF mandates went into effect and two states announced SERFF mandates. New Mexico's mandate went into effect June 19 and Oklahoma's mandate, which included EFT, went into effect July 14. Georgia expanded their current mandate to include life and health business areas, effective Oct. 1. Maine announced their SERFF mandate in late August, to include all business areas and EFT. Maine's mandate is effective Sept. 12.

Fifty states, DC and Puerto Rico accept filings via SERFF. Of those states, 51 accept all major lines for life, 51 for health and 51 for property/casualty. Twenty-one states have mandated SERFF and 12 states have mandated EFT.

**EFT**

Since the Summer National Meeting, two states have implemented EFT: New Mexico and Mississippi. State implementation is nearly complete for those states that charge fees at the time of submission. Staff are hopeful to have the remaining states implemented by year-end.

**Conclusion**

Overall, implementation goals for 2009 are on target and nearly all states should be fully implemented for all speed-to-market initiatives this year.

**State Initiative Implementation**

EFT	27 states have implemented.
Product Coding Matrix	50 states representing 150 business areas have implemented. Fifty states fully implemented.
SERFF Integrated Uniform Transmittal Document	49 states utilize the Uniform Transmittal Document as built in SERFF.
Product Requirements Locator	26 states P&C, 2 life, 1 health implemented. Five states are in progress.



## Memo

To: SERFF Board of Directors and Interested Parties  
From: Joy Morrison, Senior Manager II – SERFF  
CC: Julie Fritz, Director, Insurance Products & Services Division  
Date: Sept. 9, 2009  
Re: SERFF Board Elections

---

The election process for the SERFF Board, for seats beginning January 2010, will follow this estimated timeline:

Fall National Meeting	Appoint a nominating committee.
Oct. 5	Send request for nominations.
Nov. 2	Review candidate submissions (nominating committee).
Nov. 9	Name nominees (nominating committee).
Nov. 10	Distribute ballots to voting contacts.
Nov. 23	Announce new Board members.

The following Board members have terms expiring Dec. 31, 2009:

**Industry:**

- Kim Kennedy, Travelers
- Fred Alvarado, Transamerica

**Trade:**

- Hank Edmiston (PCI Representative)
- The property/casualty trade seat will rotate to American Insurance Association (AIA)

**State:**

- Bill Lacy, Arkansas
- Susan E. Voss, Iowa

## SERFF 2010 Budget

---

### SERFF 2010 Budget

#### Account

---

#### Revenues

Annual License Fees	\$25,000
Usage Fees	\$3,983,702
<b>Total Revenues</b>	<b>\$4,008,702</b>

#### Expenses

Salaries	\$1,076,558
Turnover Factor (Budget Only)	-\$13,199
Vacation Liab (Actual Only)	\$0
Overtime	\$1,378
Interns	\$0
P/R Taxes-Fica	\$82,462
Fica-Turnover Factor	-\$999
Fica-Vacation Liability	\$0
P/R Taxes-Unemp Comp	\$3,290
Prof Dev-Reimbursed	\$1,328
Prof Dev-Prof Dues	\$717
Prof Dev-Prof Training	\$11,247
Prof Svcs-Computer	\$0
Prof Svcs-Other	\$0
Comp Svcs-Db Network	\$0
Travel Expenses-Staff	\$20,961
Non-Staff Travel/Enter	\$1,245
Travel-Sales/Marketing	\$18,367
Telephone Exp-Local, Ld & Cell	\$33,929
Other Supplies	\$0
Non Cap Equip	\$489
Mail Services	\$4,980
Reference Materials	\$241
Printing & Production	\$0
State Technical Training	\$5,214
Bad Debt Expense	\$0
<b>Total Operating Expenses</b>	<b>\$1,248,208</b>

<b>Revenues Over (Under) Expenses</b>	<b>\$2,760,495</b>
---------------------------------------	--------------------

Draft: 8/26/09

SERFF Board of Directors  
Conference Call  
August 12, 2009

The SERFF Board of Directors met via conference call Aug. 12, 2009. The following members participated: Mary Jo Hudson, Chair (OH); Susan Eckler-Kerns, Vice Chair (Prudential); Susan E. Voss (IA); Bill Lacy (AR); Tammy Lohman (MN); Ted Hamby (NC); Kathie Stepp (OK); Elaine Leighton (American Council of Life Insurers—ACLI); Hank Edmiston (Property Casualty Insurers Association of America—PCI); Fred Alvarado (Transamerica); and Kim Kennedy represented by Susan Eckler-Kerns (Prudential).

The following ex-officio members participated: Maureen Hartsmith (NH); Karen Schutter and Charlie Rapacciuolo (IIPRC); and Sonja Larkin-Thorne (NAIC Consumer Representative).

1. Financial Illustrations/Budget

Julie Fritz (NAIC) referred to the financial illustrations that were discussed briefly on the last call, reformatted and then distributed to the Board July 16. Board members were given an opportunity to review the illustrations and submit any comments or suggestions prior to the conference call. It was noted that no comments or questions had been submitted. Upon request to consider approval of the 2010 proposed budget, industry members of the Board expressed hesitation. It was suggested that there should be an independent audit to validate the accuracy of data presented in the financial illustrations. Mr. Edmiston asked that this item be included on the agenda for the next meeting.

2. Strategic Plan Update

Joy Morrison (NAIC) referred the Board to the strategic plan distributed prior to the meeting. Discussion centered on the form-driven filings project and the enhancements and features included. The items recommended for potential development prior to the PRL redesign have been included. The Filing Rules maintenance work was expanded to include the feature to display Types of Insurance (TOIs) and the sub-TOIs that apply for each requirement and put them on the requirements page. Further analysis is in progress with the Product Steering Committee (PSC). There have been several individual items added, such as incorporating the filing method and mode into the submission of requirements and allowing for multiple TOIs and sub-TOIs on a single filing. A survey regarding the former is being considered by the PSC.

3. Public Access Demonstration Follow-Up

Ms. Morrison reported that there approximately 75–80 participants for the first demonstration and approximately 85 for the second demonstration. Three additional sessions have been set up to handle the overflow of requests, which will make a total of five demonstrations. The Board decided to include an agenda item for the SERFF Board open session at the Fall National Meeting to allow comments from interested parties on the issue of allowing internet access to SERFF filings that the state has indicated should be available for public viewing. NAIC staff was asked to draft the notice, distribute it and collect comments prior to the meeting.

4. Antitrust Update

Kay Noonan (NAIC) answered a question related to a concern expressed that a state mandate of SERFF would be an antitrust violation. Ms. Noonan stated that the U.S. Supreme Court precedent is determinative that the states are immune from the application of federal antitrust laws when they act in their capacity as states. Ms. Noonan further clarified her statement, noting that there has been no action taken by the NAIC to mandate SERFF, nor is there any plan to move in this direction. Therefore, there is no antitrust concern regarding the association.

Director Hudson said that the SERFF system, as a product of the NAIC, performs an important function for the states and is a way for the states to accept filings efficiently and uniformly. This is part of an effort to move to a paperless system; so SERFF is, in effect, a back-office system for the states. Many states on the call agreed that a SERFF mandate in their state would require legislative approval and, thus, could not be affected by NAIC action.

Mr. Edmiston made a request to put this item on the next agenda for the Board to further discuss, whether or not the Board wished to seek an outside legal opinion on the issue.

#### 5. SERFF Product Development

Bridget Kieras (NAIC) reported that SERFF v5.7 would be released later today, Aug. 12, and would contain several major enhancements — including reminders; changes for Pipeline; a search on General Instruction; state rate data; expansion of the compact confidentiality mechanism; and the ability to search within a PDF attachment on filings. Version 5.8 is now in development and has two major enhancements: 1) implementation of the Statement of Intent for the IIPRC; and 2) the ability to update a number of the filing fields post-submission. Work is also in progress with the PSC on 2010 release candidates.

#### 6. SERFF Marketing Update

Thea Cook (NAIC) reported that over the past several months, monthly transaction volumes have been below budget and July was no exception, with transaction volumes falling about 500 below the budgeted amount of 45,034. There was an average of 1,935 transactions per day in the month of July. The January through July average was 1,217 transactions per day, making the total for SERFF at just over 308,000 transactions year-to-date. The June average per-transaction cost was \$7.64 and January through June was \$7.56 per transaction. Eight new companies were licensed in July, which brings the total up to 2,897 unique licensed companies. The “Getting Started with SERFF” tutorial is still being conducted on a monthly basis. There have been two public access Web demonstrations, with three more demos scheduled. There are plans to deliver some response tutorials in August, as well. A SERFF update was delivered, via Web session, to the Northwest chapter of the Association of Insurance Compliance Professionals (AICP) on July 21 and a member of the SERFF team participated in the Louisiana Insurance Department’s Compliance Day.

Following the report, Ms. Eckler-Kerns made a request to receive the reports in written format in the future.

#### 7. Speed-to-Market Implementation Process

Ms. Fritz said there were only about seven states with remaining issues; three of which are relatively minor changes to be made and the other four with bigger issues. The state implementation issues are as follows:

- Illinois: Uniform Transmittal Document (UTD) still required.
- California: Resolved with the release of SERFF v5.7.
- Hawaii: Paper copy being required on filings. The legislation was approved, so this requirement should be removed soon.
- Indiana: Still has significant implementation issues across all business areas.
- Florida: A conference call is scheduled for Aug. 19.
- New Jersey: Page limitation that should be removed soon.

Since the Summer National Meeting, NAIC staff has focused more on the Medicare supplement project, with 39 states in production with the changes and the 12 remaining states anticipated to be complete by the end of September.

Ms. Eckler-Kerns made a request to receive this report in written format in the future.

#### 8. Approval of Minutes

A motion was made by Ms. Eckler-Kerns to approve the minutes of July 15 (Attachment A). Mr. Edmiston seconded the motion, and the minutes were approved.

Having no further business, the SERFF Board of Directors adjourned.

W:Sep09/SERFF/Board Agendas-Minutes/ SERFF(O)08-12-09Min.doc



Draft: 8/5/09

SERFF Board of Directors  
Conference Call  
July 15, 2009

The SERFF Board of Directors met via conference call July 15, 2009. The following members participated: Mary Jo Hudson, Chair (OH); Susan Eckler-Kerns, Vice Chair (Prudential); Susan Voss represented by Tom O'Meara (IA); Bill Lacy (AR); Tammy Lohman (MN); Doris Kullman (NY); Kathie Stepp (OK); Elaine Leighton (ACLI Representative); David Emmett (Georgia Mutual); Hank Edmiston (PCI Representative); Fred Alvarado (Transamerica); and Kim Kennedy (Travelers).

The following ex-officio members participated: Maureen Hartsmith (NH); Shawna Greenway (Farm Bureau); Karen Schutter (IIPRC); Charlie Rapacchiuolo (IIPRC); and Sonja Larkin-Thorne (NAIC Consumer Representative).

1. Financial Illustrations/Budget

Brady Kelley (NAIC) referred to the financial presentation, noting that changes to the illustrations made since the last meeting are consistent with some of the questions and information for which the Board has asked. Cumulative project results, including allocations made to support SERFF through 2008, are shown. Also illustrated are the actual results through May 31 and the projections from June through December 2009, which reflect \$4.1 million in revenue for 2009, compared to expenses of \$2.9 million. The net change in assets is approximately \$1.1 million. The second page reflects the overall SERFF financial picture, only without the allocations that show the cost to the NAIC to support the SERFF project.

Mr. Kelley explained the importance of presenting all of the information for the life of the entire project from conception. When asked to explain the \$1 million in "Other Expenses," Mr. Kelley said that \$800,000 was a sponsorship for revenue that never was committed by (but never received from) Essentium, which was a potential business partner. That amount was shown as revenue and then a corresponding expense was added when the committed amount was never received. The \$4.4 million in "Professional Services" was explained as consultant fees for work on the SERFF system. It was requested that the allocations also be reflected on the SERFF-only illustration going forward, so that amounts could be viewed side-by-side.

Director Hudson said this information should be taken under advisement and asked the Board to submit their comments for a more formal discussion at the next meeting. The August meeting will be moved up one week due to Director Hudson's travel schedule. Ms. Morrison offered to gather comments, revise the financials and re-circulate them with further explanation.

2. Presentation and Discussion of SERFF 2010 Proposed Budget

Julie Fritz (NAIC) referred to Page 2 of the financial presentation for the 2010 SERFF budget with direct expenses only. She said the 2010 proposed budget does not vary greatly from the 2009 proposed budget. Revenues and expenses are expected to show little change. Ms. Fritz reminded the Board that the 2009 actuals/projections will vary from the 2010 budget, because of the effort to reduce costs in 2009. The Board was again invited to submit questions or comments for discussion at the next SERFF Board meeting.

3. Update and Discussion on Analysis for the Forms-driven Filings Enhancement

Joy Morrison (NAIC) presented preliminary analysis on this project. As requested at the Summer National Meeting, analysis was conducted to determine if there were portions of the forms-driven filing project that could move forward despite the recommendations from the Operational Efficiencies (EX) Working Group that the Product Requirements Locator (PRL) development be suspended until there is some indication of commitment to PRL from the industry. The memo contains a summary of the recommendations and the suggestions to consider. All have been marked to indicate if the NAIC's initial analysis would recommend pursuing the enhancement, completing more analysis or waiting until further decisions were made regarding PRL. An additional suggestion was to have multiple types of insurance (TOIs) completed, because the market demands this and it is also thought that this will make SERFF more user-friendly. It was also suggested that this same level of granularity be applied to rates and rules; perhaps the Product Steering Committee (PSC) could evaluate this. A requirement could then be based on those five categories: Form Type, Filing Method, TOI, Sub-TOI and Filing Type. Ms. Morrison agreed to gather some high-level estimates and place the recommended enhancements into the SERFF Board's strategic plan so that the board can then prioritize the enhancements with the rest of the features already in the plan.

4. Climate Change and Global Warming Survey/Use of SERFF

Director Hudson said there was discussion at the Summer National Meeting about using SERFF to collect results from the Insurer Climate Risk Disclosure Survey. At the time, Ms. Fritz responded that SERFF was not the appropriate tool for that use; however, a Board member asked that it be addressed at this meeting. Director Hudson asked if anyone else had questions and, hearing none, discussion moved to the next agenda item.

5. SERFF and Public Access

The Board received a request from South Dakota to allow public access to SERFF filings via the Internet. Ms. Stepp said many states would appreciate the ability to allow consumers and interested parties the option to access filings without going into the state's offices to do so. Many states do not have the resources to build their own Web interfaces through which rate and form filings might be accessible to the public and, thus, would like to utilize SERFF to fulfill this need. Several questions arose as to the functionality available in SERFF to protect confidential portions of the filings. It was agreed to prepare a Web presentation so that the Board would be given the opportunity to view the current functionality within the public access/confidentiality mechanism in SERFF. It was requested that these sessions be open to interested parties, as well, and that they be conducted prior to the next SERFF Board call so that the discussion may continue on this topic.

6. SERFF Product Development

Ms. Morrison reported that SERFF v5.7 is in testing and was moved to the QA environment last week, with a release planned for Aug. 12. The functionality was split into two releases to allow more time to manage the development and to allow for thorough testing. SERFF v5.8 is scheduled for a Nov. 4 release and it will include the post-submission updates enhancement, as well as the IIPRC's fielded statement of intent.

7. SERFF Marketing Update

Thea Cook (NAIC) said that monthly transactions were reported at the Summer National Meeting and the numbers are down for the months of April and May. For January through June 2009, transactions are still slightly over budget at 14,000. However, the June numbers are still below the budgeted amount and the month of June ended with 46,379 transactions, where nearly 48,000 was budgeted. The average daily transaction rate for June was 2,108 transactions per day and there were 22 business days in June. The average per-transaction amount for May was \$7.47. The average per-transaction amount for January through May was \$7.56. There are 48 new licensed companies and the total number of new licensed companies is now just under 2,900. The SERFF team will conduct a Web session for a meeting of the Northwest chapter of the Association of Insurance Compliance Professionals (AICP) and the Louisiana Insurance Department Compliance Day. The SERFF team still plans to attend the AICP national conference in October, but will not host a booth at the event.

8. Speed to Market Implementation Progress

Ms. Fritz reported that since the Summer National Meeting, California has gone live with all lines of business, the Product Coding Matrix (PCM) and Uniform Transmittal Document (UTD). The state still needs to get electronic funds transfer (EFT) implemented for their rating organizations. A conference call with Florida is planned for early August to discuss integration of I-File and SERFF. Hawaii has finished, has done EFT for life/health and hopes to complete property/casualty shortly. Illinois has only one outstanding issue, which is the implementation of the UTD on the life/health side. Indiana has more work to do and is in progress. Kentucky still needs some work on the health side; they have some different requirements, because not all health filings are handled by the insurance department. Mississippi should begin accepting EFT transactions on July 16. New Mexico finished EFT, but needs to remove the UTD attachment requirement. South Carolina still needs to implement EFT. New Jersey is fully implemented, except for the 200-page limit they will be eliminating.

9. Approval of Minutes

A motion was made by Mr. Edmiston to approve the minutes of the June 13 meeting. Ms. Stepp seconded the motion, and the minutes were approved with one unresolved item, which is clarification of possible trade infringements. Kay Noonan (NAIC) is not currently available to address this issue, so it will be placed on the agenda for the next call.

Having no further business, the SERFF Board of Directors adjourned.