

SPEED TO MARKET (EX) TASK FORCE

Speed to Market (EX) Task Force Sept. 23, 2009, Minutes

Speed to Market Task Force Proposed 2010 Charges (Attachment One)

Operational Efficiencies (EX) Working Group, Sept. 1, 2009, Minutes (Attachment Two)

Speed to Market (EX) Task Force June 23, 2009, Minutes (Attachment Three)

Speed to Market (EX) Task Force
Washington, DC
September 23, 2009

The Speed to Market (EX) Task Force met in Washington, DC, Sept. 23, 2009. The following Task Force members participated: Mary Jo Hudson, Chair, represented by Mary Miller (OH); Jim L. Ridling represented by David Parsons (AL); Jay Bradford represented by William Lacy (AR); Steve Poizner represented by Joel Laucher (CA); Kevin McCarty represented by Belinda Miller (FL); Glenn Wilson represented by Brian Pennington (MN); John Huff represented by Mary Kempker and Angela Nelson (MO); Scott J. Kipper represented by Kimberly Everett (NV); Kim Holland represented by Kathie Stepp (OK); Alfred W. Gross represented by Mary Bannister (VA); Mike Kreidler represented by Lee Barclay (WA); and Jane L. Cline represented by Mike Riley (WV).

1. Consider 2010 Charges

Julie Fritz (NAIC) provided an overview of the proposed 2010 Charges of the Task Force, pointing out the key changes from this year:

- 1) Combined two sub-charges into one (2.a) related to the implementation efforts for the Product Coding Matrix (PCM) and Uniform Transmittal Documents (UTD), since by the end of this year only Florida and Indiana will remain.
- 2) The Personal Lines Market Regulatory Framework Working Group was discharged earlier this year, as it completed its charges.
- 3) Renamed the Product Requirements Locator Subgroup to the Filing Efficiencies Subgroup (#3). The focus is to expand the scope of this group to address the broader issue of filing efficiencies.
- 4) Added a charge to work with the National Treatment and Coordination (E) Working Group on issues that impact both company licensing and rate and form filing.
- 5) Revised the Product Filing Review Handbook charge to include revisions to the book, which is targeted for completion this year, so that it might include some best practices in the event of a corporate change.

Upon motion by Mr. Parsons, with second by Ms. Bannister, the Task Force adopted 2010 Proposed Charges (Attachment One).

2. Consider Adoption of Working Group Reports

Upon motion by Mr. Parsons, with second by Ms. Stepp, the Task Force adopted the Operational Efficiencies Working Group Sept 1, conference call (Attachment Two) and information of the National Standards Working Group. Subgroups of the National Standards Working Group have met weekly since the Summer National Meeting. The Annuity Subgroup is working on developing standards for annuity longevity products. The Life Subgroup is working on Group Life Term Standards. The Long-Term Care Subgroup completed work on Standards for Filing Rate Increases in Individual Long Term Care Insurance Premium Rate Schedules and continues to work on Standards for Long Term Care Insurance Benefit Features. The Disability Income Subgroup is working on the following disability income standards: Individual Disability Income Insurance Application Standards--Additional Standards For Disability Business Overhead Expense Plans; and Individual Disability Business Overhead Expense Insurance Policy Standards.

3. Consider Adoption of Interim Task Force Minutes

Upon motion by Ms. Stepp, with second by Ms. Kempker, the Task Force adopted its June 23 conference call minutes (Attachment Three).

4. Receive Report from Interstate Insurance Product Regulation Commission (IIPRC)

Executive Director Karen Schutter (IIPRC) provided an update of the activities of the IIPRC. The IIPRC held its annual meeting Sept. 22 and elected new officers for the upcoming term. Director Hudson will serve as chair. Commissioner Sean Dilweg (WI) will serve as vice-chair and Commissioner Paulette Thabault (VT) will serve as treasurer. The 2009/2010 Management Committee will include new members from Maryland, Minnesota, Missouri, Mississippi and Washington.

The Commission also adopted its budget for 2010. Positive growth is being achieved. Registrations and filings significantly exceed the 2008 levels. There are 70 registered companies to date, compared to 38 total companies in 2008. Forty percent of

the registered companies are new, while 60% registered last year. Of the 38 companies registered last year, only three have not yet registered this year, so the retention rate is 90%. One-hundred-fifty-five filings have been received, which translates to 3,193 SERFF transactions—compared to 106 total filings in 2008. Even with the increased workload, the reviewers are promptly reviewing and following up with filers. The current review time is 20 days.

At the end of July, the Management Committee and Commission held a joint meeting to consider amendments to the product filing rule regarding mix and match. The Commission removed the two-year deadline for mix and match and eliminated Appendix A—List of Uniform Standards eligible for Mix and Match. Companies now have flexibility to transition approval of their asset-based products to the IIPRC without the concern of a mandatory deadline for “mix and match.”

The Product Standards Committee is focused on the development of the suite of individual long-term care products. It recently completed the Long-Term Care Advertising Standards and is now reviewing the Long-Term Care Rate Change Standards. The Committee has held one public conference call and plans to have more public calls to receive comments on these standards before recommendation to the Management Committee. The goal is to have these standards ready for recommendation to the Management Committee by year-end. The Product Standards Committee is also considering two annuity benefit features—Guaranteed Living Benefit Standards and Guaranteed Minimum Death Benefit Standards. It expects to hold a public call in October on these annuity standards with a goal of recommending to the Management Committee at its October meeting.

The Rulemaking Committee is moving forward in developing a draft of the self-certification rule. Vermont, Ohio and Washington have volunteered to take the lead on this effort.

Since the Summer National Meeting, a focus group has been created, which includes a group of 17 with two consumer representatives and 15 industry representatives—filers, registered not yet filed, not yet registered, and third-party filer. Focus group participants filing with the IIPRC noted that the uniformity offered with IIPRC filings provides them the speed-to-market they have been looking for and allows them to roll out and track one standard form across the compacting states.

Companies can register with the IIPRC for the remainder of the year at the pro-rated amount of \$2,500. Ms Schutter said that if anyone has questions about the benefits of filing with the IIPRC or how to file, to contact her or any one of the team members, who would be happy to provide an overview and a filing demonstration.

5. Receive Report on SERFF and Speed to Market Activity

Ms. Fritz provided a report on SERFF and speed-to-market activity. Since the Summer National Meeting, 57 companies—primarily due to the state mandates for Michigan, New Mexico and Oklahoma—have been licensed. There are now over 2,900 unique companies currently licensed.

SERFF usage for July 2009 was down approximately 6% compared to the budget. Due to a good first quarter, usage for the first eight months of 2009 is roughly 4% over the budgeted transactions; however, April through August actual transactions were less than budgeted in each month, averaging 4% under the 2009 budget for the five-month period. With Electronic Funds Transfer (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 the total number of unique licensed companies.

The Marketing Team participated via the Web during the Northwest Chapter of the Association of Insurance Compliance Professionals (AICP) Education Day. The team also took part in Louisiana’s Compliance Day. For both events, the team provided updates on SERFF, including upcoming releases and question-and-answer sessions. SERFF will also be represented at the AICP National Conference in October.

The Implementation Team has been focusing on state satisfaction monitoring and general support. Most recently, the staff worked with the states to implement the Med Supp changes to the Uniform Product Coding Matrix (PCM). As reported at the Summer National Meeting, nearly all states have implemented SERFF for all lines and Speed to Market initiatives. States have made a firm commitment, demonstrating the willingness to achieve uniformity. Only six states have outstanding impediments to full implementation of Speed to Market initiatives, and several of those are expected to be resolved by year-end. Since the last national meeting, Kentucky became the 50th state to implement the PCM. After the Summer National Meeting, two SERFF mandates went into effect, and three states announced 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 was effective Sept. 12. Ohio announced their mandate, which includes

all business areas and is effective Dec. 31. 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 P&C. Twenty-two states have mandated SERFF, and 12 states have mandated EFT.

SERFF 5.7 was released in August. Items include a search feature for General Instructions; additions to the Export Tool that will enhance state and company reporting abilities; Pipeline performance and format changes; and a new reminder feature. Also released in 5.7 and currently being pilot-tested by a few states is an enhancement that allows users to search for text within a PDF. SERFF v5.8 is currently in testing, and its features include the implementation of the IIPRC Statement of Intent into fielded data and the ability to update more of the filing fields after submission. SERFF v5.8 is expected to move to production in December.

6. Receive Comments from the SERFF Board

Ms. Fritz reported that the SERFF Board met Sept. 22. Various comments were received regarding a discussion on public access to the public portions of filings submitted. Additional comments are expected to be received, and all written comments will be posted to the Web site. The Board will be discussing the next steps at a future meeting.

The 2010 budget was approved. In addition, the issue of an audit of SERFF was again raised. However, as SERFF is not a corporate entity, and as the SERFF budget is included in the NAIC financials, which are audited annually, the Executive Committee has indicated that an additional audit of SERFF is not necessary.

In July the Board began reviewing the form-driven filings project and the enhancements and features included. This project was intended to proceed parallel to the Product Requirements Locator (PRL) redesign. Since the Speed to Market Task Force suspended work on the redesign in June, the SERFF Board is considering analysis on items recommended for potential development prior to the PRL redesign.

NAIC legal staff has reviewed antitrust concerns and opined that states are immune to antitrust laws. Since SERFF mandates are actions of the state, not the NAIC, there should be no concern. The issue was presented to the NAIC Executive Committee in August, and the Committee agreed with the opinion. A few industry members reiterated their concern at the Sept. 22 Board meeting.

7. Any Other Matters Brought Before the Task Force

Rey Becker (Property Casualty Insurers Association of America—PCI) said the prior work of the Personal Lines Market Regulatory Framework Working Group included a *Personal Lines Regulatory Framework* white paper. One of the recommendations contained in the white paper concerned the need to examine the effects of data mining and the effect on risk classifications, but the Speed to Market Task Force did not adopt this recommendation. Mr. Becker inquired why the risk classification issue is included in the Agenda for the Property and Casualty Insurance (C) Committee. Joe Bieniek (NAIC) said the issue to be discussed during the C Committee meeting was separate and distinct from the recommendation contained in the white paper, and in fact, the risk classification issue will not be discussed.

Having no further business, the Speed to Market (EX) Task Force adjourned.

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**SPEED TO MARKET (EX) TASK FORCE
(2010 PROPOSED CHARGES)**

The mission of the Speed to Market (EX) Task Force is to serve as the NAIC focal point for modernization of the insurance product filing and review processes. The Task Force will monitor the development and implementation of speed to market operational efficiencies and will support the development of national standards in conjunction with the Interstate Insurance Product Regulation Commission (IIPRC). The speed to market Task Force will also support IIPRC initiatives that require uniformity and policy changes within the states.

Ongoing Support of NAIC Programs, Products, or Services:

1. Appoint a National Standards Working Group to coordinate with/work jointly with the IIPRC Interstate Compact National Standards Working Group in accelerating the drafting of national standards for insurance products that are eligible for inclusion in the Interstate Insurance Product Regulation Commission, with the emphasis on group life, individual annuity, group annuity, disability income and long-term care product standards. Report the results of this ongoing charge on a quarterly basis—*Essential*
2. Appoint an Operational Efficiencies Working Group to oversee the implementation and ongoing maintenance/enhancement of speed to market operational efficiencies that have been adopted. Report the results of this ongoing charge on a quarterly basis. —*Essential* Update the speed to market assessment tool that includes a nationwide summary and individual state summaries of speed to market compliance. Report quarterly.
 - a. Monitor, assist with, and report on state implementation of the uniform Product Coding Matrices (PCM), Uniform Transmittal Document (UTD), Electronic Funds Transfer (EFT), standardized filing types and elimination of paper filing requirements when filing via SERFF. Achieve full implementation in all states by Dec. 31, 2010.
 - b. Facilitate proposed changes to the PCM on an annual basis, including the review, approval, and notification of changes. Monitor, assist with, and report on state implementation of any PCM changes.
 - c. Facilitate proposed changes to the UTD on an annual basis, including the review, approval, and notification of changes. Collaborate with the SERFF Board to ensure incorporation of UTD changes in SERFF.
 - d. Monitor, assist with, and report on the full and complete implementation of SERFF in all states.
 - e. Use SERFF data to develop, refine, implement collect and distribute common filing metrics that provide a tool to measure the success of the speed to market modernization efforts with emphasis on data that monitors both state regulatory and insurer responsibilities for speed to market for insurance products and ensure full and complete communication of any change in filing requirements.
 - f. In collaboration with the National Treatment and Coordination (E) Working Group evaluate synergies between corporate changes/amendments and rate and form filing review and approval to improve efficiency. —*Important*
 - g. Serve as the clearing house for input from the SERFF Board regarding the SERFF electronic filing speed to market tool—*Essential*
3. Appoint a Filing Efficiency Subgroup of the Operational Efficiencies Working Group to provide oversight in evaluating filing efficiency issues for both regulators and industry.—*Important*
 - a. Continue work on the development of uniform rate and form terminology for dispositions, filing objections, filing statuses and deemer provisions designed to further advance speed to market for rate and form filing and review.
 - b. Survey the states and industry to gather information regarding common filing issues and develop recommendations for resolution.
4. Appoint a Product Filing Review Handbook Subgroup of the Operational Efficiencies Working Group to review and issue a 2010 update to the *Product Filing Review Handbook* that contains all of the operational efficiency tools and describes best practices for industry filers and state reviewers with regard to the rate and form filing and review process. Publish revised handbook by Dec. 31, 2010.—*Essential*
5. As desired by the IIPRC, encourage state participation in the IIPRC and receive quarterly reports of legislative activity for non-compacting states—*Essential*

SPEED TO MARKET (EX) TASK FORCE (cont.)

6. As desired by the IIPRC, assist with marketing efforts promoting industry use of the IIPRC speed to market tool—*Essential*
7. As desired by the IIPRC, participate in dialogue with active supporters of the IIPRC — such as National Conference of State Legislators, National Conference of Insurance Legislators, state executive branch organizations, National Governors Association and National Association of Attorneys General — to provide background information and reasons in favor of all states joining the IIPRC—*Essential*

Sponsors for 2010 Charges
(Except as noted, I support all charges)

Sharon P. Clark
Kentucky

Wayne Goodwin
North Carolina

Mary Jo Hudson
Ohio

Kim Holland
Oklahoma

Staff Support: Julienne L. Fritz/Joe Bieniek

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Operational Efficiencies (EX) Working Group
Conference Call
September 1, 2009

The Operational Efficiencies (EX) Working Group of the Speed to Market (EX) Task Force met via conference call Sept. 1, 2009. The following Working Group members participated: Maureen Motter, Chair (OH); Joe Musgrove (AR); Geri Smith (FL); John Gatlin and Cindy Colonia (IL); Dick Cook (KS); Al Perkins (KY); Tammy Lohmann (MN); Mary Kempker (MO); Bruce Ramage (NE); Rhonda Saunders-Ricks (OR); John Carter (TX); Betty Branum (VA); and Gail Jones (WA).

1. Product Coding Matrix / Medicare Supplement Implementation

Thea Cook (NAIC) stated that, as of Sept. 1, there are 42 states in production with the approved Medicare supplement changes. The remaining states are awaiting legislative approval and should be implemented by Sept. 30. Ms. Motter added that the Speed to Market Task Force learned in June that companies had a business need to submit filings under the new codes prior to established timeline of Jan. 1, 2010. The Task Force then asked NAIC staff to communicate to the states this need and assist them in implementing the changes well ahead of the 2010 deadline. In the approximately 60 days since the Summer National Meeting, 42 states have been implemented, demonstrating a quick reaction to a need within the market.

2. Product Requirements Locator Subgroup Update

Ms. Motter reminded the Working Group that the redesign of the Product Requirements Locator (PRL) has been suspended, pending a demonstration of industry support for the tool. In the meantime, the PRL Subgroup was to continue work toward gaining support for consistency and uniformity within the tool. The chairs are considering separating efforts between life and property/casualty issues. Maureen Hartsmith (NH), chair of the PRL Subgroup, will be at the Association of Insurance Compliance Professionals (AICP) conference in October and will try to gather support for the project while she is there. Mr. Musgrove said he would also be in attendance and would provide support as needed.

3. Product Filing Review Handbook Subgroup Update

Ms. Motter stated that there have been two meetings of the Product Filing Review Handbook Subgroup. Work continues on Chapter Three, Property/Casualty Ratemaking; however, the group hopes to finish this chapter via conference call Sept. 14. Immediately following completion of Chapter Three, the subgroup will begin work on chapters regarding SERFF and other speed-to-market tools. Those chapters were drafted several years ago and NAIC staff have been working on updates. At the same time, NAIC actuarial staff will be reviewing the chapter on regulatory data. This leaves the chapter on life and health ratemaking to be completed, and Ms. Motter is hoping the NAIC will soon have a staff person in this role to assist with completing this chapter. Representatives from Florida, Kentucky and Oregon offered to assist with the handbook.

4. National Treatment and Coordination Working Group Corporate Change Project

Ms. Motter informed the Working Group that the National Treatment and Coordination (E) Working Group conducted a joint call between the two groups to discuss company name changes, mergers and/or filing products in sister companies, and efforts to streamline the process when a company begins the work to make the change and submits rate and form filings before the process is complete. Another meeting was held at the NAIC/NIPR E-Regulation Conference and requests for checklists and other information on how companies handle this process across multiple states was requested. Very little information on this issue has been submitted. Some survey questions were drafted and sent to the National Treatment and Coordination Working Group for review. Efforts will be made to determine each state's process and to make this transparent to the companies. Eliminating any artificial barriers in the process is also a goal. In the meantime, the Working Group has taken on a project to assist a company in the midst of this process. An effort is being made to deal with the impending deadlines for this company on a state-by-state basis; however, the overall issue still needs to be addressed. Ms. Motter requested that anyone with information that might help identify state processes and requirements to send it to Joy Morrison (NAIC).

5. Any Other Matters Brought Before the Working Group

Ms. Motter reminded the group that the recommended changes to the speed to market tools for 2011 should be submitted prior to Dec. 1 to allow the states time to make changes to their back-office systems.

Having no further business, the Operational Efficiencies (EX) Working Group adjourned.

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Speed to Market (EX) Task Force
Conference Call
June 23, 2009

The Speed to Market (EX) Task Force met via conference call June 23, 2009. The following Task Force members participated: Mary Jo Hudson, Chair (OH); Wayne Goodwin, Vice Chair, represented by Ted Hamby (NC); Jim L. Ridling represented by David Parsons (AL); Jay Bradford represented by Dan Honey (AR); Kevin McCarty represented by Audrey Brown (FL); Sandy Praeger represented by Tom Whalen (KS); Sharon P. Clark (KY); Glenn Wilson represented by Tammy Lohmann (MN); John Huff (MO); Ann Frohman represented by Bruce Ramge and John Rink (NE); Roger A. Sevigny represented by Maureen Hartsmith (NH); Scott J. Kipper represented by Joy Miller (NV); Eric Dinallo represented by Doris Kullman (NY); Kim Holland represented by Kathie Stepp (OK); Teresa Miller represented by Gayle Woods (OR); Joel Ario represented by Brad Harker (PA); Alfred W. Gross represented by Althelia Battle (VA); Mike Kreidler represented by Gail Jones (WA); and Jane L. Cline (WV).

1. Consider Proposal to Revise the Effective Date of Medicare Supplement Changes to the Uniform Product Coding Matrix from 2010 to 2009

Director Hudson provided an overview of concerns that have been raised regarding recent changes in the Medicare supplement plans that required changes in the Uniform Product Coding Matrices and the timing of when the changes would be available in SERFF. The Task Force adopted the recommended changes from the Operational Efficiencies Working Group June 13, 2009, with an effective date of Jan. 1, 2010. The changes are effective with the 2010 Product Coding Matrix.

Based on concerns raised from the states and interested parties, there appears a more pressing need for the Medicare supplement changes driven by the change in federal law that governs plans effective June 1, 2010. The urgency is due to the heightened concern of filers and their anticipated filing volume, in addition to concerns expressed at the Senior Issues (B) Task Force and the Health Insurance and Managed Care (B) Committee. Therefore, the Speed to Market Task Force needs to consider changing the effective date of the Medicare supplement changes, specifically that changes be effective with the 2009 Product Coding Matrix, rather than 2010 Product Coding Matrix.

Director Hudson said it is important to note that changes will need to be made in SERFF, which can be done in a relatively short period of time with a small amount of state assistance. However, for the few states that integrate with SERFF, more time is needed to make changes in their back-office systems. She said that it is believed that this can be worked through in order to give these back-office states adequate time to address the issue, while still meeting the needs of the filers. In addition, there might be other impacts related to necessary changes in legislation or regulation.

Ms. Jones said that Washington cannot accept new filings until legislation is passed in her state. Other states are in a similar situation, as they will not be able to accept filings until their respective state passes legislation adopting revisions to the NAIC Model Regulation to Implement the NAIC Medicare Supplement Minimum Standards Model Act (#651), which were approved by the NAIC Sept. 24, 2008. The deadline for adoption of the Medicare Improvements for Patients and Providers Act of 2008 (MIPAA) is Sept. 24, 2009. Therefore, some states might be required to wait until their legislation is finalized before accepting the new filings. NAIC staff is working closely with these states so that implementation in SERFF will occur shortly after legislative effective dates.

Upon a motion by Ms. Stepp, seconded by Mr. Parsons, the Task Force adopted proposed changes to the 2009 Uniform Product Coding Matrix related to Medicare supplement lines to be effective July 1, 2009.

The SERFF team recently issued a survey of states to prepare for implementation of the changes, but more responses are needed. The survey will help inform insurance companies regarding which states they can submit filings now and which states they will need to wait to submit filings until legislation is passed. Director Hudson encouraged states to respond to the survey. Ms. Fritz said the SERFF team also is working with America's Health Insurance Plans (AHIP) to survey their member companies. The AHIP survey will seek to obtain information about how many filings are expected and whether rate and forms filings will be made jointly or separately over time. The information will be shared with each of the insurance departments to help prepare for filings to come. This also will provide regulators with some insight into the filing volume for 2009 and 2010, so that the states can prioritize workloads. The survey will also ask each company what their top five states are, by filing volume, so the information can be shared with the states. The aggregate information from the surveys will be shared with all of the states, in addition to information regarding when filings can be submitted within SERFF.

A joint letter from the chairs of the Speed to Market Task Force and the Health Insurance and Managed Care (B) Committee will be sent to each of the commissioners to make them aware of this important issue, including that adoption of the model might be needed.

Having no further business, the Speed to Market (EX) Task Force adjourned.

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