

SPEED TO MARKET (EX) TASK FORCE

Speed to Market (EX) Task Force Dec. 15, 2013, Minutes

Speed to Market (EX) Task Force Oct. 11, 2013, Minutes (Attachment One)

Commercial Lines (EX) Working Group Dec. 14, 2013, Minutes (Attachment Two)

Commercial Lines (EX) Working Group Nov. 6, 2013, Minutes (Attachment Two-A)

Commercial Lines (EX) Working Group Oct. 1, 2013, Minutes (Attachment Two-B)

Commercial Lines (EX) Working Group Adopted Survey (Attachment Two-C)

Commercial Lines (EX) Working Group Adopted TOI List (Attachment Two-D)

Commercial Lines (EX) Working Group Adopted Work Plan (Attachment Two-E)

Commercial Lines (EX) Working Group Nov. 6, 2013, Minutes (Attachment Three)

Operational Efficiencies (EX) Working Group Dec. 10, 2013, Minutes (Attachment Four)

W:\National Meetings\2013\Fall\TF\Speed\Contents.doc

Speed to Market (EX) Task Force
Washington, DC
December 15, 2013

The Speed to Market (EX) Task Force met in Washington, DC, Dec. 15, 2013. The following Task Force members participated: Scott J. Kipper, Chair (NV); Dave Jones represented by Pam O'Connell (CA); Chester A. McPherson represented by Robert Nkojo (DC); Karen Weldin Stewart represented by Gene Reed (DE); Andrew Boron represented by Lysa Saran (IL); Sandy Praeger represented by Marty Hazen (KS); Sharon P. Clark represented by Ronda Sloan (KY); Eric A. Cioppa represented by Mary Hooper (ME); Mike Rothman represented by Tammy Lohmann (MN); Wayne Goodwin represented by Ted Hamby (NC); Kenneth E. Kobylowski represented by Anne Marie Narcini (NJ); John D. Doak represented by Cuc Nguyen (OK); Laura N. Cali (OR); Angela Weyne represented Sol Gisela Marrero (PR); Todd E. Kiser represented by Brett Barratt (UT); Jacqueline K. Cunningham represented by Don Beatty (VA); and Mike Kreidler represented by Lee Barclay (WA).

1. Adopted its Oct. 11 Minutes

Mr. Hamby made a motion, seconded by Mr. Hazen, to adopt the Task Force's Oct. 11 minutes (Attachment One). The minutes were unanimously adopted.

2. Adopted the Commercial Lines (EX) Working Group Report

Mr. Barclay said the Commercial Lines (EX) Working Group met via conference call Dec. 14 (Attachment Two) and Nov. 6 (Attachment Three). During these meetings the Working Group heard an update from industry regarding desired reforms for commercial lines product filings, approved a draft survey of states to evaluate commercial lines filing and review processes, discussed additional reporting needs to assist with workload management within filing areas, and discussed filing review metrics.

Mr. Barclay made a motion, seconded by Commissioner Cali, to adopt the report of the Working Group. The report was unanimously adopted.

3. Received the Operational Efficiencies (EX) Working Group Report

Mr. Hamby said the Operational Efficiencies (EX) Working Group met via conference call Dec. 10 (Attachment Four) to discuss the development of uniform filing metrics to demonstrate the effectiveness of speed-to-market initiatives. The Working Group reviewed a sample report prepared by NAIC staff as well as a sample dashboard summary. Topics discussed include the desire to account for extraordinarily large or complex filings and to show the gap between when a state requests additional information or reports a problem with the filing and when the company responds. Regulators were invited to share reports they use to track filing turnaround as part of the effort to come up with a uniform way to measure the process. NAIC staff will work to incorporate the suggestions into a second draft of the report.

The Working Group suggested several data elements that, if tracked and made available via the Export Tool and/or a standard report, would help states manage their analysts' workload, which would lead to more efficient review of filings. NAIC staff will review the data elements and provide feedback on the effort required to make these modifications.

4. Received an Update on the Federal Affordable Care Act (ACA) SERFF Implementation Projects

Julie Fritz (NAIC) said the NAIC SERFF staff has held eight Plan Management forums over the last two years, the most recent being in April and May of 2013. During 2013, staff have spent a considerable time supporting federal Affordable Care Act health care reform modifications to SERFF, particularly for Qualified Health Plan (QHP) filings. A majority of work was completed prior to the Oct. 1 open enrollment period, but some work related to recertifications and decertifications remains due to delays in receiving specifications from the U.S. Center for Consumer Information and Insurance Oversight (CCIIO). In addition, changes to QHP templates for Plan Year 2 are anticipated, and some shoring up to ensure long-term efficiencies and the support and maintenance to SERFF must be completed. As a result, approximately \$600,000 in grant revenue received in conjunction with a 2013 fiscal impact statement will be carried into 2014, with an anticipated project completion slated for June 2014.

5. Received an Update on Other SERFF Activity

Joy Morrison (NAIC) said transaction activity, usage and the associated revenue is approximately 20% over budgeted amounts through October. November experience indicates about an 11% increase over budget. The year-end projection is anticipated to be around 15% over budget. Some of the overage is attributable to an increase in both life and property/casualty filing volumes, but the majority is a result of QHP submissions and related rate and form filings.

There have been five software releases from May to December. The majority of these were to satisfy plan management requirements. The latest releases in November and December included updates to the data collection for Rate Review Grant report, and password security changes for SERFF, including the ability for users to reset their own password after correctly answering security questions. A release is anticipated in January to facilitate the transfer of Rate Review Grant reporting to the U.S. Department of Health and Human Services (HHS). Requirements-gathering and prioritization sessions are being planned with the IIPRC staff. The information gathered from these sessions will be used to create a plan to introduce new and improved functionality for IIPRC filings.

SERFF is currently scheduled for NAIC application server upgrades in 2014 and has begun the implementation of NetIQ in the Develop and Integration environments.

The SERFF Implementation Team's primary focus continues to be on the Plan Management functionality. Beginning in December, the team is working with states to implement the 2014 Uniform Product Coding Matrix changes. The team is also preparing its semi-annual state satisfaction survey.

6. Received a Report from the SERFF Advisory Board

Commissioner Kipper reported that the SERFF Advisory Board was appointed following the Summer National Meeting and includes:

Commissioner Stephen W. Robertson (IN), Chair
Commissioner Jay Bradford (AR)
Director Bruce R. Ramge (NE)
Commissioner Roger A. Sevigny (NH)
Commissioner Scott J. Kipper (NV)
Commissioner Mike Rothman (MN)
Birny Birnbaum (Center for Economic Justice)
Karen Schutter (IIPRC)
Shirley Grossman (Lincoln Heritage Life Ins. Co.)
Jim Gabriel (United Healthcare), Vice-Chair
Pamela Sampey (Zurich North America)

The Advisory Board met via conference call in November to hear an update on 2013 SERFF-related revenue and expense results (Attachment Six) and on Dec. 15 to hear reports of SERFF-related marketing, development and IIPRC support (Attachment Seven). In addition, the Advisory Board appointed the following new members to the SERFF Product Steering Committee (PSC) to fill vacancies:

Ed Charbonnier (MA), PSC co-chair
Laura Schimpf (OH), Life and Health seat
Bryan Heckle (NC), Sharalyn Taylor-Hargrove (TX) and Wendy Reves (UT), Property/Casualty seats
Dale Bihlmeyer (MetLife) and Ryan Morgan (Blue Cross Blue Shield of Wisconsin), Life and Health seats
Christie Lee (Great American Insurance), Property/Casualty seat

The Advisory Board also reviewed a proposed SERFF Advisory Board Application package designed to assist with the March 1, 2014 – Feb. 28, 2015, board term. The application includes an acknowledgement of the SERFF Advisory Board Operating Procedures, general applicant information and a professional biography. The application submission period is slated to open in late December 2013 or early January 2014.

7. Heard Report from the IIPRC

Karen Schutter (IIPRC) said the IIPRC held its annual meeting Dec. 14 and elected its 2014 officers as follows:

Commissioner Roger Sevigny (NH), Chair
Commissioner Mike Consedine (PA), Vice-Chair
Commissioner Joe Murphy (GA), Treasurer

The IIPRC also adopted two new uniform standards: Employer Group Term Life Accelerated Death Benefits Standard and Incidental Guaranteed Minimum Death Benefit Standards for Deferred Non-Variable Annuities. The IIPRC has adopted 93 uniform standards across all individual product lines and group term life.

The IIPRC Product Standards Committee is undertaking its five-year review process for the individual life uniform standards, and the Rulemaking Committee is working on clarifications to the mix and match process.

The Federal Insurance Office (FIO) report, *How to Modernize and Improve the System of Insurance Regulation in the United States*, recognized the state-driven Interstate Compact as the modernization vehicle for asset-based product approval.

The IIPRC is doing webinars for member states on various aspects of the IIPRC's processes and activities.

The IIPRC Office announced that Becky McElduff, currently NAIC Senior Legal Counsel, will join the IIPRC at the end of the year as Assistant Director of Product Operations, and Anne Marie Narcini, currently Chief of Market Regulation at the New Jersey Department of Banking and Insurance, will join the IIPRC in early 2014.

8. Discussed Any Other Matters

Commissioner Kipper said the FIO report was released Dec. 12 and contained two recommendations related to the Speed to Market (EX) Task Force. Those recommendations will be considered in the coming months.

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

W:\National Meetings\2013\Fall\TF\Speed\12-SpeedtoMarketTFmin.docx

Draft: 10/23/13

Speed to Market (EX) Task Force
Conference Call
October 11, 2013

The Speed to Market (EX) Task Force met via conference call Oct. 11, 2013. The following Task Force members participated: Scott J. Kipper, Chair (NV); Dave Jones represented by Joel Laucher (CA); Sandy Praeger represented by Jim Newins (KS); Sharon P. Clark represented by Sue Hicks (KY); Mike Rothman represented by Tammy Lohmann (MN); Monica J. Lindeen represented by Rosanne Grandy (MT); Wayne Goodwin represented by Ted Hamby (NC); Ann Marie Narcini (NJ); Mary Taylor represented by Maureen Motter (OH); Louis D. Savage represented by Annette Boyce (OR); Todd E. Kiser represented by Tracy Klausmeier (UT); Jacqueline K. Cunningham represented by Mary Bannister (VA); and Mike Kreidler represented by Lee Barclay (WA).

1. Consider Adoption of 2014 Proposed Charges

Commissioner Kipper reviewed the 2014 Proposed Charges, which reflect progress made toward 2013 goals and the elimination of the previous SERFF Board and the creation of the new SERFF Advisory Board, which now reports to the Speed to Market (EX) Task Force.

Following a motion made by Ms. Lohmann and seconded by Ms. Narcini, the 2014 Proposed Charges were unanimously adopted.

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

W:\National Meetings\2013\Fall\TF\Speed\SpeedtoMarketTF10-11-13.docx

Draft: 12/20/13

Commercial Lines (EX) Working Group
Washington, DC
December 14, 2013

The Commercial Lines (EX) Working Group of the Speed to Market (EX) Task Force met in Washington, DC, Dec. 14, 2013. The following Working Group members participated: Lee Barclay, Chair (WA); Sarah McNair-Grove (AK); Joel Laucher (CA); George Bradner (CT); Jim Newins (KS); Angela Nelson (MO); Debra Stone (NH); Cuc Nguyen (OK); Paula Pallozzi (RI); and Don Beatty and JoAnne Scott (VA).

1. Adopted its Nov. 6 and Oct. 1 Minutes

Upon a motion by Mr. Bradner and a second by Ms. Nelson, the Working Group adopted its Nov. 6 (Attachment Two-A) and Oct. 1 minutes (Attachment Two-B).

2. Voted to Distribute the Draft Survey to the States

Mr. Barclay said the Working Group drafted a survey to fulfill two charges: “Review a summary of the state laws and regulations concerning commercial lines rate and form filing and approval, including the authority to exempt certain lines and whether that authority has been used and the definition of large-scale commercial risk exceptions,” and “Document and review the experience of the states that have recently proposed or enacted legislation and/or implemented regulatory measures to streamline commercial lines regulation and what lessons have been learned from these efforts.” Comments were received from Michael Ricker (AK), who was unable to attend the meeting. Mr. Ricker mentioned question seven in the survey draft, which asks states to identify actions they are authorized to take but have not yet taken and any such actions they are considering. He said it may also be helpful to know what is preventing the state from considering or taking such action. He said it seems like it may affect the Working Group’s recommendations if certain actions which seem helpful in streamlining regulation are for some reason unable to be implemented. Mr. Laucher agreed that adding text to question seven regarding obstacles would be helpful.

Lisa Brown (American Insurers Association—AIA) suggested including an explanation of why states are receiving the survey for those unfamiliar with the Working Group’s activities and charges. Mr. Barclay said the Working Group will include an explanation and is only approving questions.

Upon a motion by Ms. Nelson and a second by Ms. Nguyen, the Working Group voted to distribute the Working Group’s survey to the states, with a minor edit to question to seven (Attachment Two-C). The motion passed.

3. Approved the List of TOIs and Sub-TOIs Upon Which to Collect Data

Mr. Barclay said the approval list of Types of Insurance (TOIs) will serve to fulfill the Working Group’s second charge: “Document and review the average time for approval of commercial lines forms and rates by the states, to include the extremes, for various types of commercial insurance products.” Once finalized, the Working Group will submit a request to SERFF to produce approval times. It is understood by the Working Group that approval times are not the only indication of the quality of commercial lines filings or the quality of the review. The approval data will be used in conjunction with other forms of measurement, including commentary from the states.

Mr. Barclay said Mr. Ricker commented in his letter that the list of TOIs for data collection includes interline filings, which Alaska does not accept. Mr. Ricker stated that he cannot think of a reason that that would materially skew results or comparisons among states, but he thought he should point it out in case it does create a problem he is overlooking. Mr. Barclay said some states may not take interline filings, or use filings differently, but data will be collected and separated by state, so data should not be skewed. He said the list is not intended to collect everything, but rather to provide a list of important commercial filings it would be helpful to review.

Birny Birnbam (Center for Economic Justice—CEJ) suggested requesting breaking out force-placed insurance data from commercial property. He said the numbers could skew averages, and force-placed insurance is different than commercial property. He suggested SERFF could do a keyword search to pull out those numbers. Mr. Laucher said force-placed business makes up a small number of filings in California. This small amount may not skew the count of filings, but it may affect

approval times. He said he is not opposed to trying to separate out lender-placed insurance. Mr. Laucher said a descriptor search could be used to search for the force-placed insurance.

Ms. Pallozzi said that in Rhode Island, some filings can take a lot longer, such as workers' compensation, and there is a difference between a state reviewing and approving a filing and a state adopting a filing. States handle filings differently and there will be a lot of footnotes for the state approval times. Mr. Barclay said the limitations of looking at approval times are significant, and the Working Group is not going blindly into this project.

Upon a motion by Ms. Stone and a second by Mr. Bradner, the Working Group approved the list of TOIs and sub-TOIs to send to SERFF (Attachment Two-D). The motion passed. Mr. Barclay said the Working Group will speak to SERFF regarding the possibility of obtaining separate data on force-placed insurance.

4. Adopted Updated Work Plan

Sara Juliff (NAIC) said there were minor wording changes to the Working Group's charges, but none of the action items have changed. Changes included changing charge one from "Develop a summary..." to "Review a summary..."; charge two from "Conduct a survey of the average time..." to "Document and review the average time..."; and charge three from "Document the experience..." to "Document and review the experience..." She said the timeline reflects work completed so far and the plans for 2014. If there are no comments or suggestions, this document can be considered for adoption.

Upon a motion by Ms. Nelson and a second by Ms. Nguyen, the Working Group adopted its updated work plan (Attachment Two-E).

Dave Snyder (Property Casualty Insurers Association of America—PCI) said he is still gathering information from member companies regarding which states they believe provide the most convenient review and approval of commercial filings. He reported that, so far, Washington and Pennsylvania were listed among the top states, but he would need to speak to more companies.

Having no further business, the Commercial Lines (EX) Working Group adjourned.

W:\National Meetings\2013\Fall\TF\Speed\CommericalLinesWG\12-CommercialLinesWGmin.docx

Draft: 11/22/13

Commercial Lines (EX) Working Group
Conference Call
November 6, 2013

The Commercial Lines (EX) Working Group of the Speed to Market (EX) Task Force met via conference call Nov. 6, 2013. The following Working Group members participated: Lee Barclay, Chair (WA); Michael Ricker (AK); Joel Laucher (CA); Moira Herbert (CT); Jim Newins (KS); Joan Dutil (MO); Deb Stone (NH); Paula Pallozzi (RI); and Mary Bannister (VA). Also participating was: Sandra Starnes (FL).

1. Received an Update on Industry Efforts to Refine its List of Concerns

Dave Snyder (Property Casualty Insurers Association of America—PCI) reviewed a list of cooperative approaches to streamlining commercial lines regulation compiled by industry representatives. These approaches are high-level summarizations of concerns submitted by industry members, who hope that these ideas will help stakeholders set priorities. He said industry believes each state should examine its current regulatory authority and use the flexibility it has to the maximum extent unless there is a clear, supported reason not to. He said deadlines can sometimes have unintended consequences. Dialogue with the company early and often about issues with filings is a way to avoid the delays at the back end—caused either by the company’s misunderstanding or mandates to start over—due to the clock running. He said it is most helpful to the company to know the reasons behind the department of insurance’s policy positions, with an understanding that the department of insurance may not have well-formulated positions on new products in advance, or have the legal bases for the policies clearly set forth. The industry would like to know the substantive requirements in state law and regulation and what states expect to see in filings. Mr. Snyder said the industry realizes standardization at a high threshold of large commercial policyholder exemptions is often established in statutes, so legislative changes may be necessary. Regardless, a dialogue should be maintained and changes should be considered to allow the departments of insurance to administratively change the numbers as circumstances warrant. He said states should decide on best practices for informational filings, and manuscript policies written on forms of unique character drafted for a particular insured should not be subject to prior approval. He said several of the desirable improvements identified in industry comments were improvements to SERFF processes. Mr. Snyder said industry would appreciate it if the states would review their reporting mandates to relieve reinsurers of their reporting obligation. Other matters should be explored so as to better encourage the establishment of U.S. reinsurers. He said fee payment and filing requirements should be reviewed to ensure they reflect up-to-date electronic means of conducting business and, to the extent possible, repetitive filings should be avoided. He also suggested some updates in advisory organization filings, whether from companies using advisory organization filings or filings directly from advisory organizations, as work can sometimes be duplicative with multiple approvals for the same products.

Mr. Barclay said there was no mention in the cooperative approaches document mentioning multiple-state policies, an issue brought up numerous times by industry. Mr. Snyder said it would be a good addition and could possibly be included in with the mention of repetitive filings. Mr. Barclay said any improvement to SERFF may need to be directed to SERFF itself, instead of the Working Group. Mr. Snyder suggested sending a delegation to the SERFF Advisory Board for ideas relating to changes to SERFF mechanics. He suggested asking the SERFF Advisory Board to look at some of the issues brought up to this Working Group. Mr. Barclay said reinsurance is not strictly a commercial lines issues, and this Working Group may not be the best forum for reinsurance issues.

Ms. Bannister said many tools are provided by the departments of insurance, such as filing guidelines, but they are not always utilized. Working Group members noted that many states have a filing checklist, but all items requested in the checklist are not always provided in the filings. Ms. Dutil suggested a standardized checklist, with specifics for each state. Mr. Laucher said California does not have a checklist, but they do have a cursory review of incoming filings, with some additional review for exhibits. He said by letting too many things through the door initially, the department of insurance must work with the industry to figure out issues later, and it communicates a message that filings need only be good enough for acceptance. Ms. Dutil said Missouri does have an intake process, but there should be a distinction between intake and approval. Mr. Barclay said there is variation in the process, but in a large number of states, regulators performing intake functions are not trained to evaluate substantive aspects of filings.

2. Discussed Draft Survey to States

Mr. Barclay reviewed the draft survey of state commercial lines legislation distributed to the Working Group and noted a comment submitted by Birny Birnbaum (Center for Economic Justice—CEJ) regarding avoiding the use of words such as “streamlining.” He said “streamlining” can imply deregulation, though the word cannot be entirely avoided, as it used in the Working Group’s charges. Ms. Dutill said there was no survey question asking for top reasons for delayed filings. Mr. Laucher said California has a rate template for all property/casualty business for rate approval, with an exemption for certain commercial coverages. While it is advantageous for carriers to use the exemption, those filings can take longer to process, as complex commercial lines policies can take more time. He suggested adding a question regarding challenges specific to commercial lines filings, which take longer for resolution. Mr. Barclay said the question could be added.

Working Group members discussed Question 9 and Question 10 of the draft survey, and whether there was too much overlap in the questions. Mr. Laucher said Question 9 requests ideas, while Question 10 requests implementation. Mr. Barclay said the survey should keep Question 10 and allow for the slight rewording suggested by Mr. Birnbaum. He said “policyholders, consumer representatives” should be added after “regulators” and before “insurance industry,” and the question “From the list of concerns identified by industry, which do you feel are significant problems for all or most insurers operating in your state?” should also be added.

Mr. Laucher suggested sending a survey to industry asking for feedback on how to make it easier for them to provide data or know what to submit in filings, and which ideas from states that work best. Mr. Snyder said he would commit to asking member companies their views on where things work well and why. Mr. Barclay said the Working Group does not want responses which simply praise states for their deregulated lines; it is interested in what makes a serious filing review go well or poorly. He said he would revise the survey and present a revised draft to the Working Group for approval by the next meeting.

3. Discussed List of TOIs and Sub-TOIs to Collect Data

Mr. Barclay asked if the preliminary list of types of insurance (TOIs) distributed to the Working Group was adequate for collecting data. He said the request to SERFF would be to get separate reports for rate, form, and combined rate and form filings. Some lines, such as medical malpractice, may have a low volume, but are high profile enough to warrant a review. Ms. Dutill and Mr. Laucher echoed Missouri’s written comments and suggested including line 9.0005 Inland Marine of SERFF’s product coding matrix. Mr. Barclay said a small group of regulators would discuss edits to the preliminary list and present a revised version for the Working Group at its next meeting.

Having no further business, the Commercial Lines (EX) Working Group adjourned.

W:\National Meetings\2013\Fall\TF\Speed\CommercialLines\11-6.docx

Draft: 10/17/13

Commercial Lines (EX) Working Group
Conference Call
October 1, 2013

The Commercial Lines (EX) Working Group of the Speed to Market (EX) Task Force met via conference call Oct. 1, 2013. The following Working Group members participated: Lee Barclay, Chair (WA); Michael Ricker (AK); Joel Laucher (CA); Cathy Cirone (CT); Jim Newins (KS); Denise Engle (OK); Paula Pallozzi (RI); and Joanne Scott and Rebecca Nichols (VA). Also participating were: Denise Lamy (NH); and Joanna Lucashuk (NY).

1. Discussed Comments Received on Draft Survey to the States

Mr. Barclay said some suggested questions exceeded the scope of the Working Group's charges. The questions should tie into the charges as much as possible, to help focus on the purpose of the Working Group. He invited Dave Snyder (Property Casualty Insurers Association of America—PCI) to share supplemental industry concerns received after the Summer National Meeting.

Mr. Snyder said the industry is willing to work through their concerns with the Working Group and the goal would be to use available tools for commercial lines insurers to respond effectively to market needs, without disrupting state systems. He said, if it would be helpful, PCI is willing to work with other industry organizations to refine the list of industry concerns, produce a specific list and provide suggestions for correcting issues. Mr. Laucher agreed it would be helpful to reformat the industry comments into suggestions. Mr. Barclay said the Working Group can work with the industry to prioritize issues and change negative comments into positive improvements. He reviewed submitted and distributed suggestions for the draft survey received from the Working Group members and interested parties.

Ms. Pallozzi had submitted inserting the word "bulletin" in the draft question number three, so that it reads, "Has your state proposed or enacted any legislation and/or implemented regulatory measures to streamline commercial lines regulation within the past five years? If so, please provide a copy of the proposal, legislation, regulation or bulletin. When did it take effect?" Mr. Barclay agreed with the addition.

Birny Birnbaum (Center for Economic Justice—CEJ) submitted the following questions for consideration: 1) Can you cite examples of commercial line form or rate filings for which your regulatory scheme unnecessarily delayed the introduction of a product into the market?; 2) Can you cite examples of commercial lines large policyholder exemptions in which you were prevented from taking action to protect commercial lines consumers?; and 3) Has your state been able to review recent lender-placed home insurance form and rate filings that have been filed as commercial property or other type of commercial lines product or have the rate or form filings fallen into a large policyholder exemption?

Mr. Barclay said Mr. Birnbaum's questions were useful, but were a little out of place for a state survey, and Ms. Engle agreed. Mr. Laucher said the questions seemed more suited to be directed toward industry members to produce examples of where the current process has created problems.

Mr. Snyder submitted the following questions for consideration: 1) Are there additional actions you are authorized under your state's law to take, but have so far not taken, to streamline the regulation of commercial lines?; 2) What would increase the efficiency of commercial lines regulation in your state?; 3) What has been your experience in utilizing the commercial lines streamlining authority that you now have?; and 4) How can regulators and industry work together to address the issues raised by the industry in this effort?

Mr. Barclay said the PCI questions seem to align with the Working Group's charges and could be tied into the survey.

Joan Dutil and Angela Nelson (MO) submitted the following question: How does your state address information-only filings?

Mr. Barclay said different states have different opinions on information-only, which makes the filing type hard to define. Mr. Laucher said California does not have an information-only filing and so it might vary state-by-state. Ms. Lamy said New Hampshire also does not have information-only filings in property/casualty products. Mr. Ricker said information-only exemptions are captured, to an extent, in the compilation of charts from the *Compendium of State Laws on Insurance Topics* (Compendium). Mr. Barclay said it might be helpful to speak to Missouri regarding the suggested question.

Paul Tetrault (National Association of Mutual Insurance Companies—NAMIC) submitted the following questions for consideration: 1) Have the measures enacted to streamline commercial lines regulation resulted in known benefits in the market (such as more market participants, more readily available products, etc.)? If so, please describe; 2) Have the measures enacted to streamline commercial lines regulation resulted in any known problems in the market (such as market restrictions, complaints from commercial insureds)? If so, please describe; and 3) Have the measures enacted to streamline commercial lines regulation resulted in freeing up regulatory resources? If so, please provide an estimate of such savings.

Mr. Barclay said NAMIC's questions focus on streamlining and the resulting issues, which relates to the Working Group's third charge. Mr. Laucher said the suggested questions would provide good information and are relevant, although they do not have too much impact in California, as California does not have any current measures to streamline commercial lines regulation. Mr. Barclay said going back five years would provide sufficient information to see what has been done by the states, as the scope should not be to raise all issues. Mr. Tetrault said he drafted the questions to follow the initially drafted set.

Lisa Brown (American Insurance Association—AIA) submitted a three-page comment letter, which included several questions, ranging from state law exemptions to rating flexibility to complaints. Mr. Barclay said many of the questions pertain to the Compendium chart compilation, and other questions would provide interesting information, but are not relevant to the Working Group's charges. Ms. Pallozzi agreed the questions seem to go further than the scope of the charges. Ms. Brown said the AIA tried to avoid open-ended questions and they do not expect all proposed questions to be used. She said the issues behind the drafted questions might help the states consider different issues, such as staff assigned to commercial lines. The question regarding complaints was more directed at the states that have pursued modernization in the past five years, to reflect on confirmed complaints before and after the modernization. Mr. Barclay said that a question could be asked regarding impacts, such as complaints, of modernization in the states. Ms. Brown said there was no expectation from the AIA for all of their proposed questions to be used, but suggested there should be a question regarding the issue of multi-state risks. Mr. Barclay said the issue of multi-state risks needs to be addressed in the Working Group's report to the Speed to Market (EX) Task Force.

2. Discussed Draft Survey to the States

Mr. Barclay said he and Sara Juliff (NAIC) will compile a draft survey and circulate it to the Working Group for comments. He said the questions should be specific, but should also give regulators ideas of areas to address in their responses. Ms. Nichols said the questions should be compared to the charges. Mr. Laucher suggested listing all of the questions, to be voted on individually by the Working Group, and afterward a small group of volunteers could wordsmith the approved questions. Mr. Barclay said it might be difficult to vote on questions if there are issues with wording, but he would try to find an efficient way to draft the survey. Ms. Pallozzi suggested that any questions not considered because they are outside the scope of the Working Group's charges could possibly be revisited later as other additional issues.

3. Discussed Next Steps Regarding Types of Insurance (TOIs) and Sub-TOIs for SERFF Filing Approval Times

Mr. Barclay said a few individuals should get together to discuss the SERFF product coding matrix to make an initial list of what products, and to what level of detail, the Working Group should request for filing approval times. The preliminary list would then be presented to the Working Group for its consideration. He suggested the Working Group should conduct another conference call once the members have had an opportunity to review the draft survey and preliminary list of TOIs and sub-TOIs for SERFF filing approval times. Ms. Engle and Mr. Newins volunteered to assist in creating the initial list of products.

Having no further business, the Commercial Lines (EX) Working Group adjourned.

W:\National Meetings\2013\Fall\TF\Speed\CommercialLines\10-1.docx

SURVEY ON THE REGULATION OF COMMERCIAL LINES OF PROPERTY/CASUALTY INSURANCE

Issued by the NAIC Commercial Lines (EX) Working Group

Due date:

Return completed survey to Sara Juliff, SJuliff@naic.org.

State contact information:

State _____
Name _____ Title _____
Email _____ Phone _____

1. Accompanying this survey is an NAIC Compendium Chart Compilation pertaining to states' regulatory frameworks for commercial lines rates and for exemptions from rate and form filing requirements for commercial lines. Please review this document and provide appropriate updates or corrections, if there are any, for your state.
2. If different from the method(s) shown in the compendium for rates, what are the filing methods for commercial lines forms in your state?
3. Has your state proposed or enacted any legislation and/or implemented regulatory measures to streamline or make other substantive changes to commercial lines regulation within the last five years? If so, please provide a copy of the proposal, legislation, regulation, or bulletin. When did it take effect?

If you answered "yes" to question 3, please respond to questions 4-6. Otherwise, please skip to question 7.

4. Have the measures implemented in your state resulted in identifiable benefits in the market (e.g., more market participants, more readily available products, improved filings by companies, fewer enforcement actions related to rates and forms, etc.)? If so, please identify and quantify the benefits.
5. Have the measures implemented in your state resulted in any identifiable problems in the market (e.g., use of rates or forms that do not meet statutory requirements, market restrictions, complaints from policyholders, increased market conduct examination and enforcement activities, lawsuits, etc.)? If so, please identify and quantify the problems.
6. How have the measures implemented in your state affected the use of regulatory resources (e.g., fewer resources used for rate and form review, more resources used for enforcement activities, etc.)? Please explain how this has occurred and, if possible, quantify the effect.
7. Are there additional actions you are authorized under your state's laws to take, but have not yet taken, to increase the efficiency or effectiveness of commercial lines regulation? Please identify any such actions that you are considering. If there are any obstacles that prevent you from taking these actions, please identify.
8. What steps have you taken, or would you consider taking, to increase the efficiency or effectiveness of regulation of rates and forms for multi-state policies?

9. Other than ideas already mentioned in your responses to questions 1 through 8, what suggestions do you have for increasing the efficiency or effectiveness of commercial lines regulation in your state?

10. Based on your state's experience, please identify any challenges—for insurers or regulators, specific to commercial lines—that cause commercial lines rate and form filings to take longer to be resolved.

11. How can regulators, policyholders, consumer representatives, and the insurance industry best work together to address the issues that have been raised by the industry with respect to commercial lines regulation? From the list of concerns identified by the industry, which do you feel are significant problems for all or most commercial lines insurers that do business in your state? (A list of industry concerns accompanies this survey.)

W:\National Meetings\2013\Fall\TF\Speed\CommercialLines\Adopted_Survey.docx

Approved List

To be used for obtaining time-to-approval data reports from SERFF.

1. 1.0001 – Commercial Property
2. 5.0002 – Businessowners
3. 5.0003 – Commercial Package Policy
4. 9.0005 – Other Commercial Inland Marine
5. 11.0000 – Medical Malpractice (all sub-TOIs)
6. 16.0000 – Workers' Compensation (all sub-TOIs)
7. **COMBINED*** [17.0000 – Other Liability + 18.0000 – Product Liability] **LESS** [17.0003 – Comprehensive Personal Liability + 17.0021 – Umbrella and Excess (Personal)]
8. 20.0000 – Commercial Auto (all sub-TOIs)
9. 27.0000 – Boiler & Machinery or Equipment Breakdown & Machinery (all sub-TOIs)
10. 35.0002 – Commercial Interline Filings

***COMBINED** – This will *include* the following lines:

Other Liability – 17.0000

- 17.1000 – Occurrence**
- 17.2000 – Claims Made**
- 17.0001 – Commercial General Liability
- 17.0002 – Completed Operations
- 17.0004 – Contractual Liability
- 17.0005 – Day Care Centers
- 17.0006 – Directors & Officers Liability
- 17.0007 – Elevators and Escalators Liability
- 17.0008 – Employee Benefit Liability
- 17.0009 – Employers Liability
- 17.0010 – Employment Practices Liability
- 17.0011 – Environmental Pollution Liability
- 17.0012 – Fire Legal Liability
- 17.0013 – Kidnap & Ransom Liability
- 17.0014 – Liquor Liability
- 17.0015 – Municipal Liability
- 17.0016 – Nuclear Energy Liability
- 17.0017 – Personal Injury Liability
- 17.0018 – Premises and Operations (OL&T and M&C)
- 17.0019 – Professional Errors and Omissions Liability
- 17.0020 – Umbrella and Excess (Commercial)
- 17.0022 – Other
- 17.0023 – Veterinarian
- 17.0024 – Internet Liability

Product Liability – 18.0000

- 18.0001 – Occurrence
- 18.0002 – Claims Made

Commercial Lines (EX) Working Group: Adopted Work Plan

Speed to Market (EX) Task Force appointed a Commercial Lines (EX) Working Group to consider reforms in the commercial lines market.

- 1) Review a summary of the state laws and regulations concerning commercial lines rate and form filing and approval, including the authority to exempt certain lines and whether that authority has been used and the definition of large-scale commercial risk exceptions.**
 - a. Compile a table of information found in the NAIC legal compendium charts II-PA-10 “Rate Filing Methods for Property/Casualty Insurance, Workers’ Compensation, Title” and II-PC-20 “Property and Casualty Commercial Lines Re-engineering”. – *Assigned to NAIC Staff*
 - b. Conduct a survey, to be combined with Charge 3 survey, to states to collect missing information and clarify any ambiguities. – *Assigned to NAIC Staff*

- 2) Document and review the average time for approval of commercial lines forms and rates by the states, to include the extremes, for various types of commercial insurance products.**
 - a. Decide on definition of “various” for types of commercial insurance products. – *Assigned to Working Group Members*
 - b. Contact the NAIC’s System for Electronic Rate and Forms Filing (SERFF) department to pull existing information on approval times by state and product. – *Assigned to NAIC Staff*

- 3) Document and review the experience of the states that have recently proposed or enacted legislation and/or implemented regulatory measures to streamline commercial lines regulation and what lessons have been learned from these efforts.**
 - a. Decide on definition of “recent” for timeframe of legislation. – *Assigned to Working Group Members*
 - b. Conduct a survey, to be combined with Charge 1 survey, to all states asking about their proposed or enacted legislation and/or regulatory measures and lessons learned. – *Assigned to NAIC Staff*

- 4) Receive recommendations from interested parties as to how the states could improve the filing and approval process.**
 - a. Provide interested parties with a 45 day comment period on how states can improve filing and approval process.

- 5) Provide recommendations to the NAIC as to what it and the states can do to assist in making commercial lines regulation as effective and efficient as possible.**
 - a. Compile information collected and provide Speed to Market (EX) Task Force with documentation and recommendations. – *Assigned to Working Group Members*

Commercial Lines (EX) Working Group: Adopted Work Plan Timeline

2013

- April – National Meeting – *April 5, 2013*
- Solicited Comments from Interested Parties – *Due May 20, 2013 (Charge 4)*
- May – Comments from Interested Parties Due – *May 20, 2013 (Charge 4)*
- June – Working Group Call – *June 25, 2013*
- Determined Definitions of “Various” and “Recent” (**Charge 2 and Charge 3**)
- August – National Meeting – *August 23, 2013*
- Discussed Comments from Interested Parties (**Charge 4**)
 - Reviewed Compilation of NAIC Compendium Charts (**Charge 1**)
 - Discussed Existing SERFF Information (**Charge 2**)
- October – Working Group Call – *October 1, 2013*
- November – Working Group Call – *November 6, 2013*
- December – National Meeting – *December 14, 2013*
- Finalize Survey to States (**Charge 1 and Charge 3**)
 - Finalize List of Types of Insurance to be Used for Approval Times (**Charge 2**)
-

2014

- January – Request Approval Times from SERFF (**Charge 2**)
NAIC Staff to Conduct State Survey Regarding State Laws and Legislation – *Due Date TBD (Charge 1 and Charge 3)*
- February – State Survey Responses Due – *Due Date TBD (Charge 1 and Charge 3)*
Begin Compiling Information Gathered (**All Charges**)
- March – National Meeting – *Date TBD*
- April – Possible Working Group Call(s) – *Date TBD*
- May – Possible Working Group Call(s) – *Date TBD*
Finish Compiling Information Gathered and Draft Recommendations – (**All Charges**)
- June – Possible Working Group Call(s) – *Date TBD*
- July – Possible Working Group Call(s) – *Date TBD*
Finalize Recommendations – (**Charge 5**)
- August – National Meeting – *Date TBD*
Approve Documentation and Recommendations and Send to Speed to Market (EX) Task Force – (**Charge 5**)

Draft: 11/22/13

Commercial Lines (EX) Working Group
Conference Call
November 6, 2013

The Commercial Lines (EX) Working Group of the Speed to Market (EX) Task Force met via conference call Nov. 6, 2013. The following Working Group members participated: Lee Barclay, Chair (WA); Michael Ricker (AK); Joel Laucher (CA); Moira Herbert (CT); Jim Newins (KS); Joan Dutil (MO); Deb Stone (NH); Paula Pallozzi (RI); and Mary Bannister (VA). Also participating was: Sandra Starnes (FL).

1. Received an Update on Industry Efforts to Refine its List of Concerns

Dave Snyder (Property Casualty Insurers Association of America—PCI) reviewed a list of cooperative approaches to streamlining commercial lines regulation compiled by industry representatives. These approaches are high-level summarizations of concerns submitted by industry members, who hope that these ideas will help stakeholders set priorities. He said industry believes each state should examine its current regulatory authority and use the flexibility it has to the maximum extent unless there is a clear, supported reason not to. He said deadlines can sometimes have unintended consequences. Dialogue with the company early and often about issues with filings is a way to avoid the delays at the back end—caused either by the company’s misunderstanding or mandates to start over—due to the clock running. He said it is most helpful to the company to know the reasons behind the department of insurance’s policy positions, with an understanding that the department of insurance may not have well-formulated positions on new products in advance, or have the legal bases for the policies clearly set forth. The industry would like to know the substantive requirements in state law and regulation and what states expect to see in filings. Mr. Snyder said the industry realizes standardization at a high threshold of large commercial policyholder exemptions is often established in statutes, so legislative changes may be necessary. Regardless, a dialogue should be maintained and changes should be considered to allow the departments of insurance to administratively change the numbers as circumstances warrant. He said states should decide on best practices for informational filings, and manuscript policies written on forms of unique character drafted for a particular insured should not be subject to prior approval. He said several of the desirable improvements identified in industry comments were improvements to SERFF processes. Mr. Snyder said industry would appreciate it if the states would review their reporting mandates to relieve reinsurers of their reporting obligation. Other matters should be explored so as to better encourage the establishment of U.S. reinsurers. He said fee payment and filing requirements should be reviewed to ensure they reflect up-to-date electronic means of conducting business and, to the extent possible, repetitive filings should be avoided. He also suggested some updates in advisory organization filings, whether from companies using advisory organization filings or filings directly from advisory organizations, as work can sometimes be duplicative with multiple approvals for the same products.

Mr. Barclay said there was no mention in the cooperative approaches document mentioning multiple-state policies, an issue brought up numerous times by industry. Mr. Snyder said it would be a good addition and could possibly be included in with the mention of repetitive filings. Mr. Barclay said any improvement to SERFF may need to be directed to SERFF itself, instead of the Working Group. Mr. Snyder suggested sending a delegation to the SERFF Advisory Board for ideas relating to changes to SERFF mechanics. He suggested asking the SERFF Advisory Board to look at some of the issues brought up to this Working Group. Mr. Barclay said reinsurance is not strictly a commercial lines issues, and this Working Group may not be the best forum for reinsurance issues.

Ms. Bannister said many tools are provided by the departments of insurance, such as filing guidelines, but they are not always utilized. Working Group members noted that many states have a filing checklist, but all items requested in the checklist are not always provided in the filings. Ms. Dutil suggested a standardized checklist, with specifics for each state. Mr. Laucher said California does not have a checklist, but they do have a cursory review of incoming filings, with some additional review for exhibits. He said by letting too many things through the door initially, the department of insurance must work with the industry to figure out issues later, and it communicates a message that filings need only be good enough for acceptance. Ms. Dutil said Missouri does have an intake process, but there should be a distinction between intake and approval. Mr. Barclay said there is variation in the process, but in a large number of states, regulators performing intake functions are not trained to evaluate substantive aspects of filings.

2. Discussed Draft Survey to States

Mr. Barclay reviewed the draft survey of state commercial lines legislation distributed to the Working Group and noted a comment submitted by Birny Birnbaum (Center for Economic Justice—CEJ) regarding avoiding the use of words such as “streamlining.” He said “streamlining” can imply deregulation, though the word cannot be entirely avoided, as it used in the Working Group’s charges. Ms. Dutill said there was no survey question asking for top reasons for delayed filings. Mr. Laucher said California has a rate template for all property/casualty business for rate approval, with an exemption for certain commercial coverages. While it is advantageous for carriers to use the exemption, those filings can take longer to process, as complex commercial lines policies can take more time. He suggested adding a question regarding challenges specific to commercial lines filings, which take longer for resolution. Mr. Barclay said the question could be added.

Working Group members discussed Question 9 and Question 10 of the draft survey, and whether there was too much overlap in the questions. Mr. Laucher said Question 9 requests ideas, while Question 10 requests implementation. Mr. Barclay said the survey should keep Question 10 and allow for the slight rewording suggested by Mr. Birnbaum. He said “policyholders, consumer representatives” should be added after “regulators” and before “insurance industry,” and the question “From the list of concerns identified by industry, which do you feel are significant problems for all or most insurers operating in your state?” should also be added.

Mr. Laucher suggested sending a survey to industry asking for feedback on how to make it easier for them to provide data or know what to submit in filings, and which ideas from states that work best. Mr. Snyder said he would commit to asking member companies their views on where things work well and why. Mr. Barclay said the Working Group does not want responses which simply praise states for their deregulated lines; it is interested in what makes a serious filing review go well or poorly. He said he would revise the survey and present a revised draft to the Working Group for approval by the next meeting.

3. Discussed List of TOIs and Sub-TOIs to Collect Data

Mr. Barclay asked if the preliminary list of types of insurance (TOIs) distributed to the Working Group was adequate for collecting data. He said the request to SERFF would be to get separate reports for rate, form, and combined rate and form filings. Some lines, such as medical malpractice, may have a low volume, but are high profile enough to warrant a review. Ms. Dutill and Mr. Laucher echoed Missouri’s written comments and suggested including line 9.0005 Inland Marine of SERFF’s product coding matrix. Mr. Barclay said a small group of regulators would discuss edits to the preliminary list and present a revised version for the Working Group at its next meeting.

Having no further business, the Commercial Lines (EX) Working Group adjourned.

W:\National Meetings\2013\Fall\TF\Speed\CommercialLines\11-6.docx

Draft: 12/18/13

Operational Efficiencies (EX) Working Group
Conference Call
December 10, 2013

The Operational Efficiencies (EX) Working Group of the Speed to Market (EX) Task Force met via conference call Dec. 10, 2013. The following Working Group members participated: Maureen Motter, Chair (OH); Jay Bradford represented by Daniel Honey (AR); Thomas B. Leonardi represented by George Braden (CT); John Gatlin (IL); Jim Newins (KS); Tammy Lohmann (MN); Mary Mealer (MO); Ted Hamby (NC); Bruce R. Ramage represented by Stephen King (NE); Elena Ahrens (NV); Fred Tinkleman (NY); Mary Bannister (VA); and Lee Barclay (WA).

1. Discussed Filing Metrics Reports

The Working Group discussed the development of uniform filing metrics to demonstrate the effectiveness of speed to market initiatives. The Working Group reviewed a sample report prepared by NAIC staff, as well as a sample dashboard summary. Working Group members would like the metrics to account for extraordinarily large or complex filings and to show the gap between when a state requests additional information or reports a problem with the filing and when the company responds. Regulators were invited to send the SERFF team reports they use to track filing turnaround as part of the effort to come up with a uniform way to measure the process across all states. SERFF staff will work to incorporate the suggestions into a second draft of the report.

The Working Group also suggested several data elements that, if tracked and made available via the Export Tool and/or a standard report, would help the states to manage their analysts' workload. This would lead to more efficient review of filing and, potentially, shorter turnaround times. NAIC staff is going to review the data elements and provide some feedback on the effort required to make these modifications in SERFF.

The team will continue this two-pronged approach to assist with workload management improvements in SERFF as it is also working toward the development of uniform filing metrics.

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

W:\National Meetings\2013\Fall\TF\Speed\OEWG\12-OEWGmin.doc