

TO: ALL PROPERTY/CASUALTY INSURERS AND RATE SERVICE ORGANIZATIONS

RE: SPEED TO MARKET—SELF-CERTIFICATION PILOT PROGRAM (STMSCP)

(Revised November 4, 2008)

The Review Standards Checklist Subgroup of the Improvement to Operational Efficiencies (EX) Working Group developed an optional “Speed to Market Self-Certification” procedure, as an operational efficiency, to assist in streamlining the filing review and approval and/or acknowledgement process.

This procedure is intended to serve as an additional “tool” for filers and regulators to achieve “speed to market” objectives for insurance products. The pilot, developed in cooperation with the Joint P&C Industry Trades, began May 1, 2003. The pilot has been made available to filers to further expedite insurance department review of property and casualty *form filings*. Expansion of the pilot to include other types of filings may later be considered. This procedure is currently available in six pilot states: Alaska, Arkansas, Illinois, Minnesota, New York, and Oklahoma.

The following is an outline of the pilot program.

1. Certification of Compliance

Every filing submitted, pursuant to this optional procedure, must be accompanied with the appropriate completed and signed compliance certificate(s) as required by the pilot state. Pilot states are free to develop certification language consistent with their respective regulatory frameworks; however, the following best practices should be applied:

- Certification of compliance should be with respect to applicable laws, rules, bulletins and other information contained on the state department website and/or contained in applicable checklists;

- Certification must be by a duly authorized officer as evidenced by the authorized officer's signature.
- Certification should contain a statement to the understanding that the insurance department will rely on the certification and that if it is materially false or misleading, corrective action will be taken as authorized.

The last few pages of this document contain pilot state certificate of compliance form examples.

2. Review Standards Checklists

Every filing submitted pursuant to this optional procedure must be accompanied, if required by the pilot state¹, with the appropriate completed review standards checklist(s). The pilot is not intended to supersede the existing statutory or regulatory requirements or to create additional requirements that do not currently exist. Pilot states will use the checklist standards based upon the best practice models posted to the NAIC website². For pilot states that require the checklists to be filed, the following rules apply:

- Appropriate checklists must be submitted when making all major changes, "program" introductions and "program" revisions;
- Appropriate checklists must be submitted for all endorsements, etc., containing material relevant to a requirement category specified in column one of the respective checklists. Submitted checklists allow a "N/A" field where the filer may indicate the inapplicability of requirement categories not relevant to the filing;

¹ Pilot states that do not currently require industry filers to submit completed checklists may wish to continue that practice for this pilot. Another alternative would be to include a specific reference in the compliance certification form to the checklist(s) by line of business and by the edition date of the state's checklist. In this way an industry filer could certify that the filing complies with the state's laws, rules, filing requirements and product standards as set forth in the duly adopted (specific line) checklist, dated X. Other alternatives would be to require the filer to certify that the Product Requirements Locator was used.

² The NAIC website: www.naic.org. If you are an industry representative or insurance agent, click to the center right side of the NAIC home page under "Industry" (highlighted in blue), then under "Rates and Forms Filing" click on "NAIC Uniform Review Standards Checklists." If you are a regulator, click to the upper right side of the NAIC home page under "NAIC Member Site" (highlighted in gray), then under "Speed to Market" click on "NAIC Uniform Review Standards Checklists."

- Checklists need not apply to endorsements, etc., that do not contain material relative to a requirement category specified in column one of the respective checklists.

3. The NAIC Uniform Transmittal Document

Submit the NAIC Property & Casualty Transmittal Document³ when submitting under the speed to market self-certification pilot (STMSCP) program. Identify on the transmittal document under “Filing Type: Other” by providing as description STMSCP. The transmittal document should also provide filing information in the “Filing Description” area to identify the checklist(s) relied upon (title or form number) and edition date.

If a filer has a provision in a filing which is new, such as an expansion of an exclusion, or another new provision for which the filer is uncertain of whether it will meet product standards in the pilot state, the transmittal document should be used to highlight those provisions and to self-certify the rest. In that way the state insurance department can focus its review on the non-certified provisions. By narrowing the scope of review, the industry filer should achieve greater speed to market overall for such a filing—referred to in this program as a hybrid pilot filing. (Tip for Filers: Concepts or issues that are controversial or in need of extended analysis, for example “mold exclusions”, should be filed separately under the regular state process.)

4. The Product Requirements Locator

An STMSCP submission should be developed using the Product Requirements Locator, found at the NAIC website⁴, where data is available. The transmittal document “Filing Description” must indicate whether the Product Requirements Locator was used to obtain the pilot state filing requirements. If the Product Requirements Locator is not used when data is available, or if the

³ The Property & Casualty Transmittal Document is found on the NAIC website, www.naic.org. If you are an industry representative or insurance agent, click to the center right side of the NAIC home page under “Industry” (highlighted in blue), then under “Rates and Forms Filing” click on “Transmittal Documents.” If you are a regulator, click to the upper right side of the NAIC home page under “NAIC Member Site” (highlighted in gray), then under “Speed to Market” click on “Transmittal Documents.”

⁴ The Product Requirements Locator is found on the NAIC website (www.naic.org). If you are an industry representative or insurance agent, click to the center right side of the NAIC home page under “Industry” (highlighted in blue), then under “Rates and Forms Filing” click on “Product Requirements Locator.” If you are a regulator, click to the upper right side of the NAIC home page under “NAIC Member Site” (highlighted in gray), then under “Speed to Market” click on “Product Requirements Locator.”

filing does not fully comply with the filing requirements reflected in it for the state filed in, the state could determine to perform a thorough review of the filing or issue a penalty warning.

5. Verifying the Reliability of Certified Filings

The key to making the self-certification process work for both the industry filer and state regulator is in finding the right balance between giving the company the benefits of self-certification and assuring the regulator of the reliability of the filings being received.

Each state participating in the pilot project will decide how much cursory review and/or thorough review (typically referred to as a complete, or front-end review) of certified filings is appropriate and will implement measures consistent with its existing laws and regulations while accomplishing the goals of the self-certification process. If a filing is received with the required certification [by an officer], cursory insurance department review should essentially be limited to a review of information needed to capture and develop the statistical data for the pilot program.

Insurance department duplication of the filer's work in an effort to certify compliance is discouraged under this pilot program since it would defeat the purpose of self-certification for all parties. The purpose of the program is to determine if the reliability of the self-certification process is adequate to eliminate this duplicate step for the regulator.

6. Thorough Review and/or Market Surveillance

A thorough review and/or market surveillance of the pilot filing is also an appropriate method of compliance *verification* with a certification process. States in the pilot project will need to verify the reliability of self-certified filings. For this reason a thorough review must be accomplished on every pilot filing after disposition to verify its proper handling under these new procedures and to verify that accurate metrics data has been recorded. Market surveillance may be accomplished by applying one of the following methods:

- Check filings upon the receipt of consumer complaints about the product or company in question;

- Check compliance as part of a market conduct examination or investigation that has been otherwise scheduled;
- Check compliance through a market analysis examination or investigation targeted for sensitive or special conditions, or to verify the credibility of the pilot program;
- Verify the accuracy and reliability of the filings in a manner consistent with the review required under the pilot state's current laws and regulations.

Pilot states will want to check filings for compliance with recent law changes, particularly sensitive areas, and similar special temporary conditions in the state.

7. Penalties

STMSCP submissions are afforded the privilege of an expedited review, and are given priority over other filings. Insurers that repeatedly submit incorrect or incomplete STMSC filings may have their privilege suspended or revoked.

8. Statistics

Most states are not comfortable with the concept of self-certification due to the lack of credible information regarding the use of checklists and certifications. The purpose of this pilot is to allow the concept to be implemented on a limited basis while data is collected and performance measured. All states (including non-pilot states) are asked to monitor data that will advance the continued study of a self-certification process.

Filings made under the auspices of this program will be monitored through data collected by the states and reported via a Self-Certification Pilot Metrics Chart.

PILOT STATE
CERTIFICATE OF COMPLIANCE
FORM EXAMPLES

ALASKA CERTIFICATE OF COMPLIANCE FORMS

Alaska Prior Approval Form:

ALASKA CERTIFICATE OF COMPLIANCE FORM

Date: _____

Company GROUP Name: _____

Company GROUP NAIC Number: _____

Filing ID Number: _____

I certify that I have consulted the WEBSITE of the Alaska Division of Insurance before submitting this filing. I understand that if this filing does not comply with the requirements noted in the appropriate checklist, the Division may take appropriate administrative actions against the above named company.

Filing Analyst Name: _____

Filing Analyst Signature: _____

Responsible Officer's Title: _____

Responsible Officer's Name: _____

Responsible Officer's Signature: _____

Alaska File & Use Form:

ALASKA COMPLIANCE CERTIFICATE
FOR
FILE AND USE FORM FILINGS

Date: _____

Company GROUP Name: _____

Company Group NAIC Number: _____

Company filing ID Number: _____

I am an authorized officer or a state filings manager of the insurer and I certify that, to the best of my knowledge, this filing complies with Alaska’s insurance laws. I understand that, if I submit inaccurate compliance certificates, the director may require future filings to be submitted for prior approval. I also understand that, if I submit a materially false or misleading compliance certificate, civil penalties may be applied.

Title: _____

Name: _____

Signature:

ARKANSAS CERTIFICATE OF COMPLIANCE FORM

I, the undersigned authorized officer, a duly authorized officer of company, certify that this filing is complete and complies with the Arkansas laws, Arkansas Rules and Regulations, Arkansas Insurance Bulletins, Arkansas Directives and Orders and applicable filing requirements and product standards as set forth in the checklists to the best of my information and belief. I understand that any filing made under this program is not to be taken by an insurer as meaning that any insurance effected by use of such form may in any fashion be inconsistent with the statutory and common law of Arkansas [see ACA 23-79-109(a)(1)(C)]. I understand that the Arkansas Insurance Department will rely on this certificate and should it be determined that this filing is materially false or misleading, appropriate corrective action will be taken by the Arkansas Insurance Department against the company(s).

This Certification applies to all the companies in this filing:	(Yes or No)
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If NO, this Certification applies only to the following companies:

Company Name(s)	NAIC #

Company Tracking Number	
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Signature of Authorized Officer	
Print name of Authorized Officer	
Title of Authorized Officer	
Email address of Authorized Officer	
Telephone # of Authorized Officer	

This form may be computer generated by the company. As long as the wording and general layout is the same, the format may vary.

ILLINOIS CERTIFICATE OF COMPLIANCE FORM

I, _____ (Name of officer) _____, a duly authorized officer of _____ (Name of Insurer/Advisory Organization) _____, do hereby certify that I am authorized to certify on behalf of the Company or Advisory Organization making this filing, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy form(s) that is (are) the subject of this filing, and that, to the best of my knowledge and belief, this filing is complete, and said policy form(s), as presented, is (are) in compliance with applicable filing standards, Illinois laws, regulations, and bulletins, and applicable checklists on the Illinois Department of Insurance website dated ____ (date) ____.

I understand that the Illinois Department of Insurance will rely on this certification to expedite review of this filing, and should it be determined that the policy form(s) does (do) not comply with the applicable laws, regulations, bulletins, or checklists, or that this certification is materially false, misleading, or incorrect, appropriate corrective and disciplinary action, as authorized by law, will be taken by the Department against the insurer or advisory organization and the officer completing this certification.

Signature of Authorized Officer _____
Date

Name of Authorized Officer (print) _____
Title of Officer _____
Insurer or Advisory Organization Name _____
FEIN _____
Address of Insurer or Advisory Organization _____
City _____
State _____
Zip _____
Direct Telephone Number _____
Fax Number _____
Email Address _____
Filing Number that Applies to this Filing _____

MINNESOTA CERTIFICATE OF COMPLIANCE FORM

FORM 2006-1

Date _____

Company GROUP Name: _____

Company GROUP NAIC Number _____

Filing ID Number _____

As an officer of the above-referenced company, I hereby represent and certify that the ATTACHED copies of the policy, amendment, and/or endorsement forms and/or rates and rules described herein comply with all applicable Minnesota Statutes, Rules and case law.

RESPONSIBLE OFFICER'S SIGNATURE

OFFICER'S TITLE

RESPONSIBLE OFFICER'S NAME (PRINTED)

DATE

NEW YORK POLICY CERTIFICATE OF COMPLIANCE FORM

I, _____, a duly authorized officer of _____, do hereby certify that I am knowledgeable as to the law and regulations applicable to the type of policy form(s) submitted, and that such form(s) is (are) in compliance with the applicable law and regulations to the best of my knowledge and belief. I further hereby certify that the information contained in the checklists indicated in the Master List of Compliance Checklists, as submitted with, and made part of this filing, is true to the best of my knowledge and belief.

I understand that the Insurance Department will rely on this certification, and should it be determined that the policy form(s) does (do) not comply with the applicable law and regulations, or that this certification is materially false or incorrect, appropriate corrective and disciplinary action, as authorized by law, will be taken by the Insurance Department against the insurer or rate service organization and the officer completing this certification.

Signature of Authorized Officer

Date:

Name of Authorized Officer:

Title of Officer:

Address of Insurer or Rate Service Organization:

City

State:

Zip Code:

Direct Telephone Number:

Fax Number:

E-Mail Address:

Insurer File No.:

You must furnish a company file number and/or program name

Insurer Program Name:

This certification must be accompanied by (i) the filing (ii) the appropriate checklists, and (iii) a completed "Master List of Available Checklists" form.

www.ins.state.ny.us

Form Number: CERT-F (Ed. 5/2002)

OKLAHOMA CERTIFICATE OF COMPLIANCE FORM

I, the undersigned authorized officer, a duly authorized officer of Company, certify that this filing is complete and complies with the Oklahoma laws, Oklahoma Administrative Rules, Oklahoma Insurance Bulletins, Oklahoma Orders and applicable filing requirements and product standards as set forth in the checklists to the best of my knowledge and belief. I understand that the Oklahoma Insurance Department will rely on this certificate and should it be determined that this filing is materially false or misleading, appropriate corrective action will be taken as authorized by the Order.

Name of Company

Company's filing number

Signature of authorized officer and title

Print name of authorized officer and title

Phone number of authorized officer

Date

Address of Company

City, State, Zip Code

States wishing to become part of this Pilot should contact Bob Card at bcard@naic.org or call him at (816) 783-8263.

U:/Self-Certification/PilotProgram11-04-08.doc