



2018 Spring National Meeting

Speed to Market (EX) Working Group

March 25, 2018

Milwaukee, Wisconsin

Date: 3/15/18

2018 Spring National Meeting
Milwaukee, Wisconsin

SPEED TO MARKET (EX) WORKING GROUP

Sunday, March 25, 2018

8:00 am.-9:00 a.m.

Wisconsin Center—Second Floor—Room 201AB

ROLL CALL

| | | | |
|-----------------------------------|----------------------|-------------------------|--------------------------|
| John G. Franchini, Chair | New Mexico | Roger A. Sevigny | New Hampshire |
| Jerry Workman | Alabama | Ted Hamby | North Carolina |
| Wally Thomas | Alaska | Jon Godfread | North Dakota |
| Allen W. Kerr | Arkansas | Mark O. Rabauliman | Northern Mariana Islands |
| Shirley Taylor | Colorado | Maureen A. Motter | Ohio |
| Trinidad Navarro/Franklin T. Pyle | Delaware | John D. Doak/Cuc Nguyen | Oklahoma |
| Stephen C. Taylor | District of Columbia | Andrew Stolfi | Oregon |
| Dean L. Cameron | Idaho | Kent Sullivan | Texas |
| Reid McClintock | Illinois | Tanji Northrup | Utah |
| Heather Droge | Kansas | Rebecca Nichols | Virginia |
| Jessica Looman | Minnesota | Lichiou Lee | Washington |
| Angela Nelson | Missouri | Allan L. McVey | West Virginia |

NAIC Support Staff: Kris DeFrain

AGENDA

1. Consider Adoption of its Summer National Meeting Minutes—*Superintendent John G. Franchini (NM)* Attachment One
2. Receive an Update on System for Electronic Rate and Form Filing (SERFF) Implementation Attachment Two
Projects/Activity—*Bridget Kieras (NAIC)*
3. Receive an Update on Strategic Projects—*Bridget Kieras (NAIC)* Attachment Three
4. Hear a Report from the Interstate Insurance Product Regulation Commissioner (IIPRC)
—*Anne Marie Narcini (IIPRC)*
5. Discuss 2018 Work Plan to Achieve 2018 Charges—*Superintendent John G. Franchini (NM)* Attachment Four
6. Discuss Any Other Matters Brought Before the Working Group—*Superintendent John G. Franchini (NM)*
7. Adjournment

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Attachment One
Consider Adoption of its Summer
National Meeting Minutes

Draft Pending Adoption

Attachment Three
Innovation and Technology (EX) Task Force
8/8/17

Date: 8/28/17

Speed to Market (EX) Working Group
Philadelphia, Pennsylvania
August 7, 2017

The Speed to Market (EX) Working Group of the Innovation and Technology (EX) Task Force met in Philadelphia, PA, Aug. 7, 2017. The following Working Group members participated: Michael Ricker (AK); William Lacy (AR); Robert Nkojo (DC); Frank Pyle (DE); Tom Donovan (ID); Jennifer Hammer (IL); Tammy Lohmann (MN); Angela Nelson and Mary Mealer (MO); Ted Hamby (NC); Mike Andring (ND); James Fox (NH); Ignatius Wheeler (TX); Rebecca Nichols (VA); and Mark Hooker (WV).

1. Adopted its April 9 Minutes

Ms. Nelson presented the Working Group's April 9 minutes, which included a summary of the System for Electronic Rate and Form Filing (SERFF) activities, a report from the Operational Efficiencies (EX) Subgroup, a report from the SERFF Advisory Board and a report from the Interstate Insurance Product Regulation Commission (IIPRC). Ms. Mealer made a motion, seconded by Ms. Nichols, to adopt the Working Group's April 9 minutes (*see NAIC Proceedings – Spring 2017, Speed to Market (EX) Working Group*). The motion passed unanimously.

2. Adopted the Report of the Operational Efficiencies (EX) Subgroup

Ms. Mealer, representing the Operational Efficiencies (EX) Subgroup chair, Maureen Motter (OH), said the Operational Efficiencies (EX) Subgroup met June 29 (Attachment Three-C), June 27 (Attachment Three-D) and June 22 (Attachment Three-E) to finalize its recommended changes to the uniform product coding matrix (PCM) and uniform transmittal document (UTD). There were seven changes to the property/casualty (P/C) matrix, new TOIs for similar supplemental coverage in group health and eight updates to life TOI descriptions. The TOI changes referenced for the PCM were made to the UTD. Additionally, a field was added for "Previous SERFF Tracking Number". Mr. Hamby made a motion, seconded by Mr. Hooker, to adopt the report of the Operational Efficiencies (EX) Subgroup along with the uniform PCM (Attachment Three-A) and UTD (Attachment Three-B). The motion passed unanimously.

3. Received an Update on SERFF Implementation Projects/Activity

Bridget Kieras (National Association of Insurance Commissioners—NAIC) reported on SERFF development and marketing activities. SERFF 7.12 will be released later this month. In addition to bug fixes and security upgrades, the release will introduce functionality to allow the states to begin implementing their state-specific record retention policies in SERFF. Some core features of this enhancement include the ability for state users to set destruction dates on SERFF rate and form filings, singly or in batch, business rules related to the setting of destruction dates, a mechanism to retain key information for historical reporting and trending, a notification system to alert the industry when filings have upcoming destruction dates, a record retention management screen for industry users to track and take action on filings nearing their destruction date, and a batch service to allow industry users to create either a portable document format (PDF) or a zip file of filings they need to retain. Work has begun for the second phase of the state data retention feature, scheduled to be in production before year-end or early in 2018.

Ms. Kieras also reported that SERFF was approximately 5% behind budget for transaction revenue as of June 30, but an influx of plan management filings July have brought revenues in line with budget. The implementation team attended two conferences in May and June.

4. Received an Update on SERFF Strategic Projects

Ms. Kieras provided a report on 2017 strategic projects. The SERFFF redesign evaluation was extended through first-quarter 2017 to allow the team to explore rewriting SERFF using cloud technology. Initially, SERFF was considered for an early migration candidate, and options were discussed for moving the application to the cloud. The intent was to migrate SERFF to the cloud as part of the software rewrite; however, due to the complexity of the SERFF application suite, it was determined not to be a good candidate for early inclusion in the NAIC's cloud migration. At this time, no project proposals have been

Draft Pending Adoption

Attachment Three
Innovation and Technology (EX) Task Force
8/8/17

prepared to begin a SERFF rewrite. A rewrite is still anticipated, but work is unlikely to begin until an organizational cloud transformation plan has been developed. The plan management project was completed on time with a reduced scope due to changes from the federal partners. Phase 2 of SERFF Integration Services will be delayed to coincide with the redesign of SERFF. There were no significant variances in the expenses for these projects.

5. Received a Report from the SERFF Advisory Board

Ms. Nelson reported that the SERFF Advisory Board discussed the decline in filing volume, as well as the evaluation of SERFF for early cloud migration. The Advisory Board agrees that delaying the SERFF redesign and cloud migration not only positions the NAIC to learn about the cloud faster, but also it reduces risk for SERFF customers and vendors.

6. Heard a Report from the IIPRC

Anne Marie Narcini (IIPRC) reported that the joint meeting of the Management Committee and Interstate Insurance Product Regulation Commission was held Aug. 5. The Management Committee approved, and then the full Commission adopted, amendments to six life and annuity Uniform Standards that had been exposed for public comment under phase 7 of the five-year review. They include longevity or deferred income annuity standards, as well as standards for private placement insurance products, overloan protection standards and graded death benefit standards for life products. The Commission also held a public hearing on proposed death benefit proceeds amendment to core annuity contract uniform standards and the proposed amendments to the bylaws of the IIPRC. The Industry Advisory Committee submitted minor technical comments on the death benefit proceeds standards in writing, and no other comments were presented. Following the end of the comment period at the end of August, these proposals will be considered for adoption in September. The Commission heard reports from the Audit Committee and Product Standards Committee, as well as the Communications Committee, Finance Committee and Rulemaking Committee. The group also reported that Connecticut is now an official voting member of the Commission as the 45th member jurisdiction.

7. Discussed Future Options for the Operational Efficiencies (EX) Subgroup

Ms. Nelson asked the Working Group to consider if it and the Operational Efficiencies (EX) Subgroup should remain separate groups or be combined into one working group. Ms. Nelson also asked whether the Working Group thinks it needs to continue to meet at national meetings or if it could conduct business via conference call. Mr. Fox commented that he thinks the Working Group is important and that the information it shares and topics discussed should continue to occur in person. Ms. Nichols said she thinks the makeup of the Working Group might need to change if the Subgroup were eliminated and stated that the bylaws also would need to be updated to reflect any changes in the structure. Candi Gallaher (America's Health Insurance Plans—AHIP) said she thinks meetings related to the PCM are informative and that there is real value in the work done by the Subgroup. Joe Bieniek (First Consulting & Administration) stated that the Subgroup calls get very detailed and that the Working Group would need to be more technical if the Subgroup were to be eliminated. Mr. Bieniek also said some of the more technical staff may not regularly travel to national meetings. Mr. Lacy requested an email be distributed to Working Group members and interested parties to outline the question and options for consideration.

Having no further business, the Speed to Market (EX) Working Group adjourned.

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Attachment Two
Receive an Update on System for
Electronic Rate and Form Filing (SERFF)
Implementation



SERFF Activities Report

SERFF Development

SERFF Production Releases

- SERFF 7.14 was released Nov. 9, 2017, and included the addition of a new field to the Rate/Rule Schedule for “SERFF Tracking Number of Last Filing.” This is a field that was added to the uniform transmittal document (UTD) for 2018.
- SERFF 7.14.1 was released Dec. 5, 2017, and included updates for the Financial Management Data Reporting module, which allows state-based marketplaces to submit plan data to the federal Centers for Medicare and Medicaid Services (CMS).
- SERFF 7.14.2 was released Dec. 21, 2017, and included security upgrades for SERFF back-end jobs.
- SERFF 7.14.3 was released Jan. 25, 2018 and included changes to support the modified SERFF billing structure.

NAIC Initiatives

The SERFF team continues to participate in NAIC initiatives involving future state architecture, software development, security standards, project management best practices, user-centered design and user interface standards.

Health Care Reform Update

The SERFF team has begun discussions with CMS regarding the submission and review cycle for plan year 2019 and corresponding updates to the SERFF Plan Management module. The team has estimated work for a new feature to allow early plan transfer without rate data. A block of hours was also set aside to incorporate any changes to the federal plan management templates and to make general fixes and improvements to the application. The team is starting outreach to the states and issuers and is making plans to attend the CMS Issuer Conference in April.

Upcoming Development

In addition to the work for the Plan Management project, the SERFF team will be working on the back-end processes for State Data Retention, minor enhancements for the SERFF Integration Services, additional security improvements, enhancements to reduce manual administrative tasks related to billing and licensing, and other minor fixes and enhancements to the system. This body of work is expected to span the next six months.

SERFF Marketing/Implementation

SERFF Transaction Volume

SERFF was projected to receive 617,732 transactions in 2017. The actuals for 2017 totaled 567,259 transactions, a shortfall of 50,473 transactions. This was approximately 8% lower than expected. While SERFF received only 76% of the health plans expected in 2017, this drop only accounted for approximately 13% of the deficit. The rest was spread proportionally between life, health and property/casualty business types. Through February, transactions are closer to budget than in 2017 with filings only 1.5% below the budgeted amount.

SERFF Marketing Activities/Events

SERFF staff members will be preparing for the NAIC/NIPR Insurance Summit to be held June 18–22 in Kansas City, MO. The SERFF team will participate by supporting an NAIC Products and Services booth at the conference to allow attendees to ask questions and meet staff.

SERFF State Implementation

The product specialists have continued to work with the states regarding any updates to their existing submission requirements from the product coding matrices at the state’s request. They will begin outreach soon to the states regarding 2019 Plan Management binder requirements, supporting documents and submission deadlines.

On Nov. 2, 2017, West Virginia created a new instance for its Financial Conditions Division, which is now live in production.

In a continued effort to retire the Health Filing Access Interface (HFAI), the team has provided individual state demonstrations of SERFF Filing Access (SFA). Nine states have discontinued use of the HFAI. One new state has implemented SFA and another has expanded usage by adding an instance.

Washington, Minnesota and New Hampshire P&C have all begun using the recently introduced State Data Retention feature, which allows states to set a destruction date for their SERFF filings. The second phase of this work, which removes the filings from the database, will be introduced in the second quarter of 2018.

The product specialist team will be presenting a session at the Insurance Summit titled, “Paths and Plans for Optimizing Your Work Life with SERFF.”

SERFF Filing Access

SFA is now in production for 43 states and the IIPRC.

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Attachment Three
Receive an Update on Strategic Projects



NAIC Fiscal Update

SERFF Pricing Restructure

User Notifications

In early December, the team supporting the System for Electronic Rate and Form Filing (SERFF) sent email notifications to state insurance regulators and industry users to introduce the pricing changes for SERFF filings that went into effect on Jan. 4. Follow-up communications were sent as alerts through the application and as special inserts in the SERFF newsletter. The SERFF website was also updated with all details relating to the change.

The notifications included the following details:

- The amount of Pay-As-You-Go transactions was reduced from \$15 to \$13.50.
- The volume discount on Pay-As-You-Go transactions was discontinued.
- Prepaid blocks purchased on the new pricing structure will expire 24-months after purchase.
- There is a new prepaid block structure for the number of transactions and amounts:
 - 500 at \$9.50/per transaction.
 - 1,000 at \$8/per transaction.
 - 1,500 at \$6.50/per transaction.
- There is a refund process for unused transaction balance on a prepaid block.

Pricing Rollout

- New product codes were entered into SERFF and the NAIC Account Manager to enable customers to begin using the new block structure on Jan. 4.
- The monthly volume discount for Pay-As-You-Go transactions was removed from SERFF.
- User agreements were updated in SERFF denoting the expiration of filing blocks.
- A SERFF Pricing Restructure resource web page was set up on www.SERFF.com.
- Emails and SERFF Alerts were sent to users informing them of their transaction and refund options.

Conversion to the New Pricing Structure

Customers were given several choices for the handling of their existing blocks to facilitate the transfer to a new block:

- Receive a refund for the total unused dollar amount from an existing block, and the SERFF instance would convert to Pay-As-You-Go.
- Apply the unused dollar amount from an existing block to the purchase of a new block, and receive the balance in a refund.
- Continue using their current block with anticipation of depleting the block by the end of the expiration period.

Temporary Assistance

The SERFF team hired a temporary worker to facilitate the customer refund process. There are approximately 115 blocks that have not been used in more than a year and are considered inactive. The temporary worker's main task is to contact companies with inactive instances by phone and email to determine where the refund should be mailed.

Attachment Four
Hear a Report from the Interstate
Insurance Product Regulation
Commission



UPDATE ON THE INTERSTATE INSURANCE COMPACT

MISSION: The Interstate Insurance Product Regulation Compact (“Insurance Compact”) and its Commission are significant examples of the ongoing state-based modernization efforts to continually improve the system of insurance regulation for insurance companies doing business in more than one state. The Insurance Compact enhances the efficiency and effectiveness of the way insurance products are filed, reviewed and approved in the United States. The Insurance Compact’s streamlined processes provide uniformity and speed-to-market for the insurance industry, thus affording consumers quicker access to more competitive insurance products. By promoting uniformity through application of national product standards embedded with strong consumer protections, the Insurance Compact is meeting the demands of consumers, industry and regulators in the ever-changing, global financial marketplace.

BACKGROUND: The Insurance Compact has been adopted by 44 States and Puerto Rico to date, representing 75% of the premium volume nationwide. The Insurance Compact established a multi-state public entity, the Commission, which serves as an instrumentality of the Member States. The Insurance Compact is the central point of electronic filing for asset-based insurance products, including individual and group life insurance, annuities, disability income, and long-term care insurance. By leveraging the insurance regulatory expertise of the states, the Insurance Compact is able to employ one set of uniform standards with the highest level of consumer protection on a national level through the Insurance Compact’s collective framework. The Insurance Compact, funded by filing fees, implements its modernization goals without impinging on state budgets.

STATUS: In June 2007, the Insurance Compact became operational and received its first filings within one year of its establishment. The Insurance Compact has defined speed-to-market by providing final disposition in less than 60 days. Companies of all sizes – large, medium, and small – utilize the Insurance Compact’s electronic filing platform to submit product filings using the adopted Uniform Standards. There are 100 Uniform Standards in individual and group life and disability income, and individual annuity and long-term care product lines adopted and available for filing use. The Insurance Compact continues to experience significant growth in the number of registered companies and product filing submissions year over year.

KEY MILESTONES/PLANS:

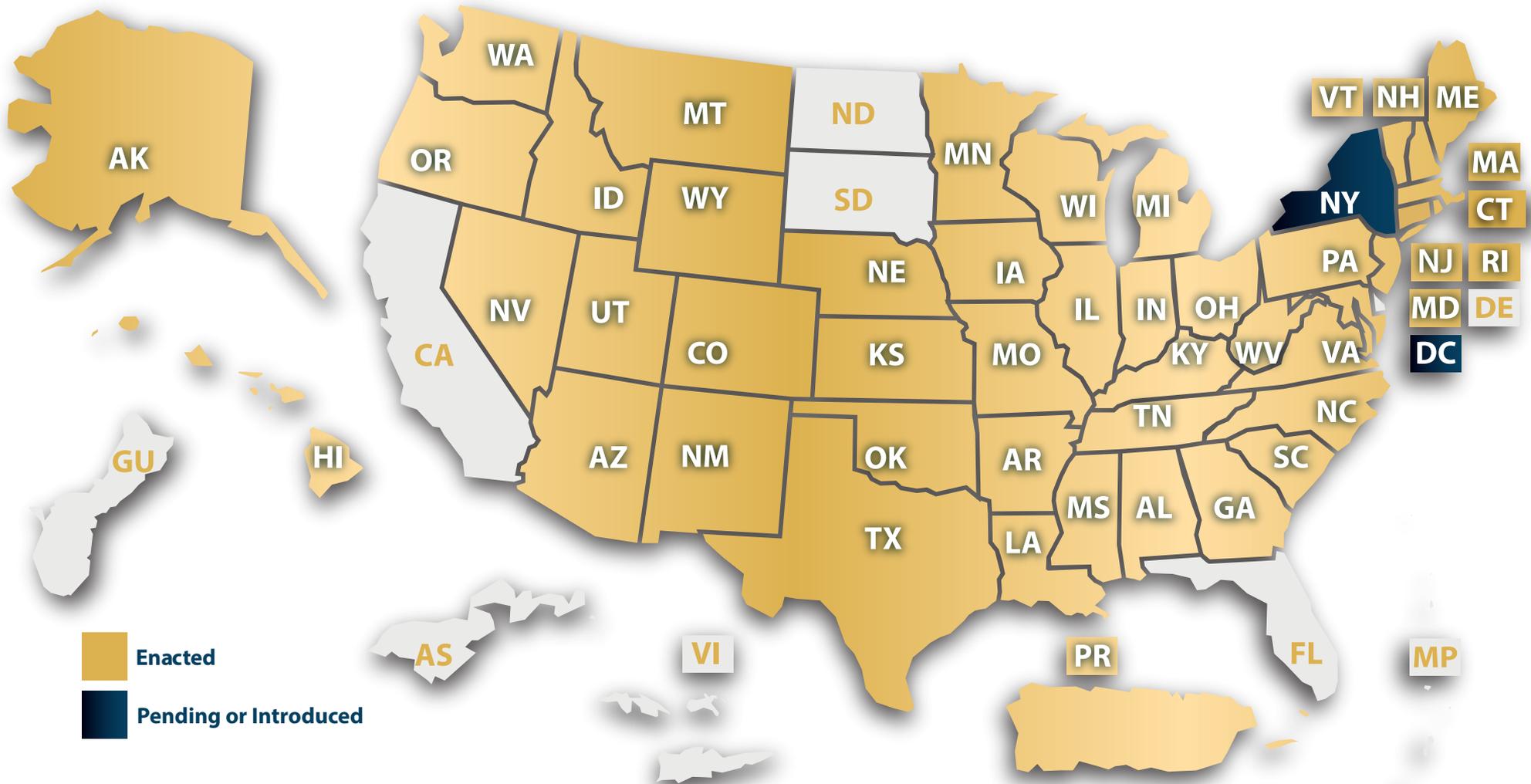
- June 2006: Inaugural Meeting of the IIPRC in Washington, DC
- December 2006: First Uniform Life Standards Adopted by Members
- Summer 2007: Operations Initiated On-Target/First Insurer Filing Approval
- January 2008: Uniform Standards for Individual Annuities in Effect
- December 2010: Uniform Standards for Individual Long-Term Care Insurance in Effect
- January 2012: Uniform Standards for Individual Disability Income in Effect
- January 2013: Uniform Standards for Employer Group Term Life Insurance in Effect
- December 2014: IIPRC Office Implements SERFF Filing Access for Web-Based Public Access
- June 2016: Group Disability Income Uniform Standards in Effect for Filing Use
- July 2017: Connecticut Becomes an Effective Member
- *Spring 2018: Five-Year Review of Individual Disability Income Uniform Standards*

INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION (IIPRC)

444 North Capitol Street, NW • Hall of the States Suite 700 • Washington, DC 20001
(202) 471-3962 • Fax (816) 460-7476 • comments@insurancecompact.org • www.insurancecompact.org



INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION



 Enacted

 Pending or Introduced

Attachment Five
Discuss 2018 Work Plan to Achieve 2018
Charges

INNOVATION AND TECHNOLOGY (EX) TASK FORCE *(continued)*

1. The **Speed to Market (EX) Working Group** will:
 - A. Provide a forum for discussion of and oversee the implementation and ongoing maintenance/enhancement of, speed to market operational efficiencies related to product filing needs, efficiencies and effective consumer protection. Report the results of this ongoing charge at each national meeting.
 - B. Provide a forum for the review, discussion and recommendation of rate and form filing needs as impacted by the federal Affordable Care Act (ACA), specifically related to the U.S. Department of Health and Human Services (HHS) and the federal Center for Consumer Information and Insurance Oversight (CCIIO), including support and guidance regarding the System for Electronic Rate and Form Filing (SERFF) enhancements necessary for the states to comply with state law, federal law and/or contractual obligations.
 - C. Provide direction to, receive input from and hear reports concerning the SERFF Advisory Board activity related to SERFF.
 - D. Provide direction to NAIC staff regarding SERFF functionality, implementation, development and enhancements.
 - 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 as measured by nationwide and individual state speed to market compliance, with an emphasis on monitoring state regulatory and insurer responsibilities for speed to market for insurance products. Report at each national meeting.
 - F. Facilitate proposed changes to the product coding matrices (PCMs) and the uniform transmittal document (UTD) on an annual basis, including the review, approval and notification of changes. Monitor, assist with and report on state implementation of any PCM changes.
 - G. Facilitate the review and revision of the *Product Filing Review Handbook*, which contains an overview of 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.
 - H. Conduct the following activities as desired by the Interstate Insurance Product Regulation Commission (IIPRC):
 1. Provide support to the IIPRC as the speed to market vehicle for asset-based insurance products, encouraging the states' participation in, and the industry's usage of the IIPRC.
 2. Receive a report from the IIPRC at each national meeting.
 - I. Provide a forum to gather information from the states and the industry regarding tools, policies and resolutions to assist with common filing issues. Provide oversight in evaluating product filing efficiency issues for state insurance regulators and the industry, particularly with regard to uniformity.