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Speed to Market (EX) Working Group

Conference Call

June 15, 2020

The Speed to Market (EX) Working Group of the Innovation and Technology (EX) Task Force met via conference call June 15, 2020. The following Working Group members participated: Rebecca Nichols, Chair (VA); Maureen Motter, Vice Chair (OH); Joanne Bennett and Wally Thomas (AK); Jerry Workman (AL); William Lacy (AR); Shirley Taylor (CO); Frank Pyle (DE); Heather Droge (KS); Tammy Lohmann (MN); LeAnn Cox (MO); Ted Hamby (NC); Chrystal Bartuska (ND); Frank Cardamone (NH); Russell Toal (NM); Cuc Nguyen (OK); Sharalyn Taylor and Mark Worman (TX); Tanji Northrup (UT); Lichiou Lee (WA); and Barry Haney (WI). Also participating was: Maria Ailor (AZ); and George Bradner (CT).

1. Received an Update on the SERFF Advisory Board and SERFF Metrics

Joy E. Morrison (NAIC) noted that the System for Electronic Rate and Form Filing (SERFF) Advisory Board did not meet at the Spring National Meeting, but it will meet at the Summer National Meeting. She noted the new board members that joined in March. She stated that the SERFF data hosting project is complete, and it included some additional work to the state data retention feature, which is also complete. Both projects were finished under the projected budget. The other project discussed was a SERFF billing enhancement. Previously, industry customers were buying a block of filing transactions in advance. The blocks are being removed. and now states will be charged on transactions when the transactions occur. In the same way that they would put their state fees on a filing, the transactions fee will be added to the filing, and when the customer hits submit, a transaction fee will be initiated at the same time. It is a four-piece project: 1) a self-service interface for the centralized e-commerce initiative; 2) a credit card payment method being added for infrequent filers; 3) removal of the filing block; and 4) a separate project for the SERFF filing review. A fee will be put in place to offset the cost of the vendor payments. There will be an analysis fee on filings that are submitted to Texas with an attachment on the forms schedule, which will help offset the cost of licensing for the vendor product that is being used for that pilot. That piece of work will be done as part of the billing project, and it is being reported separately in a separate fiscal project report.

The last project wrapping up is the SERFF Assessment. This involved bringing in an outside group to review SERFF and figure out what needs to happen for SERFF to meet existing and future needs of the stakeholders. About 100 stakeholder interviews took place as part of this process. A survey was also distributed to collect information from additional stakeholders. A final draft of the report was completed in May. Phases of the billing project will be put in to place this summer and fall. The SERFF Assessment project will be distributed to some of the members in July, and a fiscal request will probably be sent in the fall.

Birny Birnbaum (Center for Economic Justice—CEJ) noted that at each SERFF Advisory Board meeting for the last four to five years, the issue of SERFF filing access functionality was discussed. Many states use the SERFF filing access to provide the public access to rate and form filings. The public has access only to the public information, so if a filing has some sort of confidential information that a company marks trade secret for example, then those documents are not included in the public document that a member of the public can access. There is no disclosure when you go to SERFF filing access that any document has been withheld or the reason it has been withheld. This can be problematic as it may conflict with state laws, as the state may not refuse to provide a member of the public a document unless they disclose what document has been withheld and the reason for withholding that document. The CEJ has been asking for several years to include this SERFF filing access functionality to identify what documents are being withheld from public disclosure and the reason. The CEJ believes that some states may be out of compliance with their public information laws by not having SERFF provide that additional functionality.

Theresa Boyce (Chubb) noted that if you prepay the SERFF filing block now, the fee is a lot less than if you do not. She asked whether there would be an adjustment to the fee when the change is made to remove prepayments for filing blocks. Ms. Morrison noted that they do not intend to change the pricing based on whether it is or is not a block. They are trying to put everyone in the same rate group that they are currently in. Ms. Morrison noted that this is not being done to generate revenue, but to simplify things for both industry users and NAIC staff who manage the filing blocks. Ms. Boyce explained that her understanding then is that if a company typically buys a block then they will not have to prepay going forward to get the lower fee, they will just be charged the lower fee. Ms. Morrison noted that they would stay in that category through 2021. The block expiration is March 2022. In late 2021, pricing is expected to be based on usage. Most people should fall into the same bucket because a block is bought that is used within two years, and that is what is keeping a company in that rate band. Ms. Morrison noted that very little fluctuation is expected. Ms. Boyce asked how they would be billed. Ms. Morrison noted that they will not be billed because the transaction fee will be taken by Automated Clearing House (ACH) debit, the same way the state fee is paid. She noted that additional details on this matter will be provided in early July.

1. Received an Update on SERFF Metrics

Ms. Morrison noted that the SERFF team generally looks at transaction volume, and it tries to determine if there are any kind of trends or changes that may occur in a state and how it handles a particular line of business that would affect the transaction volumes that come through the system. This helps the SERFF team predict and provide performance and support as well as a tracking revenue budget. The submissions are static from year to year. Generally, there are 550,000 to 565,000 transactions, not filings. If you are in a state where filings can be submitted on behalf of multiple companies, each company is counted as a transaction. If one filing is submitted on behalf of four companies, that is four transactions. This is what SERFF metrics are based on and what is used to generate the Speed to Market Assessment report that is provided to the individual states and the Commissioners at Roundtable in the national meetings. Mr. Bradner noted that from a reporting and workload standpoint, Connecticut only looks at the example provided as one transaction. The SERFF report he gets from his examiners shows four transactions, when they only reviewed one transaction. Mr. Bradner believes that this is a reporting metric that needs to be looked at because a company could be filing the product in four companies, but the examiner only reviews that one filing. He believes it should not be tracked in SERFF as a metric in workload management as four transactions, and it should just be one. He asked if there is a way that the states can change that to reflect how they measure workload. Ms. Morrison noted that she did not think the report could be modified in that way. Brandy Woltkamp (NAIC) noted that the way the reports are currently, they are based on transactions solely, which came from the direction of the Working Group. Ms. Morrison noted that this could be changed at the direction of the Working Group, and this was decided when metrics were reviewed. Mr. Bradner noted that it could be discussed in the future. Mr. Worman noted that Texas was having this issue as well, and someone on the SERFF team helped them come up with a way to address this concern so that the workload management is more reflective of what the reviewers are looking at. Mr. Lacy noted that the data they receive from SERFF can be used in many ways, and he discussed how they review the data in Arkansas. Ms. Morrison noted that they are looking at ways to make the data provided from SERFF easier to understand as part of the assessment.

1. Received an Update from the Compact

Karen Schutter (NAIC) noted that the *Insurance Compact Compass*, a three-year strategic plan with three priorities, nine objectives, and 28 action items, has been adopted. There is a webpage devoted to the strategic planning initiative. The link can be located on the Interstate Insurance Product Regulation Commission’s (Compact’s) website, *insurancecompact.org*. There are various tools available, including a dashboard, tracker and navigator. The navigator breaks down the action items by steps and timeframe. The timeframes will be reviewed due to the COVID-19 situation.

Last fall, the Compact’s Product Standards Committee (PSC) recommended amendments to two individual life uniform standard benefit features that had been in place for 10 years: a waiver of premium and a waiver of monthly deductions. The Committee is also working on a recommended new standard for a waiver of surrender charges for life products. These amendments and the uniform standard add qualifying benefit triggers. They are not long-term care (LTC); they just trigger upon the insured having a qualifying event. These amendments were done at the direction of the Management Committee. A gap analysis was completed in 2018, and this was on the list. The PSC met for the first time this year in mid-May, and it is working on these amendments and the new standard. The Committee is also working on the first action item under the strategic plan, which is providing wider and easier to follow notices and steps with respect to the development of uniform standards. The Committee will be looking for feedback from the states and consumer and industry representatives.

The Rulemaking Committee is actively working on its strategic plan action items, including whether to expand the group standards that are in place for term life, annuities and disability income to include more group types than just the employer groups. It is also working on a survey for companies and state insurance regulators to gather comprehensive information on how group types are filed, reviewed, approved, used and marketed. In addition, the Committee is reviewing notices to state insurance regulators and legislators regarding notice and their rights in terms of adoption and opting out of uniform standards. Work plans for the PSC rulemaking and published call summaries are available on the About page of the Compact website.

Committee drafting calls are now open to all state insurance regulators starting this year. The members of the Committee are still the only ones who will vote on any recommendations before they go up to the Compact. Upcoming calls will take place this summer.

The Compact has developed a COVID-19 resource page, which answers frequently asked questions (FAQ) about what type of questions a company can ask on an application with respect to COVID-19. The uniform standards regarding application questions are carefully drafted, and they must be in a certain format and require that any question be related to receiving a diagnosis from a member of the medical profession. State insurance regulators looking for guidance should review the resource page, and they are encouraged to reach out to the Compact office.

A website survey was previously conducted, and focus groups for state insurance regulator, industry, and consumer state legislators are being created. Each group will provide feedback on its perspective for enhancing the website, then a public call will take place to bring all the groups together to review the recommendations.

The Colorado Supreme Court has issued an opinion in a third-party litigation case. It was not the deciding court, but its opinion does affect Colorado and the Compact. It said that the uniform standards operate more as regulation, and a regulation cannot override a conflicting state statute. The membership has been looking at that, and they are working to put together a comparison, a state statute, and provisions of uniform standards. The initial feedback is that there are not a lot of situations where the uniform standards would differ from a state statute. The conflict in the Colorado case is that a two-year suicide clause was followed, and Colorado is one of three states that follow a one-year clause. There is a governance review committee that was created this year. It is looking at this case and kicking off two major projects for the Compact. One is a governance review to ensuring that best practices are being followed and benchmarking against comparable organizations. The other is a business assessment to look at the organization and ensure that it is sustainable over the next five to 10 years. Both projects came out of the strategic planning process. The selection process is currently taking place and responses came in earlier this month. The Governance Review Committee is reviewing those, and it will make selections and recommendations at the Summer National Meeting for the Compact to review and discuss.

1. Discussed the Suggestion to Create a SERFF Canned Report for Rate Changes

Brandy Woltkamp (NAIC) noted that the suggestion to create a SERFF Canned Report for rate changes came from the yearly request for Speed to Market suggestions that is sent out annually. The reason for this suggestion is that rate changes are important to every state insurance regulator, and allowing the state insurance regulators an easy way to see what was requested and in turn what was approved in one report would help the reviewers and state consumer help lines in reporting differences of rate information.

Mr. Bradner asked if this is for all lines of business or just specific lines of business and if it would include block cost filings. Ms. Ailor noted that this request is from one state, but that if there is a lot of interest in this suggestion, then the details regarding lines of business and types of insurance (TOIs) would need to be discussed further. Mr. Bradner noted that Connecticut is interested in this report, as he does a report each year for multiple lines of business regarding how many rate filings they received and what the overall rate the company was taking. For Auto and Homeowners, he reviews what the overall statewide impact of that change is and looks at commercial lines of business as well. Ms. Droge is also interested, and she noted that Kansas does a similar report. Mr. Toal, Ms. Taylor, Ms. Nguyen, Mr. Haney and Mr. Lacy also expressed interest in this report.

Ms. Taylor asked if this would encompass anything within a date parameter provided so it can provide several different filings in the same report. Ms. Motter said that is correct. She noted that it would be helpful if the states that currently create a report like this on their own or people that have an idea of what they would want out of this report can provide feedback and requests to the Working Group about what fields would be helpful. She asked that the feedback and requests be sent to Ms. Woltkamp.

Ms. Lee made a motion, seconded by Mr. Toal, to create a SERFF Canned Report for rate changes. The motion passed unanimously.

Lisa Brown (American Property Casualty Insurance Association—APCIA) asked if this information can be pulled from existing filings in SERFF, and she wanted to clarify that this is not a discussion about companies having to provide additional information. Mr. Bradner noted that this report would not be seeking additional information. It would look at what a company filed and then what was ultimately approved by the state. Ms. Nichols asked that any thoughts on this be sent to Ms. Woltkamp or Leana Massey (NAIC) so that information can be compiled and discussed in greater detail on a future call.

1. Discussed SERFF State Reports

Ms. Motter noted that a year or two ago, a meeting took place that centered around the Canned Reports, and feedback was sought as to which SERFF State Reports state insurance regulators were using. It was apparent in the meeting that people were not using the Canned Reports, and a lot of the reason was that it was not intuitive and people were unclear as to what data was being provided or not provided and what the fields represented. An attachment that outlines the existing Canned Reports and what fields are captured both in criteria selection and display was sent out with the agenda, and it is also posted to the Speed to Market webpage. Ms. Motter asked that everyone review the SERFF State Reports document to get a good understanding of the information currently provided and what the reports can capture and produce. Any suggested revisions or additions to the report going forward will be discussed in more detail on a future call.

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

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