

Draft Pending Adoption

Attachment --
Market Regulation and Consumer Affairs (D) Committee
3/18/24

Draft: 3/12/24

Speed to Market (D) Working Group
Virtual Meeting (*in lieu of meeting at the 2024 Spring National Meeting*)
February 22, 2024

The Speed to Market (D) Working Group of the Market Regulation and Consumer Affairs (D) Committee met Feb. 22, 2024. The following Working Group members participated: Rebecca Nichols, Chair (VA); Jimmy Gunn (AL); Sian Ng-Ashcraft (AK); Jimmy Harris (AR); Dean L. Cameron (ID); Julie Rachford (IL); Craig VanAalst (KS); Tammy Lohmann (MN); Brandi Simmons (MO); Ted Hamby (NC); Jon Godfread (ND); LuAnne J. King (NH); Cuc Nguyen (OK); Latif Almanzan (TX); Tracy Klausmeier (UT); Lichiou Lee (WA); and Allan L. McVey (WV). Also participating was Maureen Motter (OH).

1. Adopted its 2023 Fall National Meeting Minutes

Commissioner McVey made a motion, seconded by VanAalst, to adopt the Working Group's 2023 Fall National Meeting minutes (*see NAIC Proceedings – Fall 2023, Market Regulation and Consumer Affairs (D) Committee, Attachment XX*). The motion passed unanimously.

2. Heard a Report on the SERFF Modernization Project

Bridget Kieras (NAIC) said that phases one and two of the System for Electronic Rates & Forms Filing (SERFF) modernization project have been completed. Improvements to the legacy search system were made, and the project team has received great feedback. Also introduced were tableau reports, and the service data was moved to the enterprise data warehouse. Both will serve the future needs of the platform. Kieras said that the modernization project is in its core development of the new platform, which includes entirely new technology, as well as a rebuild and reinvention SERFF features and the addition of new ones. The next group will be the life annuity in credit units, followed by property/casualty (P/C), health, and plan management. The team is sensitive to the time constraints around plan management, so they are making sure that process is not disrupted.

Kieras said that during the project, the team has been reaching out to state and industry customers. The team presents at every national meeting, attending three in 2023, and they visited five state departments of insurance, where they presented an update on the project. They also job shadowed at the departments by watching employees work in SERFF and discussed with them how the platform could serve them better. The team also presented an update at the NAIC 2023 Insurance Summit. They are also having a monthly product steering committee call, which averages more than 100 attendees per call. The calls have been invaluable because of the input from real users of the system, which includes diverse opinions. The team also held a regulator workshop last fall with attendees from 41 states and territories, and the workshop included a product demo and focus groups. Outreach will continue in 2024.

Kieras said that requirement gathering has begun for the second phase of the project for life annuity and credit implementation. Each state has been contacted by their assigned liaison, which is a business analyst or other member of the project team who will help that state throughout the transition. There will be a period of coexistence when the new platform and the existing platform are both in production and being used. With the Interstate Insurance Product Regulation Commission (Compact) release, the team will migrate all Compact filings, including historical Compact filings, to the new platform. Meanwhile, all state filings will remain in the legacy

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platform. Compact filers that also make state filings will use both platforms. They will work on their state filings in the legacy platform, and they will use the new platform for Compact filings. New users will need to use the existing platform to view or create Compact filings. The project team is also moving all user management to the new platform, effective with the first release, and they are moving to a self-service model. Users will be able to use the new platform and the legacy platform within one interface.

Kieras said that they are getting closer to the first release, and the team is having extensive discussion on user training, and the NAIC's education and training department will offer training for the industry. The team will announce further details on training at its March workshop. The Compact staff and member state regulators who view Compact filings will be trained by the project team. Webinars will be available, and the team will supplement training with help text and documentation to give users the information they need.

The team completed much of functionality during the first release, and they are working on features that are specific to the Compact, such as the statement of intent. They are also building the base functionality that will be used for all other business types. For member state regulators who log in, the look is going to be straightforward. There will be new features regarding the filing process. Today, when the industry needs to make a change to the filing, there are multiple ways to do that, and some of it is a little convoluted, so there are ways to improve that experience and the ability for states to communicate.

Kieras said that the team is also rebranding and received feedback that the term "objections" was too specific. They are also working on public access, such as adding more granularity on how trade secret requests are made. Finally, the team is working on a new concept in the platform, which is task management, and they are removing much of the content that goes into the message center.

3. Heard a Report from the Compact

Susan Ezalarab (Compact) announced that South Dakota is about to become its next member. The bill is in the final stages in the state legislature. The Compact is hopeful that the governor will sign the bill shortly. The Compact's highlight of 2023 was launching its redesigned website in February. Enhancements include a committee page and a Uniform Licensing Standards (ULS) page. There were also improvements made to the searchability of the adopted standards and the docket for developing standards records. The commission is also working to expand the amendments to the group term life insurance standards beyond employer groups to non-employer groups. The Compact will then work on group whole life, group disability, income, and group annuities. Ezalarab said that she supports the product standards committee, which works on developing and amending the ULS. The group whole life insurance for employer groups is going to be effective to accept filings as of April 1, 2024, and the new ULS for index linked variable annuities have been drafted for the contract. It is now in the formal rulemaking process. These products are unique, and they are registered with the Federal Communications Commission (FCC) and are considered a type of variable annuity by most states.

4. Adopted Revisions to the *Product Filing Review Handbook*

Nichols said that the Working Group asked for comments on the revisions to the *Product Filing Review Handbook* (Handbook). The Working Group received comments from Mike McKinney and the state of Pennsylvania (Attachment C). Each of the items identified by McKinney were errors in the 2016 handbook, and the Working Group intends to correct them. His comments also point out problematic links, which will be corrected. As today, the handbook has been provided to the publication staff, and moving forward, the Working Group will look at the

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handbook links annually to make sure they work after publishing, including the current version and later versions. Nichols asked if there were any comments or questions from Working Group members, interested parties, and interested regulators. No comments were made, and no questions were asked.

Commissioner McVey made a motion, seconded by VanAalst, to adopt the revisions to the *Product Filing Review Handbook*. The motion passed unanimously.

5. Discussed Other Matters

Alex Rogers (NAIC) gave an update on the 2024 product coding matrix (PCM) adoption rating. The uniform PCM is currently at a 50% adoption rate for H11G and H11I. These were introduced and adopted last year. Twenty-six states have adopted; 13 states have declined the adoption; and 13 states have not responded yet.

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

SharePoint/NAIC Support Staff Hub/Committees/D CMTE/2024 Spring/S2M WG

1. Compact Proposal for Annuity Products

- a. Compact has adopted Uniform Standard for Individual Deferred Index-Linked Variable Annuity Contracts.
- b. Filers have likely used A03I or A07I to file similar products to date, BUT using these TOIs is not the most accurate
- c. Compact recommends addition of the following to properly identify these products, allowing for differentiation & more accurate data.
 - i. TOI of A04I Individual Deferred Index-Linked Variable Annuity Contracts, with the following sub-TOIs:
 1. A041.0001 Fixed Premium
 2. A014.0002 Flexible Premium
 3. A041.0003 Single Premium
 4. A041.0004 Modified Single Premium
 5. A041.0005 Limited Flexible Premium
- d. Compact's proposed description of A04I:
 - i. An annuity contract that earns interest or provides benefits where the accumulation is linked to an external reference or equity index where upside returns are limited through application of caps, participation rates, or triggers and downside returns limited to a floor, or with a portion of downside returns absorbed by a buffer. Prior to the end of the index term, the contract uses an interim value to determine withdrawal, surrender, death and annuity benefits, instead of using the account value at the beginning of the term.
- e. Things to consider:
 - i. Are we in agreement that addition is appropriate since uniform standard was created?
 - ii. Any amendments/revisions to proposed description?
 - iii. Should we create similar for Group at this time, i.e. A04G et al or wait?

2. Proposal to Split Health-Other into Individual & Group TOIs

- a. Proposal indicates that the Health TOIs for products are divided into group and individual, so it becomes unhelpful when Health-Other is used as a "catch-all" to apply to both individual and group product, especially when each market is subject to different regulatory requirements. Unlike the Assumptions TOI (H01), items filed under Health-Other can apply to amend products in either or both markets beyond the merely informational.
- b. Currently, PCM has TOI: H21 Health-Other
 - i. One sub-TOI: H21.0000 Health-Other
 - ii. Product Coding Matrix (PCM) description: "Not Specifically Described Above".

- c. Because TOIs H22-H26 have been added, should we update the description to indicate "Not Specifically Described in any other H TOI?"
 - d. Things to consider:
 - i. What is being filed in H21?
 - ii. Does what is being filed in H21 require different submission requirements for individual vs group or individual vs different size groups?
 - iii. Will adding sub-TOIs to H21 result in filers using these sub-TOIs instead of the proper H01 through H26 TOIs?
 - iv. If we would add more sub-TOIs to H21, how many more?
 - v. In addition to H21.0000 Health-Other, would we add Health-Other - Individual Only & Health - Other- Group Only
 - vi. In addition to H21.0000 Health-Other, would we add Health-Other - Individual Only & Health-Other- Small Group Only & Health-Other-Large Group Only & Health-Other-Any Size Group?
 - vii. If we add more sub-TOIs, would you activate them for use by filers?
3. Proposal to Split Health-Other into Individual & Group TOIs
- a. The proposal indicates not every state considers pet health and/or animal mortality insurance inland marine, filed or non-filed, so making it its own TOIs could eliminate ambiguity in filing.
 - b. Also, with continued emphasis on the NAIC model pet insurance act, it may be opportune for pet insurance to feature more prominently in the Matrix; and since animal mortality is the commercial counterpart, similar prominence should apply to it.
 - c. Things to consider:
 - i. Existing Sub-TOIs
 - 1. Animal Mortality is currently 09.0001 with annual statement line reference of 9.0
 - 2. Pet Insurance Plans is currently 09.0004 with annual statement line reference of 9.0
 - ii. Historically, Annual Statement Instructions indicated to place premiums/losses for both on line 9, Inland Marine.
 - iii. The Blanks Committee has approved a separate annual statement line for Pet Insurance, so the PCM document will be updated to reflect the new annual statement line reference.
 - iv. While many states require the authority of Inland Marine on a Certificate of Authority to offer such products, others may have more granularity in authority, such as a specific authority for Pet Insurance.
 - v. Have there been issues with filers submitting products without proper authority? Perhaps an asterisk on PCM with a note to review line of authority requirements for a state prior to

submission? A non-PCM solution would be to update SERFF General Instructions to remind filers of the necessary authority to offer such products. Additionally, the SERFF modernization project is planning to map authority and sub-TOIs, so filer will be warned or will not be permitted to submit if it does not have proper authority for the product.

- vi. If we create 9.1 and 9.2, the historical filing submissions will NOT be updated from the old sub-TOI to the new TOI.
- vii. If a state would choose to adopt, it would have to inactivate the old sub-TOI for submissions.
- viii. When searching for filings, SERFF users would have to search on both the new TOI for the most recent filings and the INACTIVE sub-TOI for the historical filings.
- ix. If we would create these new TOIs, would you activate their use?