



MEMORANDUM

TO: Chief Financial Regulators

FROM: NAIC Staff

RE: Information Regarding the Transition to TeamMate+

The information that follows is intended to support member discussions regarding the transition to TeamMate+ (TM+).

Feedback on this document or questions remaining can be directed to James Portuguez (jportuguez@naic.org).

Executive Summary

As we continue towards the transition to TM+, most of the questions that states have had relate to pricing and what is needed as part of this transition. This executive summary will provide high level insights into those matters while still directing states to the specific questions within this FAQ that provided more comprehensive answers.

What is the current pricing?

*** Confidential Pricing for members & sublicensees is available upon request ***

TeamMate license renewals will continue as they do now. However, TeamCloud subscriptions must be added to each user's license for accessing TeamMate+ databases in the cloud.

Refer to the "Hosting Options and Fees" section of this FAQ for further information on pricing, including additional fees which are typically not expected to be incurred in year one.

What actions need to be taken for states to transition?

For states that wish to transition their hosting to the cloud, we are asking that states sign our Rider agreement and purchase TeamCloud subscriptions.

For states wishing to maintain a local hosting option, that would require a separate engagement with Wolters Kluwer. Note that states hosting TeamMate+ on-prem should also sign and return the rider, as they may eventually need access to TeamCloud for participating in coordinated financial exams.

What if my state needs more information? Can we set up dedicated calls with individual states and their procurement teams?

As much as possible, NAIC is trying to direct states to this FAQ document or to address questions within the collective Electronic Workpaper (E) Working Group calls. NAIC Legal is available to discuss contract provisions (Rider agreement) but defers to regulators and their procurement officers on whether a separate arrangement is needed.

Vendor Selection Process

1. How did the NAIC and regulators come to select TeamMate+ as the replacement application for TeamMate AM?

Substantive efforts to evaluate and identify a replacement for the TeamMate AM application have been ongoing since 2018. A summary of these efforts and related research is provided below. A detailed packet discussing the results of the vendor selection process can also be provided on request.

2018

Research efforts began shortly after the vendor's announcement that the current application utilized by regulators would be phased out, with an end-of-life date projected to be year-end 2023.

2019/2020

- NAIC contracted with an independent consulting firm, Novarica, to help complete a thorough assessment of possible vendors and to ensure impartiality.
- The NAIC identified several vendors offering hosting options between \$1M and \$2M that met the general needs of the regulators based on NAIC's preliminary analysis which consisted largely of interviews with potential vendors.
- In November 2020, select vendors (listed below) presented in-depth demonstrations tailored to showcase the respective applications' ability to meet regulators' needs, addressing over 70 distinct criteria.
 - Wolters Kluwer (WK) - TeamMate+ Application
 - MetricStream - M7 Application
 - RSA - Archer Application
- On December 16, 2020, Novarica presented the results of the demonstration to regulators (detailed results available upon request). The 27 Regulator score totals by vendor were as follows:
 - 1. Wolters Kluwer - 3,764
 - 2. MetricStream - 3,565

- 3. RSA - 2,815
- In summary, regulators were involved in the demo process, helped develop the scoring criteria in consultation with the NAIC, scored the vendor based on the selected criteria, and asked follow-up questions where appropriate.
- 27 States returned scoring cards but several states had multiple staff attending to ensure dialogue and the resulting evaluation considered the needs of all regulator users.

2021

Following the conclusion of the vendor demo process and the resulting evaluation, additional questions were raised related to the hosting options available to regulators. After some due diligence, regulators settled on transitioning to TeamMate+.

Review of Transition Status

2. What is the current status of the project?

2021

- NAIC finalized research into the options and with information presented, the regulators settled on TeamMate+ as the replacement application.
- NAIC signed a professional services contract and began work with vendor to configure the application to the regulator needs.

2022

- NAIC continued work to configure the application.
- Testing of the software configurations commenced in April 2022.
 - Testing consisted of sandbox testing and simulated pilot testing.

2023

- As of July 31, 2023, 25 states have signed the Rider agreement and 14 states are now online in TeamCloud.
- Remaining states are in various stages of the transition process.
- NAIC will continue to support regulators with additional training as needed.

3. When will state databases with preconfigured templates be available for use by regulators?

The NAIC has developed preconfigured templates within “the Master copy” to meet regulator needs. The Master copy will be duplicated to create state specific databases in TeamCloud for all states as part of this collective effort.

The Master database may also be transferred to states for on premises installations.

4. What is the NAIC's role in TeamMate+ contracting?

As with many services the NAIC offers to our members, in the relationship with Wolters Kluwer (WK), the NAIC plays a central role in the contracting process which allows the membership to obtain substantial savings for users of the software/hosting services. As opposed to individual states buying hosting licenses in 10-100 license increments, the NAIC can purchase 1,000-2,000+ which leads to favorable pricing that would not be available to the states.

However, the savings come with a tradeoff. WK has consistently agreed to treat our membership as a single customer which allows our members to receive volume discounts that would not be available were states to contract directly and independently of the NAIC. As part of this arrangement, WK asks that our membership operate through the NAIC for billing and many other facets of our business relationship. Therefore, NAIC staff helped to coordinate the research and transition efforts and will negotiate an acceptable level of security protocols and common procurement requirements for the benefit of all states. Through this process, WK will retain the advantage of a single hosting services contract. States would then gain access to the hosting environment via state specific riders signed individually with the NAIC.

Beyond contract, NAIC has also taken a lead role in reflecting state needs into the configuration of the software.

5. Why should I join the cloud environment? Why should I use the TM+ application? Why should I consider the NAIC as a sole source and therefore transition to TM+ via the NAIC's contract?

There are several reasons that regulators should consider joining the transition to TM+ and hosting that application via Wolters Kluwer's TeamCloud. Those include, but are not limited to, (1) coordination, (2) pricing and special terms, and (3) configuration (uniformity).

- (1) Coordination - The U.S. insurance regulatory framework generally requires state regulators to work with other states in conducting group-wide supervision within the U.S. solvency system. This includes statutory examinations, which are conducted on a group-wide basis in coordination with other state regulators in order to economize by saving time and resources for both regulators and the industry. TeamMate AM is the software product that has been utilized by all state regulators for nearly two decades (starting with TeamMate 2000) and is essential to that coordination. Regulators use TeamMate to leverage off the work of other states and easily share documentation necessary for each state's examination. Insurers, especially those that are part of large groups with companies domiciled in different states, can be examined by several states at the same time. Without TeamMate, companies within a group that are domiciled in different states would be examined separately and would be required to provide the

same information to each state regulator at different times. Therefore, there are substantial benefits to the ability of states to coordinate, and therefore to the efficiency and effectiveness of state-based regulation when states join the shared hosting environment, TeamCloud.

- (2) Special Terms (confidential pricing available upon request) - The NAIC negotiated several special terms which would likely be beneficial to the states or necessary for them to even consider joining a cloud environment. For instance, the data allocation under our contract will be 5 GB per user, compared to the base offering of 1 GB per user. Additionally, the data will be required to be held and backed up within the Continental United States by contract.
- (3) Configuration - The truth is that no application would work off the shelf to capture regulator needs, TM+ included. However, the NAIC entered into a professional services contract that has allowed the vendor, NAIC staff, and a volunteer group of regulators to configure the application to meet regulatory needs. As part of the transition, NAIC staff will have spent over \$300k and 4,000 hours to configure the application and support the transition with no plan to recoup expenses. Therefore, if states operated outside of this contractual arrangement, they may have to reconfigure the application to adequately allow them to document key regulator processes which could take months or even longer and would cost a substantial amount of money. If regulators use differing software options, there may also be a loss in uniformity regarding how regulators view each other's work. Presently, regulators know where to look, inside a TeamMate project, to find the information they need regardless of whether it's an exam or analysis project.
- (4) Ongoing Training and Support - The NAIC has long supported regulators and their use of the TeamMate AM application. When the regulators selected TM+, the NAIC further committed to supporting the application of choice for the regulators. The support will come in several ways as it has historically. NAIC will continue to provide training to regulators throughout the transition phase. Moreover, as the NAIC has done historically, NAIC supplements the support provided by the vendor in addressing user issues and in ensuring they receive appropriate responses from the vendor.

This combination of factors is what many states will use to argue that joining this contract is really the most economical and sensible option in the interest of effective insurance regulation.

6. Is the TeamMate AM application still reaching its end-of-life December 2023?

Wolters Kluwer has suspended the end of life for TeamMate AM indefinitely. TeamMate AM continues to be upgraded, most recently with the *April 2023 Release*.

Given the relative maturity of the AM application, we do not anticipate needing any patches but this ongoing support should help states feel comfortable taking the time needed to properly transition applications.

Hosting Options and Fees

7. Do I need to pay anything further beyond my state's annual license renewal fees? Does my current license fee allow me access to TM+?

Almost all states/jurisdictions currently pay for software licenses. This software license entitles users to be able to use the TM AM application. These are paid for initially by the NAIC (to receive volume discount) and later billed to states. The NAIC will be converting these licenses to TM+ and the vendor has agreed to temporarily allow the licenses to give regulators access to both applications.

However, the NAIC will also be decommissioning the NAIC's hosting environment (Citrix), on which the majority of coordinated work is performed. Future hosting options will be provided by the vendor via their cloud infrastructure. **To access this environment, each individual regulator/contractor will need an additional individual TeamCloud subscription (costs provided in subsequent sections of the FAQ).** Consistent with current practices, subscriptions can be purchased and paid for in bulk (i.e., states/contractors will be billed for all the subscriptions they require as opposed to receiving a billing for each individual user).

Regulators could instead opt to host locally or via a vendor, although all coordinated examinations are encouraged to be hosted in TeamCloud to ensure effective and efficient coordination. While on-premises or third-party vendor hosting is possible, we expect that to decrease going forward as the new application (TeamMate+) has additional hardware requirements that may increase the cost of local hosting options and states' expectations regarding hosting security continue to evolve. The application is also more complicated to maintain/configure and therefore, we expect many, if not most, states to eventually join the Wolters Kluwer TeamCloud Hosting option, at least for all coordinated exam work.

To be clear, regulators and contractors that join the Wolters Kluwer hosting environment will need both a TeamMate+ application license and a TeamCloud hosting subscription.

8. Who is paying for the configuration costs?

All costs to configure the database application (\$300k+) and initial databases setup fees (1 per state) are being borne by the NAIC. If states require more than one database, additional setup fees may apply.

9. What are the hosting options being offered to the states/jurisdictions?

As part of the transition to TM+, states are being offered the following:

- TeamCloud Gold Level Hosting - This is a hosting option that is subject to certain security controls (SOC 2 Type II) that can be provided in summary form as requested by states.
- FedRAMP - This is a hosting option that will adhere to the FedRAMP (Federal Risk and Authorization Management Program) moderate level of controls for states that require the added level of security.
- OnPrem/Local Self-Hosting - States can opt out of the cloud and host data locally or with a vendor of their choosing, outside of the NAIC's negotiated TeamCloud service.

Joining either of the WK hosting options requires a TeamCloud subscription(price discussed below) in addition to the application license that states already have.

The questions that follow attempt to provide the remaining information that is necessary to understand the transition to TM+ and the options available therein.

10. What do the cloud hosting options cost? Are there any fees on top of that?

The NAIC currently offers two hosting options for states.

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A. The SOC 2 Type II (TeamCloud Gold) Hosting Option

B. The FedRAMP Hosting Option

This is a hosting option that several states will need because of local IT/security policies or state-wide laws or regulations. We also believe there is a long-term shift towards heightened security for state and federal government work held in a cloud environment.

Azure Data Centers:

- FedRAMP - Virginia & Texas
- TeamCloud Gold (SOC 2) - Virginia & Iowa

Note that Wolters Kluwer's current position is that if a user needs to access both environments, they would need two licenses.

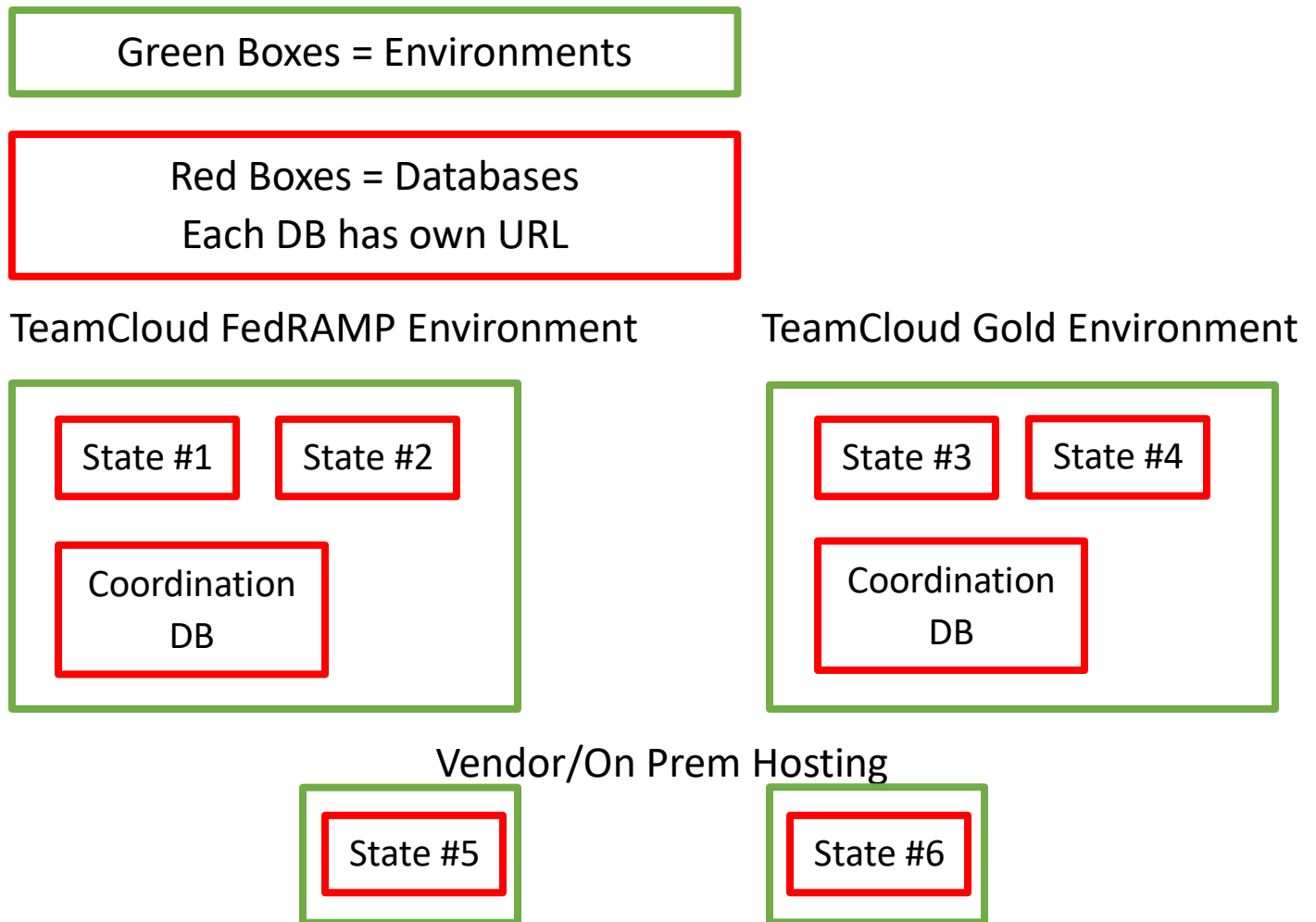
We do not have an estimate for on-prem installation expenses. States/contractors would need to contract with the vendor directly for such services.

11. Where will coordination take place? What is the difference between a database and an environment? Will all states work in the same place?

We currently anticipate that:

- Each state will work in their own database (DB) with TM+ Champions given the rights to further configure their database
- States will also control access to their own DB, with NAIC authenticating users into the environment via an identify tree maintained at the NAIC
- Coordination will occur in dedicated DBs
- 12+ states will work primarily out of the FedRAMP environment
- 30+ states will work primarily out of the Gold environment

To address this, we bring back an illustration from a discussion with the regulators earlier in 2022:



12. Do you have an estimate for storage fees?

That is difficult to estimate because we can't know how large TM+ files will be until we have real work in the environment.

Currently, the NAIC can only suggest that that storage fees are not likely to be incurred until 3-4 years into the hosting service once several years of work are held in the cloud. A few additional inputs are provided below if states wish to estimate this further:

- Coordinated exams on the NAIC's Citrix server currently average 1GB in size and often range between .5GB and 2GBs for the largest files.
- For states that participated in a pilot study of full hosting with the NAIC in Citrix, average file size ranged from 73MBs to 142 MBs (this includes a mix of exams/analysis files).
- The vendor has plans for an archiving function on the TeamMate+ roadmap for future development. This would reduce the database size with the expectation of improving performance for large databases, though it may not reduce the costs of storage.

This will be a matter that the NAIC will study after the launch of the service to enable better and more precise discussions. It is anticipated that the NAIC will seek an aggregated, national approach to addressing storage fee overages and allocations, if needed in the future, likely through an adjustment to the NAIC administration fee.

13. Do you expect an increase in software license renewal fees?

In the past, Wolters Kluwer has indicated that licensing fees would increase with the launch of TM+. While we are not aware of specific plans to increase the cost of the software licensing, regulators should expect increases in the future.

Please note that this response is specific to the software licenses. The new hosting subscriptions are specific to a separate service (i.e., hosting) and are not considered an increase in pricing. They are instead considered to be the fees for the optional hosting service.

Recent experience suggests the vendor may continue with the recent trend of 5%+ annual increases in the cost of application licenses.

14. Will my state receive a single invoice (annually) for TeamMate use?

Eventually, yes. However, in the initial transition, we may need to send a separate bill for the TeamCloud hosting service in addition to the existing TeamMate software license renewal bill. After the first year, we anticipate aligning billing cycles.

15. Will I need to continue with my existing software license, and will it be renewed the same way?

Yes, you must continue to maintain your current TeamMate AM license as they include support and upgrades. As you transition from TeamMate AM to TeamMate+, your AM licenses become Plus licenses and they will continue to renew annually just as they do now.

While we transition applications, the current software licenses will allow users to access both TeamMate+ and TeamMate AM.

16. Are there any other fees that States need to be aware of?

Yes. WK has indicated that states that require additional databases beyond the one allocated per state would be subject to additional database build and annual fees.

TeamMate AM Projects

17. Will I be able to convert my TeamMate AM data to TeamMate+?

NAIC staff is recommending that states not convert TM AM projects into TM+.

Migration of live projects via the Wolters Kluwer migration wizard is possible. However, due to the extensive customization and configuration of NAIC-developed templates to enable regulator workflows, the vendor has advised that migration may not be possible. Moreover, there are likely additional vendor fees associated with the conversion process as well as extensive work to map the upgrade of fields from one application to the next.

However, states may choose to pursue this type of conversion on their own if they so desire. As states have amassed large volumes of TeamMate AM data, it should be noted that converting all existing AM data to TeamMate+ in TeamCloud will most likely cause data storage fees to be assessed immediately, as discussed above. Once the initial transition is complete, NAIC staff can revisit this discussion to see if a conversion of legacy data is still desired.

18. How will I access my legacy TeamMate AM projects? Do projects need to be converted into TM+?

The NAIC is recommending that TeamMate AM projects continue to be accessed via the TeamMate Reader application after the transition to TeamMate+. This application allows read-only access and can be installed locally. Through the Reader app, users can access all workpapers, review work performed, export workpapers, etc.

You may also continue to use your current on-prem installation of TeamMate AM to look up past work even though the application will no longer be supported past the end-of-life date (TBD).

The NAIC will not be offering hosting services for TeamMate AM files beyond 12/31/2023 exams and will eventually be transitioning all projects currently stored on the NAIC Citrix server back to the owner state.

Working in TM+ and Training

19. Will I have to install anything for the application to work?

TeamMate+ is a web-based application. However, users must install “TeamMate Advanced Integration” (AI) which is a TeamMate+ add-in for Microsoft Office and Adobe Acrobat. The add-in allows for a TeamMate+ ribbon (TeamMate tab) to be included in Microsoft Office and Adobe Acrobat. The toolbar allows users to check out documents from the TeamMate+ software, add notes, add links, add findings, and check documents back in.

Advanced Integration (AI) is only compatible with desktop versions of Microsoft Office, not the web-browser version. The following versions of Office and Acrobat are currently supported, and files must be saved in those version formats. AI does not support compatibility mode in MS Office.

- Microsoft Office 2019
- Microsoft Office 2016
- Microsoft Office 2013 and 2013 SP1
- Adobe Acrobat Reader DC
- Adobe Acrobat Pro DC

20. How will I work in TM+?

Existing training content on TeamMate+ is available from the [NAIC Online Campus](#) (D2L). The NAIC also partnered with Wolters Kluwer staff to provide a training curriculum to help users understand how to complete regulatory work in TM+. The existing training content covers the generic functionality (i.e., hyperlinking) of the application, whereas the NAIC training covers process specific functionality (i.e., functionality that relates to regulatory processes). The template specific content is available online via the NAIC Campus. Contact the NAIC Help Desk for login credentials to the NAIC Campus. (help@naic.org)

21. What does the training content include?

TeamMate+ Training content includes:

- TM+ 101 via TeamMate+ [Learning Center](#)
- TM+ Custom Content Access via [NAIC Campus](#)
- TeamMate+ Periodic training events throughout the year
 - TeamMate+ 101 / general operations
 - Template specific training

- Champions training (recorded) - via NAIC Campus

22. Can my state customize the TeamStore to include state-specific procedures and other deviations from the NAIC TeamStores?

Yes! Adding in procedures, risk, and controls is fairly easy and is covered in the training curriculum.

TeamMate+ allows more customization capabilities than TeamMate AM. Therefore, as regulators get increasingly comfortable with the software and configuration of the tool, regulators may find new ways to use the software beyond what is provided in the NAIC base templates available in the Master Database.

23. Can I bring in my state-specific procedures when participating in a coordinated exam?

Yes. Procedures can be copy/pasted into an exam as it is worked. Those procedures are automatically added to the TeamStore in a staging area where the TeamMate+ Champion can determine where the procedures are ultimately stored (in a state-specific TeamStore cabinet or folder). This only has to be done one time to populate the TeamStore. There is also a TeamStore import template (XLS) that adds *unformatted* text to the TeamStore. It would appear to be more efficient to copy/paste formatted text than to go back and manually reintroduce formatting to imported procedure text.

Contractor Considerations

24. How will the TM+ User License and Cloud Hosting costs be calculated for contractors that represent multiple States?

Unlike the current process to track software licenses, the NAIC will centrally track hosting subscriptions. Therefore, everyone that accesses the cloud hosting environment will be tied to individual application licenses and TeamCloud subscription to avoid complications & duplications in situations where contractors may work for multiple states.

25. Will the TM+ Licensing & Cloud Hosting fees continue to be group-billed through NAIC to the contractor firm?

Yes, eventually, we expect that states and contractors will receive a single bill that covers both the software licenses and the hosting subscription. However, at first, there may be two bills. Regardless, we do anticipate that we will accumulate billing as much as possible both for our administrative benefit and for the users/states/contractors as well.

General Logistics

26. What happens to projects on the NAIC Citrix server (i.e., current TeamMate AM hosting - Citrix) after the regulatory work captured in the project is completed and needs to be archived?

We expect the NAIC to maintain limited TeamMate AM Citrix support after the launch of the TeamCloud hosting environment and to continue that support until all exams launched in that environment have been completed. The specifics of the timing to decommission the Citrix server will be a further point of discussion after implementation of TeamMate+/Transition to TeamCloud hosting services.

Advance notice will be given to allow states to make a reasonable transition and all projects currently stored on the NAIC Citrix server will be returned to the owner state before the server is decommissioned. NAIC staff will work with regulators to evaluate a proper decommissioning timeline.

27. How will Accreditation access files for pre and full reviews?

Accessing Wolters Kluwer TeamMate+ TeamCloud Environment - For individuals that do not otherwise have access to Wolters Kluwer's TeamMate+ TeamCloud, NAIC can provision observer role access which does not require a fee and allows users to view all the work performed within a file.

Accessing other TeamMate+ Environments (in third-party vendor environments or on prem) - States will need to provision access to accreditation team members as TeamMate+ projects lack the portability that would allow them to be moved to a reader environment. Legacy TeamMate AM projects may be able to be transferred to the NAIC for viewing through the TeamMate reader application.

28. When will the WK's TM+ TeamCloud Hosting environment be online and available for state access?

The TeamCloud hosting environment is currently available for states to begin transitioning to TeamMate+. States initiate the transition process when they submit a signed rider and purchases TeamCloud subscriptions. The transition process includes a database build by the vendor and then the database must be populated with state-specific content along with other customizations if needed.

29. Will contractors be allowed on the NAIC's TeamMate+ TeamCloud Hosting environment?

Yes, as long as they have paid the requisite TeamCloud hosting subscription fees. We expect to bill contractors directly to avoid inefficiencies (i.e., states paying for excess contractor licenses) and confusion over license allocations as the NAIC will be required to authenticate all users to the TeamCloud environment and ensure that they have paid for a hosting subscription. Given that we expect a majority of coordinated work be placed in the TeamCloud environment, most consulting firms conducting work on behalf of multiple states will likely need to work with the NAIC to obtain a hosting subscription.

30. What if a state needs limited access (i.e., access for a short-term- period or read only- access)?

Wolters Kluwer offers an observer role that is available in both the TeamCloud Gold and FedRAMP environments, allowing the user to view work but not edit. The observer role is free and can be obtained by contacting NAIC staff.

31. How will access (i.e., authentication/authorization) work?

The TeamCloud hosting environment will have a coordinated exam database, as well as individual databases for state specific work. The NAIC will authenticate users into the overall environment (confirm identity of person and license status), including the coordinated database. States will create users and authorize access to their own database and subsequently specific projects. Multifactor- Authentication is a component of the authentication process.

Data Retention, Application Upgrades, and Business Continuity Plans

32. Can the new environment meet my state's data retention requirements?

Projects can be held as long as needed in the TeamCloud environment to meet retention requirements. Wolters Kluwer is also working to develop an archival storage function that could allow older projects to be stored at a reduced file size to assist states in staying within storage limits, but such a function is not currently available.

33. What is Wolters Kluwer's business continuation plan/policy regarding TeamMate+?

Per WK:

"All relevant components of the data center operations and the TeamMate Hosted Software Solution are configured in N+1 redundancy, allowing all primary systems to suffer failures without interrupting service to the customer. All systems are designed to provide 99.9% availability to customers using TeamCloud. The TeamCloud data centers in Dallas and London do not have a warm or hot standby site. This has an RPO (recovery point objective) of 24 hours.

We have an agreement with Vendors that in the unlikely event of a total loss of the primary facility, they will rebuild our infrastructure to an equivalent facility. This will then be rebuilt using the previous night's offsite backups.

This has an RTO (recovery time objective) of 72 hours with an RPO (recovery point objective) of 24 hours. Disaster Recovery (DR) process is not customer specific and is tested at least once per year."

34. Where will the Data in the Cloud environments be stored?

NAIC/Member data will be strictly housed/backed up in the US. This is included as a term in our hosting contract.

35. What is the application upgrade cadence for TeamMate+?

- TeamMate+ in the TeamCloud Gold (SOC 2) environment is updated every other month with the vendor providing advance notice. Updates occur over the weekend and typically take less than 24 hours.
- TeamMate+ in a TeamCloud FedRAMP environment is updated 1 time per year. Note that this interval is due in part to the rigorous review required to obtain/maintain FedRAMP certification.
- WK releases upgrades for a state's on premises installation 3 to 4 times per year.