SERFF Updates

New Members

The Executive Committee appointed new SERFF Advisory Board members with terms beginning Mar 1, 2020.

**Arkansas**
*Commissioner Allen W. Kerr* Commissioner Kerr may be represented at some meetings by AID Compliance Director, Bill Lacy.

**Kansas**
*Julie Holmes, Director of Health and Life* Ms. Holmes will be representing Commissioner Vicki Schmidt.

**Health Industry Representative-Bright Health**
*Rachel Benton, Benefit Development Manager* Ms. Benton was also appointed to serve as the Industry Vice Chair for the SERFF Advisory Board.

**Property & Casualty (P&C) Representative-Chubb Group**
*Theresa Boyce, Filing Manager with Chubb Group (formerly ACE Group)* Theresa previously served on the SERFF Board from 2009 to 2012.

SERFF Minutes & Activities Report

While the SERFF Advisory Board does not approve meeting minutes, the 2019 Fall National Meeting minutes are included here for review as Attachment One.

Attachment Two is the activities report and dashboard through Feb 29.

SERFF Data Hosting Project Update

Attachment Three is the project report for the SERFF Data Hosting project as of March 1. A project change request was submitted in February to adjust staff hours and revenue projections. Revenue is lower than initially budgeted because the NAIC decided to grandfather pricing for companies, if it was lower than NAIC’s new pricing model. This is a one-year exception so pricing resumes and the normal fee schedules will be applied in 2020. Additional staff hours were needed to complete work to allow hosted companies to keep their filings even if a state marked the filing for destruction in accordance with its data retention policy.

The project is scheduled to wrap up in April, possibly in the next two weeks as the team finishes the last piece of work to integrate data hosting with the state data retention feature. All paper filings were migrated from the previous hosting vendors in January and have been made available to newly hosted companies.

There are approximately 50 customers who were hosted by either SkiiTech or DXC that never responded to repeated requests for a decision on hosting their data with the NAIC. A letter is being sent to all of those customers as a final attempt to notify them of this change and grant them an opportunity to have their data hosted by the NAIC.

The project will likely be slightly under budget on both staff hours and revenue, but revenue will increase as the regular pricing kicks in during 2020.
SERFF Advisory Board
Spring National Meeting Narrative

SERFF Billing Enhancements Project Update

Attachment Four is the project report for the SERFF Billing Enhancements project as of March 1. This project started in late February and is currently expected to be completed by year end. It includes four major components:

1. A self-service interface to allow customer to set up banking information for fee payment.
2. A credit card payment method for those infrequent filers who do not have a Filing Block.
3. Filing Block removal is the third component of this project. In this phase, the team will remove the current Filing Block structure and implement ACH Debit for payment of SERFF transaction fees. With this phase, the insurers will pay their SERFF transaction fee at the same time and in the same way they pay any required state fees. The pricing tiers for filings will be kept in place and insurers will be placed into an annual pricing tier based on their prior year’s usage, with the higher filing volumes receiving the greatest per transaction discount as the tiers are structured today. Companies with an existing block of transactions will be allowed to continue to use their block until its expiration date but will not purchase new blocks once this new payment method is in place.
4. The fourth component in this project is the SERFF Filing Review Tools work to allow the NAIC to collect an analysis fee on filings submitted to Texas to recoup costs associated with the integration and licensing for the vendor product. The project fiscal is summarized in Attachment Four and, while the projects will be reported on separately, it is applicable to fold this work into the SERFF Billing Enhancements project.

SERFF Filing Review Tools Fiscal

This fiscal was approved at the 2020 Commissioner’s Conference in February. SERFF will be modified to include a fee structure to support vendor licensing and API maintenance for tools for Texas to use in filing review. The fee will be applied to any filing submitted in Texas with a document attached to the Forms Schedule.

The goal of the pilot is to reduce time spent by the Texas Department of Insurance (TDI) reviewing product filings, thereby improving turnaround times to companies submitting filings. This is expected to be achieved through the software’s ability to validate the filings upfront and provide scoring that can be evaluated by the TDI. A secondary goal is to ensure consistency among filing reviews by leveraging technology that can provide document comparisons and key word searches for preferred policy wording.

New functionality will be licensed from a third party that will use SERFF’s existing application programming interfaces (APIs) to access SERFF filing data. The third-party functionality is expected to be available by June 1, 2020. Following the accessibility of this functionality, a three-year pilot will commence, assessing the value delivered. Fee assessment is expected to begin in October 2020.

SERFF Assessment-Project Status Summary

Deloitte began its assessment of the SERFF system in January. Attachment Six is a current project status summary. The project kickoff included a walk-through of SERFF functionality, stakeholders, current business and technical environment, and general project planning.

Deloitte staff began stakeholder interviews at the Commissioner’s Conference in February. Other individuals and groups from each stakeholder category are being interviewed via phone including regulators, insurers, vendors, IIPRC, the SERFF Product Steering Committee (PSC), and NAIC leaders. A survey was distributed in March to collect information from additional stakeholders.

A two day technical review of SERFF’s components, architecture, and integrations was conducted in early March. Follow up meetings to discuss alignment of SERFF’s future architecture with NAIC technology goals is underway.

The work is scheduled to wrap up in late April or early May with a final report with findings expected by end of May.
The SERFF Advisory Board met in Austin, TX, Dec. 7, 2019. The following Advisory Board members participated: Barbara D. Richardson, Chair (NV); Lori K. Wing-Heier (AK); Robert H. Muriel represented by Mike Chrysler (IL); Chlora Lindley-Myers represented by Angela Nelson (MO); Mike Causey represented by Ted Hamby (NC); John G. Franchini (NM); Birny Birnbaum (Center for Economic Justice—CEJ); Rena Brown (Anthem Inc.); Andrea Davey (Athene Annuity and Life Company); Tony Pedoto (Great American Insurance Company); and Karen Schutter (Interstate Insurance Product Regulation Commission—Compact). Also participating was: Paula Keen (MD).

1. **Reviewed its Summer National Meeting Minutes**

There were no changes to the Advisory Board’s Aug. 3 minutes (Attachment One).

2. **Received a Report on SERFF Activity**

Bridget Kieras (NAIC) reported on System for Electronic Rate and Form Filing (SERFF) activity (Attachment Two). The SERFF team published several releases since the Summer National Meeting. These releases included: 1) security updates; 2) a fix for PDF Pipelines that failed due to attachment sizes; 3) an update to the text of the license agreement for third-party filers; 4) functionality to support the block expiration policy; 5) work to support the decommission of external hosters and the implementation of the NAIC hosting service; 6) a new feature to allow state insurance regulators to set state specific lists of “labels” and apply them to filings, which will undergo a beta period with several states, later to be rolled out to additional states and extended to industry; and 7) fundamental enhancements and fixes. Development for plan management plan year 2021 is underway. The SERFF Product Steering Committee (PSC) has held two conference calls to discuss potential enhancement and ongoing development. The next PSC conference call is planned for January.

SERFF has experienced a slight increase in rate and form filing submissions across all lines and has currently surpassed projections by 1%. As of Oct. 31, 464,621 filing transactions have been received. There has also been an increase in Plan Management filings; 25,390 plan transactions were received through the end of October. The SERFF marketing team participated in the Association of Insurance Compliance Professionals’ (AICP) annual conference in Denver, CO. The marketing team has additionally been working to create a proof of concept collaboration space using SharePoint online for the Big Data (EX) Working Group. The team is waiting for state insurance regulator review of the space before releasing it to a wider group.

The SERFF implementation team has been working on communication and outreach regarding the new NAIC Data Hosting feature for SERFF.

Mr. Birnbaum asked for an update on his enhancement request to indicate, in SERFF Filing Access (SFA), public access filings that have some portion of the filing redacted. Ms. Kieras said the project had been prioritized, and the documentation is being written for the enhancement.

3. **Received an Update on the Data Hosting Solution**

Joy E. Morrison reported that the SERFF Data Hosting fiscal was approved by NAIC membership at the Summer National Meeting. Since its approval, initial efforts were put towards reaching affected customers, those who have previously been hosted with one of two vendors. This outreach has become one of the more challenging aspects of the project. The NAIC negotiated a Dec. 31 end date for both vendors after extensions were requested. This resulted in a project change request, which was submitted and approved in October to accommodate the project close date change into early 2020. Currently, the biggest risk to the project is the difficulty in reaching hosted customers for a decision regarding their hosting into next year. Ongoing efforts are being made to identify appropriate contacts and further explain the data hosting changes to customers prior to Dec. 31.

4. **Received an Update on NAIC Financials as They Relate to SERFF**
Donna L. Powers (NAIC) presented a review of the NAIC financials (Attachment Five) as they relate to SERFF. SERFF is expected to earn approximately $6 million in 2020. This revenue is comprised of $622,808 in license fees; $964,750 in data hosting fees; and $4,503,570 in transaction fees. Ms. Powers reminded the Board that there is a fiscal for 2020 that will remove the filing block structure. Going forward, the transaction rate paid by the company will be based on a pattern of usage. For 2019, there has been approximately $25,000 in data hosting fees, well under the amount proposed in the fiscal, but this is due, in large part, to an extension for the hosting vendors until year end. It was difficult to predict hosting revenue because the hosting vendors each used different models and, when working with the companies on their license process, it was discovered that the model was not applied in many cases as some customers were paying a much lower rate than the hoster’s pricing structure would dictate.

Relative to expenses, Ms. Powers said expenses for SERFF continue to go up year after year. Since SERFF does not have its own budget, she applied a percentage of NAIC expenses to SERFF based upon the ratio of SERFF headcount (49) to NAIC total headcount (496.5). Mr. Birnbaum asked why the NAIC only makes $6 million on SERFF. He said the fees paid for the use of SERFF were trivial to the industry and that more revenue could be generated for the NAIC from SERFF.

5. Discussed the Process for 2020 SERFF Advisory Board Appointments

Commissioner Richardson presented the application process for industry and consumer representative seats for the 2020 SERFF Advisory Board, which will begin in mid-December. Three industry seats and one consumer representative seat will be appointed by the NAIC Executive (EX) Committee in February 2020. Interested parties should plan to have their application submitted by Jan. 17, 2020. Terms run from March 1, 2020, to Feb. 28, 2021.

6. Discussed Any Other Matters

Commissioner Richardson provided an update on the SERFF Assessment Request for Proposal (RFP). Interviews have been conducted with respondents, and a recommendation will be given to the NAIC Executive (EX) Committee at this meeting. Contract completion is expected to occur in the next several weeks, with the assessment beginning by early January 2020.

Having no further business, the SERFF Advisory Board adjourned.
SERFF Activities Report

SERFF Development

SERFF Production Releases
Since the report provided at the 2019 Fall National Meeting, the System for Electronic Rate and Form Filing (SERFF) team has introduced four releases to production.

- SERFF 7.45.0 was released on Nov. 14, 2019. This release increased the allowed attachment size to 10mb, introduced an auto-unlock feature for user IDs, added the ability to deactivate Filing Labels, provided states the ability to view past State Generated Messages, improved the user interface for managing Quick Text, and included a number of other small enhancements and defect corrections.
- SERFF 7.46.2 was released on Dec. 19, 2019. The release included the ability to add and remove plans to a plan management binder, as well as other changes to support plan year 2021 submissions. Additional improvements were also made to Quick Text management, including the ability to export.
- SERFF 7.47.0 was released on Jan. 23, 2020. Updates were made to support state data retention and plan management functions. User roles were consolidated, and logging on filing actions was increased.
- SERFF 7.48.1 was released on Jan. 30, 2020. This was a release with technical upgrades not affecting users.
- SERFF 7.49.2 was released on Feb. 27, 2020. This release included updates to plan management, which restricts files transferred to CMS; the ability to identify individual attachments that were updated on schedule items; and hyperlinks to individual schedule items from Objection and Response Letters. Finally, there were several other small enhancements and defect corrections.

Upcoming Work
Development is underway to complete updates needed for state data retention to support NAIC hosting. The system is ready for removal of non-hosted filings, but additional coding is needed to preserve NAIC-hosted filings for industry view only. This work is expected to complete in the second quarter of 2020.

The team is also beginning analysis for the SERFF Billing Project, approved at the 2019 Fall National Meeting. This project will transition all NAIC transaction fees from invoicing and prepaid blocks to payment at the time of submission, via Automated Clearing House (ACH) debit or credit card.

SERFF Product Steering Committee
The SERFF Product Steering Committee (PSC) held conference calls on Jan. 8, 2020, and Feb. 12, 2020. The PSC heard updates on completed and in progress work, updates on the roadmap for 2020, and updates on the SERFF Assessment project.
SERFF Marketing/Implementation

SERFF Transaction Volume
SERFF concluded 2019 with 551,296 transactions year-to-date (YTD) and is starting 2020 with 87,737 transactions through February.

Plan Management saw an increase in submissions; 26,131 plan transactions were received through the end of 2019. This is 42% higher than projected. The spike in transactions in May 2019 is related to federal Affordable Care Act (ACA) plan submissions and the submission window deadline being moved forward in 2019. The marketing and implementation team will begin working on the plan year 2021 implementation near the end of the first quarter.

SERFF Marketing Activities/Events
The SERFF implementation team is preparing for the NAIC’s annual Insurance Summit hosted in Kansas City. SERFF staff will host a session discussing enhancements to the application. The marketing team will have a booth to answer any additional questions from the session.

SERFF Implementation
SERFF introduced NAIC data hosting on Nov. 1, 2019, and since then, we have had nearly 400 enabled instances. We have successfully migrated all paper filings from the external vendors, and now all customers have one place to view filings in SERFF.

With the enablement of NAIC data hosting, we have also finalized the initial phase of the State Data Retention implementation, which will allow state insurance regulators to delete filings in accordance with their record retention policies. States now have the ability to mark filings to destruct and remove them from their state view. Filers that have opted into NAIC data hosting will still maintain those destructed filings on the industry side; however, they will be removed from the state view.

Effective Jan. 1, 2020, the Speed to Market (EX) Working Group has adopted new changes to the uniform product coding matrices (PCMs). The changes include one sub-type of insurance for property/casualty (P/C), as well a few description changes for both lines of business. The implementation team is in the process of communicating with the states that would like to enable these changes. Nearly half of the states are ready to receive filings under these new types of insurance (TOIs).

The SERFF marketing team has been working to create a proof of concept collaboration space using SharePoint online for the Big Data (EX) Working Group. This project itself has been a collaborative effort with the actuarial staff at the NAIC pitching in to identify processes and procedures to meet the requirements of the members. The application features the ability to upload attachments and input SERFF PCM information and a built-in correspondence module to initiate emails based on filing activity. Longer term, it is anticipated that the group will want to integrate SERFF with this tool so that filing documents within SERFF can be automatically moved to the collaboration space for additional review.

SERFF Filing Access
SERFF Filing Access (SFA) currently has 48 states using SFA in at least one area of business. In 2019, there have been more than 1.8 million searches in the application. South Dakota is now using SFA, and Hawaii has implemented this on the P/C line of business. The marketing and implementation teams are currently in the process of outreach in efforts to transition additional states.

W:\National_Meetings\2020\Spring\TFInnovation\_Working_Groups\Speed\SERFF Advisory Board\Board Reports\2. Attachment Two_SERFF Activity\SERFF_Activities_Update_Spring_2020.docx
**EPMO Project Name:** SERFF Data Hosting  
**Status Date:** 3/1/2020

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**Description:**
This project will terminate the vendors currently hosting data for SERFF industry customers and will establish NAIC as the hosting provider for all industry customers who would like to continue hosting by using the NAIC data hosting services. The major tasks involved in this project are to communicate the change to customers, develop and deliver a new agreement for data hosting, transition customers to the new agreement, migrate paper filings for interested customers, and make two enhancements to SERFF.

**Executive Status/Support Needed:**
A project change request (PCR) was submitted and approved (2/20/20) to request a change to the project end date.

**Recent Accomplishments**
- Completed design and estimate for the enhancement to "hide" from states the hosted filings that have been marked for destruction.
- Created contact list for non-responsive customers who were previously hosted.
- Created draft correspondence for non-responsive customers.

**Upcoming Activities**
- Continue development and testing on final enhancement.
- Send letter to non-responsive customers who were previously hosted by a vendor notifying them of the potential loss of data.

**Key Issues / Risks**
- Approximately 50 customers have not responded to either sign up for NAIC data hosting services or decline the need for hosting services.

**Issue/Risks Action Plan**
- Creating letter to be mailed to legal department of non-responding customers in a final attempt to notify them of the change.
- Identify SkiTech customers on the non-responding customers list and attempt phone calls to those companies to clear up any confusion related to SkiTech’s invoicing process.

**Project Health***
- % Complete: 59%

**Financial Update**
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**Milestones/Task**

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**EPMO Project Name:** SERFF Data Hosting  
**Status Date:** 3/1/2020

### Additional Comments:

There were two decisions made in August that impact the timeline for this project:

1. **The current hosting vendors’ agreement was extended to 12/31/2019, previously it was 10/28/19.** This will extend the project end date but should not increase hours and may impact 2019 revenue.
2. **As a result of the first decision, the paper filing migration will take place in two batches, the second of which is currently scheduled for the first week of January.**
3. **The percentage for project completion has increased more than the percentage change in staff hours because the team is tracking technical staff hours for purposes of this report. However, there have been additional hours contributed by business staff to move contracts forward and answer customer inquiries.**
4. **11/1/19: a current risk is that a large number of hosted customers have not responded to requests for a decision regarding switching to NAIC hosting or dropping hosting altogether.** We will send out additional correspondence the first week of November. **2/1/2020: This risk has been managed well and most of the hosted customers have now responded.**
5. **2/1/2020: All hosted customers have been communicated to multiple times.** There are still some customers who have not responded but we’ve exhausted our means of contact/communication. It’s a small percentage and should not hold up the close of the project. Originally there were 420 externally-hosted instances representing. We now have 379 NAIC-hosted instances, 67 of which are new customers, and 113 formerly externally-hosted instances that are no longer being hosted. This correlates to 272 customers, 155 of which are now NAIC-hosted customers. Five more are in the licensing process. Thirty-one declined hosting services. Seventy percent of customers have been accounted for in this process. Of those remaining non-responders, thirty have less than 1,000 filings.
6. **2/1/2020: Total revenue budget for 2019-2020 is $1,125,542.** By mid-Feb, revenue booked across 2019 and 2020 will be $1,020,012.

### Major Features:

The major deliverables for this project are the following:

1. Complete Data Hosting Agreement
2. Contact all currently hosted customers advising of the change and the decision they need to make.
3. Work with customers to transition to new agreement—COMPLETE
4. Migrate paper filings—COMPLETE
5. Complete necessary enhancements to SERFF—INCOMPLETE. One enhancement remaining.

### Reference Information

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<th>Business Categories</th>
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<th>Project Phases</th>
<th>Project Health Legend</th>
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| • Change in Insurance Company Control  
• Consumer Protection  
• Insurance Company Licensing  
• Market Regulation  
• Producer Licensing  
• Solvency Regulation  
• Speed-to-Market for Insurance Products  
• Multiple Categories  
• Other | • Membership Initiative  
• Organizational  
• Contractual Obligation | 1. Initiation  
2. Execution  
3. Closeout  
4. On Hold | Green: Project will likely meet schedule, budget, scope/quality.  
Yellow: Change is needed to get back on schedule, budget, scope/quality.  
Red: Probable that project will not meet at least one of the following: schedule, budget, scope/quality. |

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EPMO Project Name: SERFF Billing Enhancements

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<th>Brandy Woltkamp</th>
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**Description:**
This project will streamline the process of charging SERFF transaction fees and eliminate the significant manual effort to administer the collection of these fees, as well as eliminating the financial liability of pre-paid filing blocks. First, prepaid blocks will be eliminated; instead, a fixed per-transaction rate will be assigned to customers for a calendar year based on filing volume in the previous calendar year. This will preserve the tiered fee structure currently approved by the SERFF Advisory Board and advocated by industry. Second, this project will modify the filing process to collect transaction fees along with applicable state fees at the time of filing, eliminating manual efforts on the NAIC’s part to invoice and collect fees after the filing has been made and manual efforts on customers’ part to log into a separate system in order to pay the invoices. This step includes creating a credit card option for current Pay As You Go customers who do not want to use ACH Debit.

**Executive Status/Support Needed:**

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**Recent Accomplishments**
- Project Charter Created
- Project Scope Created
- Assigned Project Resources
- Completed Communication Plan
- Completed Project Roadmap

**Upcoming Activities**
- Project Kickoff Meeting
- Create Business Analysis Work Plan.
- Create Design Document

**Key Issues / Risks**
- Other projects with higher priority may impact the completion of this project.
- Will need other NAIC resources to assist with Stripe implementation.
- Changes to CECI will require testing by all areas using it.
- Introducing SERFF Filing Review Tools Pilot analysis feature increases complexity of the project.
- Working with other areas to communicate needs and timing for credit card implementation and CECI testing.

**Issue/Risks Action Plan**
- Working with other areas to communicate needs and timing for credit card implementation and CECI testing.
- Introducing SERFF Filing Review Tools Pilot analysis feature increases complexity of the project.
- Other projects with higher priority may impact the completion of this project.
- Will need other NAIC resources to assist with Stripe implementation.
- Changes to CECI will require testing by all areas using it.

**Project Health**
- % Complete 1%

**Financial Update**
- Budget Revenue: N/A
- Budget Capital: N/A
- Budget Expense: $86,275
- Staff Hours: 1,360

**On Budget?**
- N/A
- N/A
- Yes
- Yes

**Overall Status:** On Schedule
### EPMO Project Name: SERFF Billing Enhancements

| Status Date | 3/1/2020 |

#### Additional Comments:
- This project does not include hours to remove the lines of code in the application that are currently used to manage filing blocks. That work will have to be completed as operational work at some point or will be eliminated as SERFF is redesigned.
- The SERFF Filing Review Tools Pilot fiscal was approved and, although the projects will be reported separately, the work will be folded into the timeline for this project. This may require the project deadlines to be extended by a few months.
- There is significant business work to be done related to expiring filing blocks. The prepaid block process will have to be modified to expire blocks in Sept or Oct 2021 which will require a communication plan. Similarly, the team will need to stop selling prepaid blocks to coincide with the implementation of block elimination.
- Technology deliverables have to be matched to the business milestones in order for customers to use their prepaid blocks without needing to purchase new ones.
- Business partners in Finance and SBI have been notified of and are in agreement with new milestone estimate dates for credit card and deletion of filing blocks as a result of bringing the SERFF Filing Review Tools Pilot work into this project timeline.

#### Financial Comments:

#### Major Features / Deliverables:
1. Introduction of a credit card payment option for non-ACH Debit, infrequent filers.
2. Collect a SERFF transaction fee via ACH debit at the time of filing/binder submission.
3. Create/document/communicate process to calculate a customer’s transaction fee based on prior transaction volume.
4. Create self-service interface to CECI.
6. Develop PeopleSoft integration.

#### States / Territories

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#### Reference Information

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<tbody>
<tr>
<td>Goal 1. Provide insurance regulators with the data, training, and tools required to support a collaborative regulatory environment that fosters reliable and affordable insurance products.</td>
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<tr>
<td>Goal 2. Ensure consumer protection keeps pace with changes in the marketplace and consumers have information and education needed for informed decision-making.</td>
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<tr>
<td>Goal 3. Provide optimal services to support state insurance regulators and equip them with talent and resources.</td>
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<tr>
<td>Goal 4. Optimize the efficiency and effectiveness of the NAIC structure to focus on member priorities and maximize member engagement.</td>
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</table>

| 1. Initiation  |
| 2. Execution  |
| 3. Closeout  |
| 4. On Hold  |

**Legend**
- **On Schedule:** Project will likely meet schedule, budget, scope/quality.
- **At Risk:** Change is needed to get back on schedule, budget, scope/quality.
- **At Significant Risk:** Probable that project will not meet least one of the following: schedule, budget, scope/quality.
# Fiscal Impact Statement

<table>
<thead>
<tr>
<th><strong>DATE SUBMITTED:</strong></th>
<th><strong>FEBRUARY 7, 2020</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NAME OF INITIATIVE:</strong></td>
<td><strong>SERFF FILING REVIEW TOOLS PILOT</strong></td>
</tr>
<tr>
<td><strong>REGULATOR/BUSINESS SPONSOR:</strong></td>
<td><strong>TEXAS DEPARTMENT OF INSURANCE</strong></td>
</tr>
<tr>
<td><strong>NAIC STAFF SUPPORT:</strong></td>
<td><strong>SCOTT MORRIS, CHIEF TECHNOLOGY OFFICER</strong></td>
</tr>
<tr>
<td><strong>REQUESTED INITIATIVE START DATE:</strong></td>
<td><strong>MARCH 25, 2020</strong></td>
</tr>
<tr>
<td><strong>ANTICIPATED COMPLETION DATE:</strong></td>
<td><strong>OCTOBER 31, 2020</strong></td>
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</tbody>
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<table>
<thead>
<tr>
<th><strong>TOTAL REVENUE EXPECTED (2020):</strong></th>
<th><strong>$43,000</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(2021):</strong></td>
<td><strong>$172,000</strong></td>
</tr>
<tr>
<td><strong>(2022/2023):</strong></td>
<td><strong>$249,000</strong></td>
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<table>
<thead>
<tr>
<th><strong>TOTAL EXPENSE REQUESTED (2020):</strong></th>
<th><strong>$159,750</strong></th>
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<tbody>
<tr>
<td><strong>(2021):</strong></td>
<td><strong>$125,000</strong></td>
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<tr>
<td><strong>(2022/2023):</strong></td>
<td><strong>$179,250</strong></td>
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</table>

<table>
<thead>
<tr>
<th><strong>TOTAL CAPITAL REQUESTED (2020):</strong></th>
<th><strong>$0.00</strong></th>
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<tbody>
<tr>
<td><strong>(2021):</strong></td>
<td><strong>$0.00</strong></td>
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*Functionality will be available by June 1, 2020, and fee assessment will begin by Oct. 31, 2020. The pilot will continue through May 31, 2023.

## I. Executive Summary:

This fiscal seeks funding to support a three-year pilot project to provide add-on capability to the System for Electronic Rate and Form Filing (SERFF). This pilot project will be coordinated with the Texas Department of Insurance (TDI), in order to meet business needs identified by the TDI. The new capability is expected to provide TDI regulators with improved product filing review capabilities. The goal of the pilot is to reduce time spent by the TDI reviewing product filings, thereby improving turnaround times to companies submitting filings. This is expected to be achieved through the software’s ability to validate the filings upfront and provide scoring that can be evaluated by the TDI. A secondary goal is to ensure the consistency of filing reviews by leveraging technology that can provide document comparisons and key word searches for preferred policy wording.

New functionality will be licensed from a third party that will use SERFF’s existing application programming interfaces (APIs) to access SERFF filing data. The third-party functionality is expected to be available by June 1, 2020. Following the accessibility of this functionality, a three-year pilot will commence, assessing the value delivered. During the pilot, the NAIC will receive regular feedback from the TDI. This feedback will help inform the future direction of the SERFF platform, along with input from the SERFF Assessment initiative currently underway with a third party, which is expected to be completed later this year.

To cover the costs of providing this capability, the NAIC will implement a new analytics surcharge on all form filings submitted to the TDI through SERFF. The additional fee will be approximately $20 per filing transaction. The analytics surcharge will be implemented as part of the billing enhancement project that is currently underway for SERFF as approved in the 2020 Budget. The billing enhancement project is expected to be delivered in October of this year. If this initial proposed analytics
surcharge does not cover the NAIC’s three-year costs to implement these additional services, the NAIC may revise the fee to cover its costs. At the conclusion of the pilot, the NAIC is not obligated to continue to provide this capability, and as such, will discontinue the collection of the analytics surcharge from TDI filers.

II. Key Deliverables:

The third-party tool is expected to deliver the following base review functionality:

- Searchable forms library of all Insurance Services Office Inc. (ISO) forms and all personal lines forms approved by the TDI.
- Document comparison functionality.

SERFF will be modified to allow integration with the tool to provide the following functionality:

- Form similarity score.
- Filing intake validation.

The third-party tool will also provide the following analytics for Personal Lines

- Analyze the most common TDI objections for each of the personal lines of business.
- Partner with the TDI to identify its preferred policy wording for certain provisions.
- Implement a preferred wording rules engine to identify provisions in form filings.
- Allow for side-by-side comparison of how newly filed wording differs from the TDI’s preferred wording.

III. Financial and Organizational Impact:

Total projected cost for the pilot includes $297,000 in software licensing for the three-year contract; $89,000 in consulting expenses to modify SERFF to allow for integration with the third-party tool; and $78,000 in consulting over three years to backfill internal staff for implementation and support. The total expense for the pilot is projected to be $464,000 for the three-year period.

The total expense amount will be recovered through a per transaction analytics surcharge assessed on all TDI form filings, which will be charged to TDI filers, in addition to the standard SERFF transaction fee paid by all filers. The NAIC has projected the number of form filings to be submitted to the TDI over the next three years, based on historical trends, in order to determine the appropriate per-filing analytics surcharge. The pilot will be revenue-neutral across the three years.

IV. Risk Management Plan:

Information security risks. There is risk associated with the use of third-party services. The NAIC will mitigate this risk by ensuring that it follows the organization’s third-party review process. However, overall data security risks are considered low in that much of the data (SERFF filings) is available through open records.

Project costs. It is important to note that some of the technology proposed for licensing has not yet been developed by the third party, which could result in changed controls and/or increased costs. The NAIC will mitigate this risk by being very specific in its agreement with any third-party involvement. There is also a risk that transaction volumes may not meet projections. The NAIC will mitigate this risk by closely monitoring TDI filing volumes, and if needed, adjusting the analytics surcharge.

V. Security Impact:

The NAIC third-party review process will be used to ensure that any third party involved uses security best practices to protect NAIC and/or TDI data. The project follows industry best practices for accessing data and systems. There are no extraordinary security risks with this project. The NAIC will follow internal processes to ensure that the project meets all NAIC security standards.
SERFF Advisory Board Meeting – SERFF Assessment Project Update

March 26, 2020
SERFF Assessment – Scope of Work

Assessment of SERFF with a focus on:

- Business needs
- Technical needs
- Governance

The program of works is broken into three phases:

1. Project initiation
2. Current state analysis
3. Future state recommendations

Deliverables:

- Project initiation and plan
- Summarized feedback from stakeholders
- Report and presentation documenting recommendations and options for detailed consideration
## Timeline

The program of works is broken into three phases. We are currently in phase two.

<table>
<thead>
<tr>
<th>Week of</th>
<th>Dec 30</th>
<th>Jan 13</th>
<th>Jan 27</th>
<th>Feb 10</th>
<th>Feb 24</th>
<th>March 9</th>
<th>March 23</th>
<th>April 6</th>
<th>April 20</th>
<th>May 4</th>
<th>May 18</th>
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<tbody>
<tr>
<td><strong>Phase 1: Initiate Project</strong></td>
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<td></td>
<td>Kickoff engagement, develop project plan, request and obtain existing documents</td>
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<td>Identify stakeholders; plan and schedule meetings/interviews; agree upon status meetings</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td>Review of SERFF documentation</td>
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<tr>
<td><strong>Phase 2: Current State Analysis</strong></td>
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<td>Orlando, FL Interviews and meeting minutes from stakeholder interviews</td>
<td>Phoenix, AZ National Conference</td>
<td>Tec analysis of SERFF</td>
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<td></td>
<td>Identify New and Emerging Technologies to compare against SERFF</td>
<td>Generate final report</td>
<td>Socialization and review</td>
<td></td>
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<tr>
<td><strong>Phase 3: Future State Recommendations</strong></td>
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Legend

- Activity
- Deliverable

Current date: March 26
Scope Timeline

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Initiation</td>
<td></td>
<td></td>
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<tr>
<td>Current and future state analysis (interviews, SERFF governance, business needs and technical analysis)</td>
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<td>Provide heatmap analysis to document potential pain points and areas of improvement</td>
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Milestone Summary

<table>
<thead>
<tr>
<th>#</th>
<th>Milestone Name</th>
<th>Target Completion Date</th>
<th>RAG</th>
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</thead>
<tbody>
<tr>
<td>1.0</td>
<td>Project Initiation</td>
<td>02/03/2020</td>
<td>C</td>
</tr>
<tr>
<td>1.1</td>
<td>Conduct kick off meeting, agree status meeting cadence and overall program plan</td>
<td>01/10/2020</td>
<td>C</td>
</tr>
<tr>
<td>1.2</td>
<td>Request and obtain documentation, agree on list of stakeholder interviewees</td>
<td>01/29/2020</td>
<td>C</td>
</tr>
<tr>
<td>1.3</td>
<td>Review SERFF documentation. Finalize and send out agreed upon SERFF Survey and schedule interviews</td>
<td>02/03/2020</td>
<td>C</td>
</tr>
<tr>
<td>2.0</td>
<td>Current and Future State Analysis</td>
<td>04/10/2020</td>
<td>G</td>
</tr>
<tr>
<td>2.1</td>
<td>Conduct interviews with stakeholders and analysis of survey responses, document work performed</td>
<td>03/23/2020</td>
<td>A</td>
</tr>
<tr>
<td>2.2</td>
<td>Conduct technical analysis of SERFF and develop options for improvement. Review options with NAIC. Conduct follow up analysis as needed.</td>
<td>04/10/2020</td>
<td>G</td>
</tr>
<tr>
<td>3.0</td>
<td>Generate final report and create a presentation to socialize results with the NAIC Executive (EX) Committee</td>
<td>05/31/2020</td>
<td>NS</td>
</tr>
<tr>
<td>3.1</td>
<td>Draft report with summary of findings along with detailed recommendations for consideration by NAIC (include considerations of new and emerging technologies)</td>
<td>04/30/2020</td>
<td>NS</td>
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<tr>
<td>3.2</td>
<td>Socialize report and iterate report with relevant feedback</td>
<td>05/29/2020</td>
<td>NS</td>
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<tr>
<td>3.3</td>
<td>Present report as needed to agreed SERFF stakeholders June/July 2020</td>
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Overall Status

- Understanding current and future SERFF business needs
- Assessing SERFF governance arrangements and areas for improvement
- Identifying development opportunities for SERFF future state platform
- Presenting summary report with options for consideration by stakeholders

Objective

1) Understanding current and future SERFF business needs
2) Assessing SERFF governance arrangements and areas for improvement
3) Identifying development opportunities for SERFF future state platform
4) Presenting summary report with options for consideration by stakeholders

Workstream Status Summary

Completed 24 of 33 total interviews. Currently rescheduling interviews originally scheduled for Phoenix and undertaking remaining interviews. Undertaking SERFF Survey data collection. Developing technical analysis based on both interview and survey feedback. Commenced initial discussions concerning preliminary observations and potential SERFF technical options.

Accomplishments for this Period

- Rescheduled majority of Phoenix interviews to be held by phone
- Continued completion of interviews with industry, regulator & other stakeholder groups
- Tracking completion of survey by responders and synthesizing data from responses
- Developed initial working draft of Modernization Assessment; shared with NAIC Team

Upcoming Activities

- Complete rescheduling of Phoenix interviews and complete stakeholder interviews
- Track survey responses to completion and analyze responses
- Build out Modernization Assessment based on further stakeholder feedback and survey responses
- Develop technical analysis for future SERFF needs

Milestone / Deliverable Legend

- Milestone: C: Completed, A: At Risk, R: Off Track
- Deliverable: C: Completed, A: At Risk, R: Off Track

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