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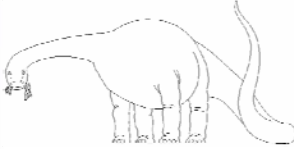
Speed to Market

Ratemaking and Product Management (RPM)
 Seminar
 Casualty Actuarial Society
 March 16, 2010

Mary Jo Hudson, Director, Ohio Department of Insurance
 Kim Kennedy, VP of Personal Lines, The Travelers Companies, Inc.
 Julienne Fritz, Director, NAIC

Speed to Market

- Why?



The Industry View of Product Filing

Guiding Principles

- Enhance interstate collaboration and filing operational efficiency reforms ... state insurance commissioners will continue to improve the timeliness and quality of the reviews given to insurers' filings of insurance products and their corresponding advertising and rating system, thus facilitating Speed to Market by:
 - Reviewing and enhancing uniformity tools that will streamline the regulatory filing process;
 - Establishing best practices for rate and form filing review;
 - Reducing rate and form filing review timeframes;
 - Promoting the creation of uniform filing standards in support of the Interstate Insurance Product Regulation Commission;
 - Coordinating state review and approval of corporate changes and related rate and form activity; and
 - Ensuring revenue-neutrality for existing state license fee and service/transaction fee structures.

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The Voice of Industry Experience



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The Regulatory View



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In the Beginning

- SERFF Consortium
 - 16 states
 - 36 companies
 - Lotus Notes
- Pilot in 1997
- System for Electronic Rate and Form Filing (SERFF) – 1st Production Release in 1998
- SERFF Board established in 1998
- SERFF Product Steering Committee established in 1998

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SERFF Product Steering Committee

- Provide end-user perspective on changes in format or function of the SERFF system, including prioritization.
- Provide end-user perspective on the development and deployment of the SERFF system.

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SERFF Board 2010

- Mary Jo Hudson (OH), Chair
- Susan Voss (IA)
- Bill Lacy (AR)
- Tammy Lohmann (MN)
- Doris Kuhlman (NY)
- Ted Hamby (NC)
- Kathie Stepp (OK)
- Susan Eckler-Kerns (The Prudential), Vice-chair
- Fred Alvarado (Life Investors Ins Co.)
- Theresa Boyce (ACE Ins Co.)
- David Emmett (Aggressive Insurance)
- Elaine Leighton (John Hancock Financial, ACLI Rep)
- Robert Yass (The Hartford, AIA Rep)

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Year-End 1998 Report to the Board

"December was the best month yet for SERFF Filing activity. 57 live filings were submitted in December 1998, most of these done by four companies: The Hartford, Nationwide, Unum and General American.

There were 294 total live filings for 1998."

-Steve Priest, Project Manager

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Milestone Achievements

- 1998: Initial SERFF Release
 - 8 active states; 16 active companies
- 1999: SERFF Versions 1.4 and 1.4a were released, still using Lotus Notes as the development tool
- Problem: Lotus Notes was not a widely used tool in either states or companies.

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Fun Fact

- 8 Original States
 - Arkansas, California, Florida, Maine, Missouri, New Hampshire, North Dakota, and Washington
- 16 Original Companies
 - AEGON, American Republic Insurance, Fireman's Fund, General American, The Guardian, The Hartford, JC Penney, Lincoln National, MetLife, Nationwide, New York Life, Prudential, Royal and Sun Alliance, St. Paul, Sun Life, UNUM

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Milestone Achievements

- January 2000: Commissioner George Nichols III and the NAIC released the "Statement of Intent", which discussed "[Speed to Market](#)"
- October 2000: An enhanced web version of SERFF was introduced allowing access to the application through the web, simply using a browser
- Fun Fact: How many filings were made in Speed to Market's Inaugural Year?

-2,356

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2001 – The Year of the States



- Fun Facts:
 - By year end, all states licensed
 - 43 states accepting at least one line of business via SERFF

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IS3 and CARFRA – 2001-2002

- Improvements to State Based Systems (IS3)
 - Property/Casualty Focus
 - Targeted Process Efficiencies (naming conventions, product requirements, uniform transmittals)
- Coordinated Advertising Rate and Form Review Authority (CARFRA)
 - Life/Health Focus
 - Standardized Process
 - Product Standards
 - Single Point of Entry
 - Coordinated Review
 - Pilot in 2001

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Fun Facts - 2005

- **Smallest Companies to License SERFF:**
 - 90+ Insurers with premium volume <\$500,000
- **Largest Companies to License SERFF:**
 - Allstate, CNA, The Hartford, Liberty Mutual, MetLife, Nationwide, Progressive, Zurich

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A Few More Facts from 2005

- **How Many Companies with Fewer than 100 filings in 2005?**
 - 189
- **How Many Companies with More than 1,000 filings?**
 - 25
- **Hartford Average Cost Per Filing**
 - Less than \$8

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And More from 2005...

- **States Receiving the Most Filings:**
 - NY, OH, WI, KY, MO – all over 4,000!
- **How many states received > 1,500 filings in 2005?**
 - 48
- **Largest Volume of Filings in a Single Day:**
 - 1,286 – November 2005
- **Total 2005 Filings:**
 - 183,362

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Operational Efficiencies

- Focus on Operational Efficiencies and Uniformity
 - Uniformity Tools
 - Uniform Product Coding Matrices (PCM)
 - Uniform Transmittal Documents (UTD)
 - Product Requirements Locator (PRL)
 - System for Electronic Rate and Form Filing (SERFF)
 - Electronic Funds Transfer
 - Standardized Filing Types
 - Elimination of Paper Requirements
 - Best Practices – Product Filing Review Handbook
 - National Standards
 - Personal Lines Framework

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As of Today - Fun Facts

- 3,005 licensed insurers
- 527,000+ filings in 2009 (+287% since 2005)
- Largest Single Day Filing Volume was 3,087 in 6/30/09
- 22 state mandates
- Estimated: 90% of filings submitted via SERFF

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State Mandates

1. Alabama - effective 11/1/07
2. Colorado - effective 1/1/08 (Type II rates/health rates)
Colorado - effective 1/1/09 (All forms)
3. Delaware - effective 11/1/07
4. District of Columbia - effective 10/1/07
5. Georgia P&C - effective 1/1/07
Georgia LAH - effective 10/1/09
6. Iowa - effective 7/1/07
7. Kansas - effective 1/1/09
8. Ohio - effective 12/31/09
9. Maine - effective 9/12/09
10. Massachusetts - effective 1/1/09
11. Michigan - effective 4/1/09
12. Minnesota - effective 1/1/08
13. Nebraska - effective 05/1/2010
14. New Hampshire - effective 1/1/08
15. New Jersey P&C - effective 1/1/09
16. New Mexico - effective 6/19/09
17. Oklahoma - effective 7/14/09
18. Rhode Island - effective 10/1/07
19. South Dakota - effective 5/1/07
20. Washington - effective 2/1/09
21. West Virginia - effective 1/1/09
22. Vermont - effective 3/1/09

Utah - mandating electronic filings effective 7/1/07

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Other Efficiency Successes

- Elimination of all paper filing requirements if using SERFF
- Full implementation of standardized filing types

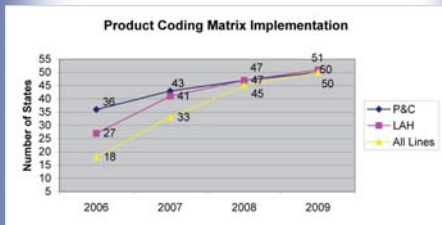
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A Few More Fun Facts...

- Number of insurers filing in SERFF in 2009 with annual premium volume less than \$500,000. (Will probably have to use 2008 premium volumes.)
 - 177 (2008 Numbers)
- Number of 3rd party filers today, representing a total of how many insurers?
 - 195 TPP's representing approximately 978 unique insurance companies.
- How many SERFF licensed companies submitted fewer than 100 filings in 2009?
 - 697 (this is per licensee not insurance company, and this was based off transactions not filings)
- How many SERFF licensed companies submitted more than 1000 filings in 2009?
 - 128 (this is per licensee not insurance company, and this was based off transactions not filings)
- How many filings were made by the 5 top filers in 2009?
 - 99,000

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Uniform Product Coding Matrices



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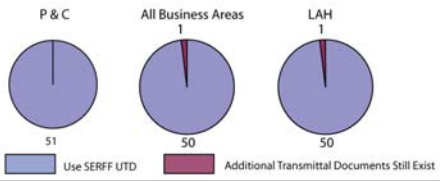
Medicare Supplement

- New codes implemented in 2009

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Uniform Product Coding Matrices

States Usage of the NAIC Uniform Transmittal Document



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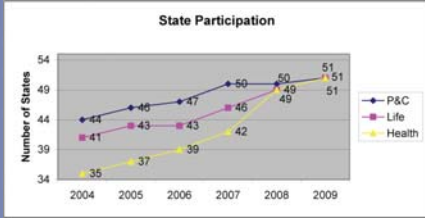
Electronic Funds Transfer

State EFT Implementation



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SERFF State Participation



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Filing Turnaround – the S2M Measuring Stick

Average Turnaround on SERFF Filing Transactions

Life, Accident, Health - 39.50 days

Property & Casualty - 34.81 days

Filing Period - January 1, 2009 - December 1, 2009

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New Direction

- Coordinating state review and approval of corporate changes and related rate and form activity
- 2009 Pilot

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