

## National Association of Insurance Commissioners (NAIC)

*Insurance Companies and State Regulators Slash Average Turnaround Time for Filings From Three Months to One Week, With Lotus Notes and Adobe Acrobat*

### Adobe® Acrobat®

#### Key Benefits

- Average approval time is reduced by 75 percent.
- PDF files retain exact page fidelity—a critical factor due to the legal requirements for document formatting within the insurance industry.
- PDF files can be viewed on any platform, using free Acrobat Reader software.
- Filings are processed more rapidly because small PDF files can be sent via the Internet.
- Insurance companies and states save money in postage and storage with an electronic filing system handling thousands of mailings per year.
- Electronic filing system improves security.
- The impact of employee turnover is reduced when all documents in a filing are stored electronically and are more easily accessible.
- With faster approvals, insurance companies can achieve faster time-to-market.

Insurance can change lives after illness, death, accident, or disaster. So, to protect consumers, before an insurance company can introduce or change a form, rate, or even an advertisement, the state regulatory agency must approve it. The approval effort—for both the insurance companies and states—is massive; a nationwide insurance company might submit 5,000 to 10,000 filings annually.

Now the approval process is less daunting—and blazingly fast—thanks to a solution based on Adobe Portable Document Format (PDF) and Lotus Notes, developed by the National Association of Insurance Commissioners (NAIC). An association comprising all 55 states and territories delegated the responsibility of regulating the insurance industry, NAIC exists to support states and territories in their regulatory endeavors.

#### Paper-Based Approval System Included Inherent Delays

In a paper-based workflow, insurance companies typically create their rate and form documents in word processing applications, and then mail the paper copies to the various states where the insurance product is offered. Normally, a filing includes from 1 to 30 documents, each ranging from 1 to 1,000 or more pages. The workflow varies somewhat by state, but in general, a receiving clerk opens each filing and assigns it to an appropriate compliance analyst. The analyst then reviews it and prepares correspondence that is mailed

back to the insurance company. The insurance company may be required to modify the filing and resubmit it for approval. The review process and correspondence is repeated, sometimes many times, until a final disposition is determined for the filing. Given that a number of different filings from several companies are received on a given day, the entire process takes an average of three months.

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—Jim Latteman  
SERFF Marketing Manager

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This manual process creates several problems for both the insurance companies and the regulatory agencies. First, it's time-consuming: Mailing takes at least two days in each direction, and delays in the mailroom are typical. Second, insurance companies that file in multiple states often neglect to include documents that certain states require, forcing the insurance companies to resubmit that filing. At the agency level, security is also an issue, because filings need to be protected from unauthorized viewing. If an insurance company calls about the status of its filing, locating the document can take a long time. And if an analyst leaves, it is difficult for the new analyst to smoothly assume responsibility for a filing.

## Adobe Acrobat and Lotus Notes Automate Filing

To overcome the problems of paper-based filing, NAIC created an electronic filing solution based on Adobe Acrobat and Lotus Notes software, called System for Electronic Rate and Form Filing (SERFF). In the new workflow, insurance companies convert their word processing documents to PDF files. "A chief advantage of Acrobat is that it converts documents from any application to PDF files. The resulting PDF files are compact, platform- and application-independent documents that retain the exact fidelity of the original word processing document," says Jim Latteman, SERFF marketing manager for NAIC.

In the SERFF system, the Lotus Notes application prompts the filer to attach all the documents required for the states in which they are filing. Then the filer simply clicks the Send button to transmit the documents to the appropriate states, via Lotus Mail. "The compact size of PDF files makes them ideal for transmission over the Internet," says Latteman.

A clerk at the state receives the filing within minutes, accesses it using Lotus Notes, and immediately assigns it to the appropriate analyst. The analyst views the PDF documents on-screen using Acrobat Reader software and sends the insurance company a message with either an approval of the filing or an automated problem report. "With PDF and Lotus Notes, filing approvals can happen in minutes, instead of weeks or months," says Latteman. "The speed of approval for rate and form filings is mission-critical for insurance companies because the earlier a product

goes to market, the longer the profit opportunity." In addition, if the analyst takes advantage of the navigational tools within Acrobat, such as bookmarks, the process of reviewing long documents is streamlined even further.

### Automated System Reduces Costs

Twenty-seven states are licensed or committed to using SERFF in the near future, and some are already reporting benefits from the system. "Sending 100 filings back and forth between the insurance company and the state regulators via the Internet instead of U.S. mail may reduce monthly costs by \$300 or more," says Latteman. Clerks are more productive

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because they don't have to walk around delivering filings to analysts. Analysts, too, are more productive because they receive answers to their inquiries more quickly. And an electronic filing system creates greater security while allowing one analyst to take over for another, if necessary, minimizing handling risks. Insurance companies benefit as well, from reduced postage and faster time-to-market. With greater productivity, they have the opportunity to offer newer and better insurance products in new markets.

### PDF Files Look Exactly Like the Original

The primary advantage of PDF for the SERFF application is that it maintains exact fidelity with the original document. "Rate and form filings are legal documents," says Latteman. "PDF ensures that they appear on-screen and in print exactly as intended, including the document format, colors, headers and footers, and page format." Insurance companies can leverage their PDF documents throughout the operation, because they can be opened and viewed on any platform, and most third-party applications for insurance company back-office applications also support PDF.

"By facilitating faster approval, PDF enables states to simultaneously improve service to their clients and reduce costs," says Latteman. "Everyone wins: The state agencies reduce costs and improve regulatory review; the insurance companies cut costs and can introduce products to market more quickly; and the consumers who support regulatory agencies with their tax dollars receive better insurance products."

### National Association of Insurance Commissioners Systems At-A-Glance

#### Desktop software

Adobe Acrobat  
Acrobat Reader  
Lotus Notes Desktop

#### Server software

Lotus Notes/Domino 4.5x  
Domino Server

#### Hardware

All Lotus Notes approved servers  
Networked PCs with TCP/IP  
Macintosh computers or PCs on the desktop