

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street, 24th Floor
San Francisco, California 94105**

INITIAL STATEMENT OF REASONS

**TITLE 10, CALIFORNIA CODE OF REGULATIONS
CHAPTER 5**

July 30, 2010

INTRODUCTION

The purpose and intent of these proposed regulations is to reduce the use of paper in transactions between filers and the California Department of Insurance (“CDI”) and thereby improve the efficiency of the CDI’s operations. They are also intended to enable personnel to access files from different locations without the cost and delay of transporting paper files, speed communication between filers and the CDI, provide for improved searching and faster retrieval of materials for public inspection, provide for improved file storage security through secure electronic storage of files with backup, improve file data integrity by permitting file access without removal or transport of the original file material from its storage location, and to improve CDI’s ability to aggregate file data as required for internal operations and for reporting of data to federal agencies.

Background

One of the main goals in the CDI’s Strategic Plan for 2010 is to improve department operations and reduce waste of State resources by eliminating a large volume of paper-based transactions. To that end, the CDI has begun the process to change internal processes to convert incoming paper to electronic format. These regulations are part of that process.

SPECIFIC PURPOSE AND REASONABLE NECESSITY OF PROPOSED REGULATIONS

The specific purpose of each adoption and the rationale for the determination that each adoption is reasonably necessary to carry out the purpose for which it is proposed are set forth below.

Proposed amendments to Title 10, Chapter 5, Subchapter 2, Article 1, “Document Submission and Approval Procedures; Fees”:

Pursuant to the authority granted by Insurance Code section 10191, which provides that the Insurance Commissioner (“Commissioner”) may promulgate regulations as are necessary or advisable to establish a procedure for the filing and approval of documents, and Insurance Code section 10327, which provides that the Commissioner may make such reasonable rules and regulations concerning the procedures for the filing or submission of policies, and pursuant to the

provisions of Insurance Code sections 742.43, 779.21, 10195.1, 10234, 10506, 10704 and 12973.9, the Commissioner has determined that streamlining and modernizing the CDI's insurance policy form submission process by requiring that all form and rate submissions to the CDI Policy Approval Bureau and Actuarial Office be filed electronically through the System for Electronic Rate and Form Filing (SERFF) of the National Association of Insurance Commissioners (NAIC) is necessary to improve the efficiency of CDI operations, eliminate obsolete business processes (such as a requirement for the use of carbon paper), increase the transparency and retrievability of public documents, and optimize the utilization of State resources.

The Commissioner has determined that the use of the NAIC SERFF system for this purpose would be the most effective method to carry out the purpose for which this action is proposed, and is the least burdensome alternative, and has determined to mandate the use of this specific technology, for the following reasons: (1) The SERFF system is the national standard for insurance filing systems, used by all 50 states, (2) The CDI has substantial operational experience with the use of the SERFF system in filings made to its Rate Regulation and Policy Approval Bureaus, and has determined that its use improves the speed and efficiency of CDI operations, and that even greater efficiency improvement would be realized by avoiding duplicative processes through dispensing with paper filings, (3) the Department's use of the SERFF system for document submission, processing, storage, and retrieval, as well as technical support from NAIC, is provided at no cost to the State, (4) the SERFF system provides for a longer document retention period than is currently practicable for paper filings, (5) the SERFF system enables personnel to access files from different locations without the cost, delay, and risk of loss involved in transporting paper files, (6) the SERFF system speeds communication between filers and the CDI, (7) the SERFF system provides for improved searching and faster retrieval of materials for public inspection, and facilitates the uploading of public file materials to the CDI website, (8) the SERFF system provides for improved file storage security and disaster redundancy through secure electronic storage of files with backup in a remote location, (9) the SERFF system improves file data integrity by permitting file access without removal or transport of the original file material from its storage location, and (10) the SERFF system improve CDI's ability to aggregate file data as required for internal operations and for reporting of data to federal agencies, such as the aggregation of information regarding health insurance rate filings required to satisfy the State's reporting obligations under the federal Patient Protection and Affordable Care Act.

In addition to the above reasons, further specific reasons for the amendments made to each section are as follows:

AMEND SECTION 2201. DEFINITIONS

The Commissioner has determined that streamlining and modernizing the CDI's insurance policy form submission process by requiring that all form and rate submissions to the CDI Policy Approval Bureau and Actuarial Office be filed electronically through the System for Electronic Rate and Form Filing (SERFF) of the National Association of Insurance Commissioners (NAIC)

is necessary to improve the efficiency of CDI operations, eliminate obsolete business processes, increase the transparency and retrievability of public documents, and optimize the utilization of State resources.

The proposed amendment to this section adds a definition of “SERFF,” and provides a website address where the SERFF system can be accessed. The amendment also makes conforming changes to the sequence letters of the subdivisions.

The following additions to the authority and reference citations are revisions without regulatory effect (Cal. Code. Regs. tit. 1, § 100(a)(4)). Authority: Insurance Code section 10191, regarding promulgation of regulations for the filing and approval of documents. Reference: Insurance Code section 10163.35, regarding the filing of life insurance policies, section 10168.93, regarding the filing of annuity contracts, section 10192.14, regarding rate filing for Medicare Supplement policies, section 10192.15, regarding the filing of forms and certificates for Medicare Select policies, section 10192.19, regarding the filing of advertisements for Medicare Supplement policies, section 10233.9, regarding the filing of master policies, coverage outlines, and advertisements for group long term care policies, section 10234.9, regarding the filing of advertisements for long term care policies, section 10234.93, regarding the submission of agent lists for long term care policies, section 10234.97, regarding the filing of commission structures for long term care policies, section 10236.11, regarding the filing of premium rate schedules for long term care policies, section 10236.13, regarding the filing of premium rate increases in long term care policies, and section 11011, regarding the filing of articles of incorporation, certificates, and other documents pertaining to fraternal benefit societies. The following reference sections are deleted, as they were repealed by Stats. 2000 ch. 706 § 3 (SB 764): Insurance Code sections 10195.1, 10195.45, 10195.65.

AMEND SECTION 2205. COVER LETTER

The Commissioner has determined that streamlining and modernizing the CDI’s insurance policy form submission process by requiring that all form and rate submissions to the CDI Policy Approval Bureau and Actuarial Office be filed electronically through the System for Electronic Rate and Form Filing (SERFF) of the National Association of Insurance Commissioners (NAIC) is necessary to improve the efficiency of CDI operations, eliminate obsolete business processes, increase the transparency and retrievability of public documents, and optimize the utilization of State resources.

The proposed amendment to this section removes the duplicative requirement that the cover letter be submitted in duplicate, as this action is not required in electronic submissions. Similarly, the amendment dispenses with the requirement of a stamped envelope in subdivision (i), as the submitting insurance company is notified about the disposition of the submission through the SERFF system. Similarly, the optional postcard for receipt acknowledgement in subdivision (j) is deleted, as receipt acknowledgement is provided to the submitting company through the SERFF system.

The following additions to the authority and reference citations are revisions without regulatory effect (Cal. Code. Regs. tit. 1, § 100(a)(4)). Authority: Insurance Code section 10191, regarding promulgation of regulations for the filing and approval of documents, section 12973.9, regarding promulgation of regulations regarding fees. Reference: Insurance Code section 9080.1, regarding filing of articles of incorporation and evidences of insurance by fraternal benefit societies, section 10163.35, regarding the filing of life insurance policies, section 10168.93, regarding the filing of annuity contracts, section 10192.14, regarding rate filing for Medicare Supplement policies, section 10192.15, regarding the filing of forms and certificates for Medicare Select policies, section 10192.19, regarding the filing of advertisements for Medicare Supplement policies, section 10233.9, regarding the filing of master policies, coverage outlines, and advertisements for group long term care policies, section 10234.9, regarding the filing of advertisements for long term care policies, section 10234.93, regarding the submission of agent lists for long term care policies, section 10234.97, regarding the filing of commission structures for long term care policies, section 10236.11, regarding the filing of premium rate schedules for long term care policies, section 10236.13, regarding the filing of premium rate increases in long term care policies, section 10506, regarding the filing of group master policy forms, and forms and certificates, in group variable life policies, section 10717, regarding the filing of benefit plan designs in small employer health insurance, section 11011, regarding the filing of articles of incorporation, certificates, and other documents pertaining to fraternal benefit societies, section 11027, regarding the filing of amendments to articles of incorporation and other documents by domestic fraternal benefit societies, section 11029, regarding the filing of amendments by foreign fraternal benefit societies, section 11522, regarding the filing of transfer agreements by grants and annuities societies, and section 12250, regarding the filing of service contracts.. The following reference sections are deleted, as they were repealed by Stats. 2000 ch. 706 § 3 (SB 764): Insurance Code sections 10195.1, 10195.45.

AMEND SECTION 2206 MAILING ADDRESS

The Commissioner has determined that streamlining and modernizing the CDI's insurance policy form submission process by requiring that all form and rate submissions to the CDI Policy Approval Bureau and Actuarial Office be filed electronically through the System for Electronic Rate and Form Filing (SERFF) of the National Association of Insurance Commissioners (NAIC) is necessary to improve the efficiency of CDI operations, eliminate obsolete business processes, increase the transparency and retrievability of public documents, and optimize the utilization of State resources.

The proposed amendment to this section removes the obsolete instruction regarding mailing paper filings, as filings will be submitted electronically. The revised section provides, in furtherance of the Commissioner's determination of necessity, that all submissions of documents shall be through SERFF, and provides an effective date for clarity.

The following additions to the authority and reference citations are revisions without regulatory effect (Cal. Code. Regs. tit. 1, § 100(a)(4)). Authority: Insurance Code section 10191, regarding promulgation of regulations for the filing and approval of documents, section 12973.9, regarding

promulgation of regulations regarding fees. Reference: Insurance Code section 795.5, regarding the filing of policies, rates, and applications, section 9080.1, regarding filing of articles of incorporation and evidences of insurance by fraternal benefit societies, section 10163.35, regarding the filing of life insurance policies, section 10168.93, regarding the filing of annuity contracts, section 10192.14, regarding rate filing for Medicare Supplement policies, section 10192.15, regarding the filing of forms and certificates for Medicare Select policies, section 10192.19, regarding the filing of advertisements for Medicare Supplement policies, section 10233.9, regarding the filing of master policies, coverage outlines, and advertisements for group long term care policies, section 10234.9, regarding the filing of advertisements for long term care policies, section 10234.93, regarding the submission of agent lists for long term care policies, section 10234.97, regarding the filing of commission structures for long term care policies, section 10236.11, regarding the filing of premium rate schedules for long term care policies, section 10236.13, regarding the filing of premium rate increases in long term care policies, section 10717, regarding the filing of benefit plan designs in small employer health insurance, section 11011, regarding the filing of articles of incorporation, certificates, and other documents pertaining to fraternal benefit societies, section 11027, regarding the filing of amendments to articles of incorporation and other documents by domestic fraternal benefit societies, section 11029, regarding the filing of amendments by foreign fraternal benefit societies, section 11522, regarding the filing of transfer agreements by grants and annuities societies, and section 12250, regarding the filing of service contracts.. The following reference sections are deleted, as they were repealed by Stats. 2000 ch. 706 § 3 (SB 764): Insurance Code sections 10195.1, 10195.45, 10195.65.

AMEND SECTION 2207. NUMBER OF COPIES REQUIRED

The Commissioner has determined that streamlining and modernizing the CDI's insurance policy form submission process by requiring that all form and rate submissions to the CDI Policy Approval Bureau and Actuarial Office be filed electronically through the System for Electronic Rate and Form Filing (SERFF) of the National Association of Insurance Commissioners (NAIC) is necessary to improve the efficiency of CDI operations, eliminate obsolete business processes, increase the transparency and retrievability of public documents, and optimize the utilization of State resources.

The proposed amendment to this section deletes the requirement of duplicate submissions, as this is superfluous in electronic filing.

The following additions to the authority and reference citations are revisions without regulatory effect (Cal. Code. Regs. tit. 1, § 100(a)(4)). Authority: Insurance Code section 10191, regarding promulgation of regulations for the filing and approval of documents, section 12973.9, regarding promulgation of regulations regarding fees. Reference: Insurance Code section 795.5, regarding the filing of policies, rates, and applications, section 9080.1, regarding filing of articles of incorporation and evidences of insurance by fraternal benefit societies, section 10163.35, regarding the filing of life insurance policies, section 10168.93, regarding the filing of annuity contracts, section 10192.14, regarding rate filing for Medicare Supplement policies, section 10192.15, regarding the filing of forms and certificates for Medicare Select policies, section

10192.19, regarding the filing of advertisements for Medicare Supplement policies, section 10233.9, regarding the filing of master policies, coverage outlines, and advertisements for group long term care policies, section 10234.9, regarding the filing of advertisements for long term care policies, section 10234.93, regarding the submission of agent lists for long term care policies, section 10234.97, regarding the filing of commission structures for long term care policies, section 10236.11, regarding the filing of premium rate schedules for long term care policies, section 10236.13, regarding the filing of premium rate increases in long term care policies, section 11011, regarding the filing of articles of incorporation, certificates, and other documents pertaining to fraternal benefit societies, section 11027, regarding the filing of amendments to articles of incorporation and other documents by domestic fraternal benefit societies, section 11029, regarding the filing of amendments by foreign fraternal benefit societies, section 11522, regarding the filing of transfer agreements by grants and annuities societies, and section 12250, regarding the filing of service contracts.. The following reference sections are deleted, as they were repealed by Stats. 2000 ch. 706 § 3 (SB 764): Insurance Code sections 10195.1, 10195.45, 10195.65.

AMEND SECTION 2216. DOCUMENT SUBMISSION FORMSETS

The Commissioner has determined that streamlining and modernizing the CDI's insurance policy form submission process by requiring that all form and rate submissions to the CDI Policy Approval Bureau and Actuarial Office be filed electronically through the System for Electronic Rate and Form Filing (SERFF) of the National Association of Insurance Commissioners (NAIC) is necessary to improve the efficiency of CDI operations, eliminate obsolete business processes, increase the transparency and retrievability of public documents, and optimize the utilization of State resources.

The proposed amendment to this section deletes the requirements for a paper version of the Document Submission Formset, including the obsolete requirement of carbon paper. The Document Submission Formset is available electronically as a component of an electronic SERFF filing, and serves as the first step in the process of billing for fees. However, it no longer serves the role of evidence of the Commissioner's action on filings, as this information is provided in the SERFF system. Accordingly, subdivision (e) is obsolete, and therefore deleted.

The following additions to the authority and reference citations are revisions without regulatory effect (Cal. Code. Regs. tit. 1, § 100(a)(4)). Authority: Insurance Code section 10191, regarding promulgation of regulations for the filing and approval of documents, section 12973.9, regarding promulgation of regulations regarding fees. Reference: Insurance Code section 795.5, regarding the filing of policies, rates, and applications, section 9080.1, regarding filing of articles of incorporation and evidences of insurance by fraternal benefit societies, section 10163.35, regarding the filing of life insurance policies, section 10168.93, regarding the filing of annuity contracts, section 10192.14, regarding rate filing for Medicare Supplement policies, section 10192.15, regarding the filing of forms and certificates for Medicare Select policies, section 10192.19, regarding the filing of advertisements for Medicare Supplement policies, section 10233.9, regarding the filing of master policies, coverage outlines, and advertisements for group

long term care policies, section 10234.9, regarding the filing of advertisements for long term care policies, section 10234.93, regarding the submission of agent lists for long term care policies, section 10234.97, regarding the filing of commission structures for long term care policies, section 10236.11, regarding the filing of premium rate schedules for long term care policies, section 10236.13, regarding the filing of premium rate increases in long term care policies, , section 11011, regarding the filing of articles of incorporation, certificates, and other documents pertaining to fraternal benefit societies, section 10717, regarding the filing of benefit plan designs in small employer health insurance, section 11027, regarding the filing of amendments to articles of incorporation and other documents by domestic fraternal benefit societies, section 11029, regarding the filing of amendments by foreign fraternal benefit societies, section 11522, regarding the filing of transfer agreements by grants and annuities societies, and section 12250, regarding the filing of service contracts.. The following reference sections are deleted, as they were repealed by Stats. 2000 ch. 706 § 3 (SB 764): Insurance Code sections 10195.1, 10195.45.

AMEND SECTION 2217. DEFINITIONS OF ACTIONS ON SUBMISSIONS.

Currently, this section of the regulation provides the following definition for “No Action” as a term describing the CDI’s action on a submission:

(g) “No Action” (abbreviated as “NAC”) indicates that the document submitted is not required to be either filed with or approved by the Commissioner.

In practice, however, CDI has found that insurers sometimes misconstrue the meaning of “No Action” in those circumstances where the filing submitted is not required to be filed with CDI. Accordingly, in order to avoid any ambiguity in such circumstances, it is necessary, for clarity, to create a new, separate, and explicit definition for those circumstances in which a document is not required to be filed, “Filing Not Required.” As a result of this clarifying amendment, what was previously included in a single definition is now separated into two distinct terms, as follows:

(g) “No Action” (abbreviated as “NAC”) indicates that the document submitted is not required to be ~~either filed with or~~ approved by the Commissioner.

(i) “Filing Not Required” (abbreviated as “FNR”) indicates that the document submitted is not required to be filed with the Commissioner.

The following additions to the authority and reference citations are revisions without regulatory effect (Cal. Code. Regs. tit. 1, § 100(a)(4)). Authority: Insurance Code section 10191, regarding promulgation of regulations for the filing and approval of documents, section 12973.9, regarding promulgation of regulations regarding fees. Reference: Insurance Code section 795.5, regarding the filing of policies, rates, and applications, section 9080.1, regarding filing of articles of incorporation and evidences of insurance by fraternal benefit societies, section 10163.35, regarding the filing of life insurance policies, section 10168.93, regarding the filing of annuity

contracts, section 10192.14, regarding rate filing for Medicare Supplement policies, section 10192.15, regarding the filing of forms and certificates for Medicare Select policies, section 10192.19, regarding the filing of advertisements for Medicare Supplement policies, section 10231.6, regarding filing of evidence in long term care policies, section 10233.9, regarding the filing of master policies, coverage outlines, and advertisements for group long term care policies, section 10234.9, regarding the filing of advertisements for long term care policies, section 10234.93, regarding the submission of agent lists for long term care policies, section 10234.97, regarding the filing of commission structures for long term care policies, section 10236.11, regarding the filing of premium rate schedules for long term care policies, section 10236.13, regarding the filing of premium rate increases in long term care policies, section 11011, regarding the filing of articles of incorporation, certificates, and other documents pertaining to fraternal benefit societies, section 10717, regarding the filing of benefit plan designs in small employer health insurance, section 11027, regarding the filing of amendments to articles of incorporation and other documents by domestic fraternal benefit societies, section 11029, regarding the filing of amendments by foreign fraternal benefit societies, section 11522, regarding the filing of transfer agreements by grants and annuities societies, and section 12250, regarding the filing of service contracts.. The following reference sections are deleted, as they were repealed by Stats. 2000 ch. 706 § 3 (SB 764): Insurance Code sections 10195.1, 10195.45, 10195.65.

AMEND SECTION 2218. WORKERS' COMPENSATION FORMS AND RATES

The Commissioner has determined that streamlining and modernizing the CDI's insurance policy form submission process by requiring that all form and rate submissions to the CDI Policy Approval Bureau and Actuarial Office be filed electronically through the System for Electronic Rate and Form Filing (SERFF) of the National Association of Insurance Commissioners (NAIC) is necessary to improve the efficiency of CDI operations, eliminate obsolete business processes, increase the transparency and retrievability of public documents, and optimize the utilization of State resources.

The proposed amendment to this section deletes the requirement of duplicate submission, which is superfluous in electronic submissions through SERFF.

The following addition to the authority citations is revisions without regulatory effect (Cal. Code. Regs. tit. 1, § 100(a)(4)). Authority: Insurance Code section 10191, regarding promulgation of regulations for the filing and approval of documents.

AMEND SECTION 2218.5. FILING PROCEDURE; APPROVALS; DISAPPROVALS

The Commissioner has determined that streamlining and modernizing the CDI's insurance policy form submission process by requiring that all form and rate submissions to the CDI Policy Approval Bureau and Actuarial Office be filed electronically through the System for Electronic Rate and Form Filing (SERFF) of the National Association of Insurance Commissioners (NAIC) is necessary to improve the efficiency of CDI operations, eliminate obsolete business processes,

increase the transparency and retrievability of public documents, and optimize the utilization of State resources.

All submissions and communications regarding submissions in the SERFF system are handled within the SERFF system; references to communication through letter or on the Document Submission Formset in subdivision (b)(2) are surplus, and are therefore deleted for clarity. Similarly, the proposed amendment to this section deletes the use of the Document Submission Formset as a means of conveying disapproval, as disapprovals are conveyed to the insurer by the SERFF system.

The following additions to the authority and reference citations are revisions without regulatory effect (Cal. Code. Regs. tit. 1, § 100(a)(4)). Authority: Insurance Code section 742.3, regarding regulations pertaining to MEWAs, section 779.21, regarding regulations pertaining to credit life and disability policies, section 10191, regarding promulgation of regulations for the filing and approval of documents, section 10234, regarding promulgation of regulations regarding long term care insurance, section 10327, regarding promulgation of regulations regarding policy forms, section 10506, regarding promulgating regulations regarding pension fund variable contracts, section 10704, regarding promulgating regulations regarding small employer health insurance, and section 12973.9, regarding promulgation of regulations regarding fees. Reference: Insurance Code section 742.42, regarding MEWAs, section 779.8, regarding the filing of credit life and disability insurance, section 795.5, regarding the filing of policies, rates, and applications, section 9080.1, regarding filing of articles of incorporation and evidences of insurance by fraternal benefit societies, section 10163.35, regarding the filing of life insurance policies, section 10168.93, regarding the filing of annuity contracts, section 10192.14, regarding rate filing for Medicare Supplement policies, section 10192.15, regarding the filing of forms and certificates for Medicare Select policies, section 10192.19, regarding the filing of advertisements for Medicare Supplement policies, section 10231.6, regarding filing of evidence in long term care policies, section 10233.9, regarding the filing of master policies, coverage outlines, and advertisements for group long term care policies, section 10234.9, regarding the filing of advertisements for long term care policies, section 10234.93, regarding the submission of agent lists for long term care policies, section 10234.97, regarding the filing of commission structures for long term care policies, section 10236.11, regarding the filing of premium rate schedules for long term care policies, section 10236.13, regarding the filing of premium rate increases in long term care policies, section 10270.2, regarding filing of blanket policies, section 10292, regarding filing of life insurance supplemental contracts, section 10436, regarding filing of long term care insurance riders, section 10506, regarding the filing of group master policy forms, and forms and certificates, in group variable life policies, section 10705, regarding filing of documents in small employer health, section 10717, regarding the filing of benefit plan designs in small employer health insurance, section 11011, regarding the filing of articles of incorporation, certificates, and other documents pertaining to fraternal benefit societies, section 11027, regarding the filing of amendments to articles of incorporation and other documents by domestic fraternal benefit societies, section 11029, regarding the filing of amendments by foreign fraternal benefit societies, section 11066, regarding filing of life insurance benefit certificates by fraternal benefit societies, section 11069, regarding the filing of forms by fraternal benefit societies, section 11522, regarding the filing of transfer agreements by grants and annuities societies,

section 11658, regarding the filing of worker's compensation forms, and section 12250, regarding the filing of service contracts.. The following reference sections are deleted, as they were repealed by Stats. 2000 ch. 706 § 3 (SB 764): Insurance Code sections 10195.1, 10195.45, 10195.65.

AMEND SECTION 2218.6. SUBSEQUENT REVIEW OF APPROVED FORMS

This section is changed to use the gender-neutral term, "reviewed by the Insurance Commissioner when the Commissioner deems necessary," in place of the current term "reviewed by the Insurance Commissioner when he deems necessary." This is a revision without regulatory effect (Cal. Code. Regs. tit. 1, § 100(a)(4)).

Proposed adoption of new regulations, Title 10, Chapter 5, Subchapter 3, Article 1.5, "Corporate Affairs Bureau – Electronic Filing":

ADOPT SECTION 2277.5: PURPOSE

This section provides that the purpose of these regulations is to reduce the use of paper in transactions between filers and the department and thereby improve the efficiency of the department's operations. It is intended to enable personnel to access files from different locations without the cost and delay of transporting paper files and to speed communication between filers and the department.

It is necessary so that affected and/or interested parties are aware of why the CDI is promulgating these regulations.

ADOPT SECTION 2277.51: DEFINITIONS

This section defines the terms that are used in the regulations.

This section is intended and necessary to provide definitional guidance for all affected parties.

ADOPT SECTION 2277.52: ELECTRONIC FILING

This section provides that the deadline for all filers to start using OASIS and/or the NAIC's UCAA electronic filing system, as applicable, is January 1, 2011. This section also provides that corporate applications submitted electronically have the same legal effect as corporate applications submitted in paper form and that these regulations do not change any substantive requirements in corporate applications. This section also provides that corporate applications submitted electronically do not alter any filing deadlines. Finally, this section provides that the Insurance Commissioner's duties and discretion to ensure the proper form and content of corporate applications are not exhausted by these regulations.

This section is intended to advise all filers of the timeframe for compliance with these

regulations. It is also intended to state clearly that electronic submission does not alter the legal character or requirements of the documents that are submitted. It is also intended to inform filers that these regulations do not alter any statutory or other regulatory deadlines that may be applicable for filing certain documents and do not exhaust the Insurance Commissioner's duties and discretion to ensure the proper form and content of corporate applications.

This section is necessary to ensure that all affected parties know the scope and extent of these proposed regulations.

ADOPT SECTION 2277.53: SIGNATURE PAGE ORIGINALS

Subsection (a) provides that when a document requires a signature, the document is deemed signed by the declarant if before submitting the document electronically the declarant has signed a paper form of the document.

Subsection (b) provides that the paper form of the original signature page must be maintained by the filer for a minimum of five (5) years and shall be made available for inspection and copy at the request of the CDI. This subsection also provides that the filer is the party that is responsible for retaining and maintaining the original signature page notwithstanding that the filer may retain a third party to store the document.

Subsection (a) is necessary to inform filers that documents that require a signature cannot be signed by electronic means, i.e., that such documents must be physically signed by the declarant.

Subsection (b) is necessary to inform filers that the original signature page must be retained and maintained by the filer.

ADOPT SECTION 2277.54: EXEMPTION

This section provides that if the CDI finds that it would not be practicable for a filer to convert a document to electronic form, the CDI may grant an exemption from the electronic filing requirements.

This section is intended to let affected parties know that the CDI is mindful that there may be extenuating circumstances for affected parties under which the CDI would not require electronic filing.

This section is necessary because there may be circumstances when compliance with electronic filing is simply not practicable, or it may cause financial or organizational hardships.

July 30, 2010

#581205v4