



QUICK REFERENCE GUIDE

REGULATORY COMPLIANCE LICENSING & BUREAU MONITORING

A quick-reference guide to licensing, bureau monitoring, and compliance for insurance providers.





Regulations are constantly shifting and updating. States have very specific guidelines that necessitate the completion of lengthy, complex forms. Bureaus continually issue circulars that could be affecting your company and your programs.

How do you possibly keep up and remain compliant? The insurance experts at Perr&Knight put together this quick reference guide to share tips on how to properly manage licensing and ensure your bureau monitoring system is accurate and in compliance.



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HOW TO MANAGE INSURANCE LICENSE APPLICATIONS

Whether you are submitting a primary application to license a new insurance company, seeking to expand coverage to additional states or adding a line of business so your company can write a new product, every insurance company's goal is to obtain a speedy approval to begin binding policies as soon as possible.

All types of insurance company licensing share common characteristics. However, many companies proceed full-steam ahead without thoroughly understanding the challenges with licensing that can delay approvals and drain resources in the process. Below are some of the top considerations to keep in mind as you submit your insurance license applications.

EACH STATE HAS SLIGHTLY DIFFERENT REQUIREMENTS

About 80% of your licensing application information will be standard across the board. But the difference contained in the remaining 20% may jeopardize your approval.

If you receive the same question from more than one state, it's probably something you should address in all your applications. All states grant the ability to withdraw your application without prejudice, so be proactive about amending your applications and re-submitting.

- + **Tip: Work with a specialized consultant whose experience managing each state's insurance company licensing process can limit unnecessary delays.**

PAY ATTENTION TO THE DETAILS

Incomplete applications are a primary cause for delays, rejections or resubmission requests. Keep in mind that departments of insurance will not refund your filing fee once your check has been cashed.

Also, failure to submit complete, accurate information can cause your application to get kicked back, stalling your approval before the review process has even begun.

- + **Tip: Make sure every question on your application is answered completely. If you don't understand a question or a specific requirement, contact the state's Department of Insurance directly and ask.**

YOUR LICENSE MAY REQUIRE ADDITIONAL CAPITAL

Your license approval may require your company to outlay a significant amount of additional capital. Your approval might stipulate that you meet certain capital requirements, such as increasing your capital and surplus or your statutory deposit.

- + **Tip: Consider your process for informing your Board of Directors and the steps your financial department needs to take so you can access the requisite amount of funds.**

TALK TO YOUR FINANCE DEPARTMENT ABOUT APPLICATION FEES

Your application is not considered complete unless it includes your full submission fees. We've seen this process sidetrack our clients' submissions, so our policy is to include the fees when submitting applications on our clients' behalf. This enables our clients to generate a single payment to us that covers every portion of their filing, including payment for our service.

- + **Tip: Take your accounting process into consideration, including the time between payment requisition and obtaining a check in hand.**

DON'T WAIT, FOLLOW UP

Don't just submit your application and wait. Though you might submit to multiple states at once, one of the challenges with licensing is that each state reviews applications on their own timetable. Follow up directly with each State Department of Insurance to make sure your application has been received and is getting the attention it deserves.

- + **Tip: If you lack the manpower for this level of involvement, partner with an insurance consulting services company that is experienced in following up with DOIs and has a tracking system in place.**

ANTICIPATE PLENTY OF PAPERWORK AND LOTS OF TIME

Even with paperless submissions and electronic tools, licensing still requires copious amount of paperwork. For example, shipping the required paper copies of a California application often hits the 80 lbs. mark on the postal scale. Therefore, create efficiencies wherever possible.

- + **Tip: Submit forms via the UCAA electronic application, use digital tracking tools like [StateFilings.com](https://www.statefilings.com), or work with an insurance consulting services company who can manage your applications for you.**

FOLLOW THE DOIS RULES

Though there might be a rule or requirement that seems illogical to you, the Department of Insurance (DOI) is not likely to change their processes any time soon. Therefore, it's in your best interest to supply the information they request on their timetable.

+ **Tip: Prepare to lose a few battles in the interest of winning the war. Don't fight, just comply.**

Insurance company licensing is a lengthy and detail-intensive process that can take anywhere from six months to a few years. This is not an extensive list of challenges but by keeping the above in mind during your submissions, you can set achievable expectations and timetables.



HOW TO KEEP UP WITH BUREAU CHANGES

Keeping up with bureau changes is a critical aspect of compliance for every insurance company. Depending the states and lines of business your company writes, your organization might need to track form, rule, and loss cost changes from just a handful—or more than two dozen—rating and advisory organizations per month.

Some bureaus, such as Insurance Services Office (ISO), post twenty or more circulars per day. Other bureaus post updates only once every few months. For the frequently-posting bureaus, simply managing the onslaught of updates can pose a challenge. For the less-frequently-posting bureaus, there is a higher risk of forgetting to check the bureau's site and take action based on their updates.

TO FILE OR NOT TO FILE?

Adding to the challenge is the process of determining what form, rule or loss cost changes you can implement without filings and which you need to file to be able to use. That depends on three things.

- + Whether a state allows the bureau to file on behalf of companies
- + Whether your company has given filing authority to the bureau
- + Filing law in that state for that line of business

Even if the new or changed bureau material is filed on behalf of your company, you need to ensure the changes are made in your policy writing and rating systems by the effective date.

AVOID A BREACH OF COMPLIANCE

No matter the number of bureaus the company tracks, insurance companies face the same challenge: avoiding a breach of compliance by keeping up with bureau changes, including systems changes and the state filings needed to adopt or non-adopt based on state filing law. Our experts have seen first-hand how companies fall behind and the chaos it causes when their in-house regulatory compliance services cannot meet their company's needs. Here are some helpful insights that can assist your company in wrangling administrative work so you can focus on managing your business.

MAINTAINING EVER-CHANGING INFORMATION

The sheer amount of time it takes to mine the bureau sites to compile and analyze relevant information can quickly overwhelm in-house regulatory compliance departments. After gathering information from the bureau sites, compliance staff may need to discuss whether the company would like to utilize the bureau's changes with key stakeholders. Based on that discussion, they outline the necessary steps for filing to adopt or non-adopt, and request the needed system changes. To track these steps, many insurance carriers rely on ad hoc systems of spreadsheets and emails, thereby risking the accuracy of their information and creating the potential for forgotten or delayed state filings.

AUTOMATE THE MINUTIAE OF BUREAU MONITORING

To save time, maintain accuracy and streamline the bureau-based state filings process, we recommend outsourcing bureau monitoring and state filings to companies that provide insurance consulting services. These insurance experts monitor bureau changes, can recommend a detailed course of action depending on your company's lines of business and the states in which you operate, and complete the necessary state filings.

Automating much of the minutiae of monitoring and tracking bureau circulars can relieve your regulatory compliance department of massive amounts of administrative work, freeing them up to focus on big-picture problem solving.

USE BUREAU MONITORING SERVICES DEVELOPED BY INSURANCE EXPERTS

Perr&Knight developed [Bureau Monitor](#), a subscription service housed within our [StateFilings.com](#) system, specifically to streamline this process. Our compliance analysts review, track and organize circulars for all bureaus and lines of business and put them in one central repository. We keep your account up to date with relevant bureau information and the system keeps you informed in clear, concise terms as to which updates apply to you and what your company needs to do to use the update, including whether your company needs to make any state filings.

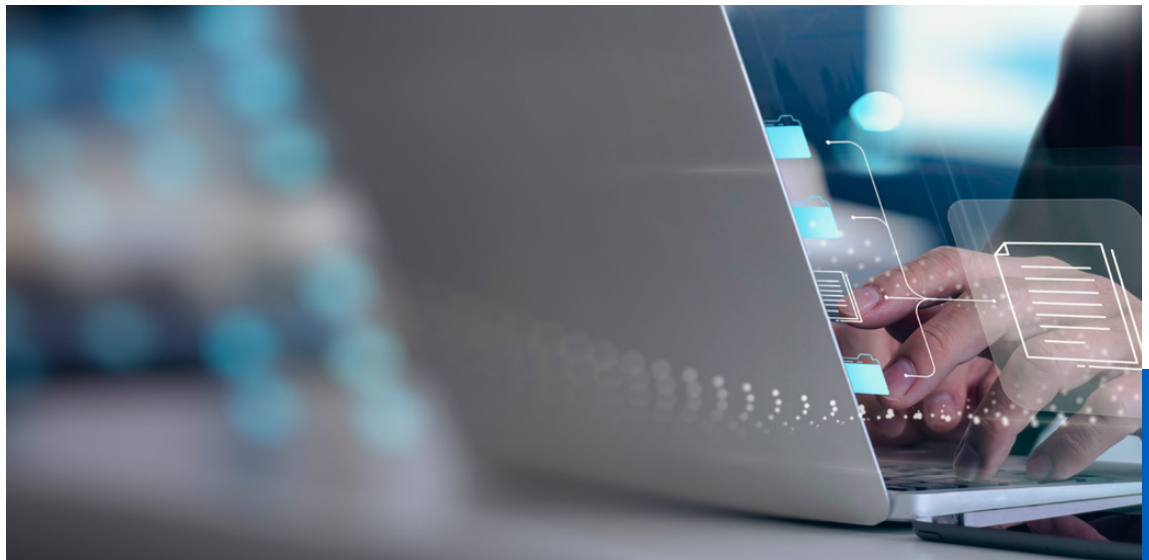
MAKE FASTER DECISIONS AND FOCUS ON WHAT MATTERS

Regulatory Compliance departments are often kept busy with compliance issues and filings to make desired changes to your company's unique products or features. Streamlining the bureau update process enables your compliance department to focus on what matters most to your company while keeping the company in compliance and up to date with key industry changes.

Being able to see status and recommendations for all circulars at a glance significantly improves your efficiency when trying to keep up with the furious pace of insurance bureaus, especially those that require multiple filings per month. If a filing is required to use a bureau update, systems like Bureau Monitor lighten the load because the information your filings staff needs (like the bureau filing number and effective date plus a link to the circular on the bureau's website) is all in one place. Your compliance staff can also use automated bureau monitoring systems to know which bureau updates will require changes to policy writing and rating systems and indicate the necessary filing has been submitted or approved.

ESTABLISH A CLEAR PROCESS

Internal compliance departments can get quickly overwhelmed by the onslaught of changes from frequently updated bureaus, or might simply forget to update material and systems based on updates from the bureaus that post circulars infrequently. Whether you choose to maintain a homegrown system or use an automated bureau monitoring service that augments your team, the most important thing is to maintain a clear, documented process that ensures that no deadlines are missed and all stakeholders have access to the information they need.



If you would like to discuss [Licensing](#), [Bureau Monitoring](#), [StateFilings.com](#), or any of the regulatory compliance services or expert insurance consulting services offered by Perr&Knight, call us at **(888) 201-5123 ext. 2** and we'll provide a solution that works best for your business.



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