



Notice of Replacement – Problem State and Regulatory Guidance Action

Issue Summary

Carriers agree that **digital, system-confirmed Replacement Processing (RPL)** provides faster, more reliable, and more auditable notice than paper mail. However, carriers are **uncomfortable relying solely on digital notice** because the NAIC Replacement Model Regulation (Model 613) explicitly uses the word “**mail.**” Absent regulatory clarification, carriers continue to mail paper Notices of Replacement in parallel with digital RPL transactions to manage examination risk.

Why This Matters

- **Digital notice often precedes mail** in RPL participant-to-participant replacements, creating operational inconsistency.
- **No incremental consumer protection** is gained by mailing a notice after a confirmed RPL transaction.
- This is the **first clear instance** where carriers state they *would* modernize—but *cannot* without guidance.

Carrier Consensus

Carriers consistently indicate that:

- **Confirmed electronic notice satisfies the intent to “notify.”**
- RPL provides **timestamps, confirmation of notice, and audit trails** superior to paper mail.
- The constraint is **regulatory interpretation**, not technology, data, or industry readiness.

The Specific Regulatory Question

Can carriers rely on a digital replacement notification delivered through RPL to satisfy the Model 613 requirement to notify the existing insurer, instead of mailing a separate Notice of Replacement?

That is the entire request.

What Is Not Being Requested

This request is intentionally narrow. Carriers are **not** seeking:

- Broad elimination of paper across all replacement scenarios
- Changes to producer obligations
- Replacement of non-RPL or legacy processes
- Reopening or rewriting Model 613



Why Guidance Is Required

- Model 613 explicitly states **“mail.”**
- Examination practices rely on longstanding interpretations.
- Carriers are not comfortable discontinuing mailing without explicit regulatory comfort, even if the position is otherwise defensible.

As carriers summarized it: *“We believe RPL satisfies the notice requirement—we just need regulators to say we can rely on it.”*

What Clarification Would Enable

Affirmation that a **confirmed RPL transaction**—with documented digital notice and receipt—**satisfies the Model 613 notification requirement**, and that **separate mailing of a Notice of Replacement is not required** in those cases.

Desired Outcome

A bulletin, interpretation, or modernization statement (NAIC or state-level) confirming that **“mail” may be interpreted as electronic notice** when the spirit and consumer-protection intent of the rule are met—unlocking immediate, voluntary modernization without reducing regulatory oversight or consumer protections.

Next Steps

IRI will engage member **legal and compliance teams** to assess how the **Uniform Electronic Transactions Act (UETA)** applies to replacement notifications and where regulatory interpretation—rather than legal validity—remains the limiting factor. This input will inform potential engagement with regulators and the NAIC to clarify reliance on digital replacement notifications delivered through RPL.

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