



**JOINT MEETING OF THE MANAGEMENT COMMITTEE AND  
INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION**

**Tuesday, October 19, 2021**

**1:30 pm ET / 12:30 pm CT / 11:30 am MT / 10:30 am PT / 9:30 am AKT / 8:30 am HT**

**AGENDA**

1. **Roll Call**
2. **Management Committee and Commission Consideration of Options on South Carolina Request:** Consider adoption of proposed options to reduce or eliminate 15% threshold for Compact approval of in-force rate schedule increases on Compact-approved long-term care products.
3. **Public Hearing on the Proposed 2022 Annual Budget and the Proposed 2022 Uniform Standards Development Prioritization List:** The Management Committee will hear the report and recommendation on the proposed budget from the Finance Committee, from the Product Standards Committee on its proposed 2022 priorities, and will conduct a public hearing to receive comments members and any interested party on these items.
4. **Report and Recommendation of the Governance Committee:** The Management Committee will receive the report and recommendation of the Governance Committee.
5. **Consent Agenda:** Joint Action Item by the Management Committee and Commission to Adopt Noncontroversial Reports and Minutes of Committees and the Commission
6. Any Other Matters
7. Adjourn

**Members of the Commission and Department Staff in Attendance:**

Superintendent Elizabeth Kelleher Dwyer, Chair, Rhode Island

Commissioner Mark Afable, Vice Chair, Wisconsin

Director Eric Dunning, Treasurer, Nebraska

Yada Horace as a designated representative for Commissioner Jim Ridling, Alabama

Anthony Williams, Alabama

Sarah Bailey, as a designated representative for Director Lori Wing-Heier, Alaska

Erin Klug as a designated representative for Director Evan Daniels, Arizona

Jimmy Harris as a designated representative for Commissioner Alan McClain, Arkansas

Jason Lapham as a designated representative for Commissioner Michael Conway, Colorado

Joshua Hershman as a designated representative for Commissioner Andrew Mais, Connecticut

Tanisha Merced as a designated representative for Commissioner Trinidad Navarro, Delaware

Howard Liebers as a designated representative for Commissioner Karima Woods, District of Columbia

Kathleen Nakasone as a designated representative for Commissioner Colin Hayashida, Hawaii

Martha Im, Hawaii

Weston Trexler as a designated representative for Director Dean Cameron, Idaho

Michele MacKenzie, Idaho

Shannon Whalen as a designated representative for Director Dana Popish Severinghaus, Illinois

Jeff Varga, Illinois

Alex Peck as a designated representative for Commissioner Amy Beard, Indiana

Mihir Nag, Indiana

Andria Seip as a designated representative for Commissioner Doug Ommen, Iowa

Commissioner Vicki Schmidt, Kansas

Julie Holmes, Kansas

Malinda Shepherd as a designated representative for Commissioner Sharon P. Clark, Kentucky

Commissioner James Donelon, Louisiana

Frank Opelka, Louisiana

Tom Travis, Louisiana

Tim Schott as a designated representative for Superintendent Eric A. Cioppa, Maine

Nour Benchaaboun as a designated representative for Commissioner Kathleen A. Birrane,

Maryland

Karen Dennis as a designated representative for Director Anita G. Fox, Michigan

Roger Stefani as a designated representative for Commissioner Grace Arnold, Minnesota

Director Chlora Lindley-Myers, Missouri

Laura Arp, Nebraska

Jeremy Gladstone, Nevada

Jason Dexter as a designated representative for Commissioner Chris Nicolopoulos, New

Hampshire

Ingrid Marsh, New Hampshire

Commissioner Marlene Caride, New Jersey

Philip Gennace, New Jersey

Jennifer Catechis as a designated representative for Superintendent Russell Toal, New Mexico

Director Judith French, Ohio

Theresa Schaefer, Ohio

Kurt Cagle, Oklahoma

Director Andrew Stolfi, Oregon  
T.K. Keen, Oregon  
Commissioner Jessica Altman, Pennsylvania  
Shannen Logue, Pennsylvania  
Gwendolyn McGriff, South Carolina  
Michael Wise, South Carolina  
Bill Huddleston as a designated representative for Commissioner Carter Lawrence, Tennessee  
Commissioner Doug Slape as a designated representative for Commissioner Cassie Brown,  
Texas  
Barbara Snyder, Texas  
Gwen McGriff Fuller, South Carolina  
Michael Wise, South Carolina  
Commissioner Jonathan Pike, Utah  
Tanji Northrup, Utah  
Mary Block as a designated representative for Commissioner Michael Pieciak, Vermont  
Don Beatty as a designated representative for Commissioner Scott A. White, Virginia  
Molly Nollete as a designated representative for Commissioner Mike Kreidler, Washington  
Erin Hunter, as a designated representative for Commissioner Allan McVey, West Virginia  
Lisa Brandt, Wisconsin  
Rebecca Rebholz, Wisconsin  
Commissioner Jeff Rude, Wyoming  
Amanda Tarr, Wyoming

**Consumer Advisory Committee:**

Fred Nepple

**Industry Advisory Committee:**

Anne Correia, Allianz  
Michael Hitchcock, Pacific Life  
Wayne Mehlman, ACLI  
Joseph Muratore, NY Life  
Charlie Perin, Nationwide  
Sarah Wood, IRI

**Insurance Compact Staff in Attendance:**

Karen Schutter, Executive Director  
Becky McElduff, Director of Product Operations & Chief Counsel  
Sara Dubsky, Assistant Director of Administrative Operations  
Joe Bonfitto, Product Reviewer  
Mindy Bradford, Product Reviewer  
Ed Charbonnier, Product Reviewer  
Jeanne Daharsh, Actuary  
Susan Ezalarab, Regulatory Coordinator Consultant  
Naomi Kloepersmith, Actuary  
Maureen Perry, Product Review Consultant  
Sarah Neil, Communications and Outreach Coordinator

Hanna Steen, Administrative Coordinator

Commissioner Afable called to order the Joint Meeting of the Management Committee and the Interstate Insurance Product Regulation Commission (Insurance Compact or Commission). Ms. Schutter took the roll call of the: Management Committee, Commission, Legislative Committee, and Industry and Consumer Advisory Committees.

Commissioner Afable proceeded to the third Agenda item, the public hearing on the 2022 draft Annual Budget and the proposed 2022 Uniform Standards Development Prioritization list. Commissioner Afable explained the Chair of the Commission received the proposed recommendations from the Finance Committee and the Product Standards Committee and authorized each recommendation be published for public notice in advance of this call. Commissioner Afable asked Director Dunning to provide a report on the Annual Budget.

Director Dunning reported the budget includes funding for two special projects. Director Dunning provided an update on the current financial situation. The Compact has earned \$2.75 million, or 12% over budget as of the end of September. The Compact's expenses are 13% under budget at \$1.65 million. It was noted the savings were due to COVID-19 restrictions. Director Dunning asked Ms. Schutter to provide a report on the budget package being recommended. Ms. Schutter reported the 2022 budget does not include a change in the Schedule of Fees as the current Schedule of Fees is sufficient to meet the current expenses. Through the end of September, revenues are 13% above budget and 13% under budgeted expenses. This is attributed to the companies making submissions to address nonforfeiture requirements effective January 1, 2022.

Ms. Schutter noted in 2022, the Compact Office does expect revenues to exceed the expenses. It was noted the revenues are budgeted at \$3.2 million and expenses are at \$3.17 million. There are no new FTEs requested for 2022 and expect to be fully staffed throughout the year. There are two special projects anticipated in the budget for 2022 for a combined expense of \$225,000. The first is a full redesign of the Compact's website in line with a Compact Compass strategic plan action item. The second is for additional outside counsel to assist with implementing good governance recommendations, such as a written policy on indemnification and an outside review of the Compact's Conflict of Interest policy.

Director Dunning noted the Finance Committee worked closely with the Compact Office and support these special projects as beneficial to the Compact. Director Dunning concluded the report. There were no comments for either Director Dunning or Ms. Schutter.

Commissioner Afable asked Mr. Lapham to provide a report on the proposed 2022 Uniform Standards Development Prioritization list. Mr. Lapham reported this is the first year the Product Standards Committee is following the system for identification and prioritization of Uniform Standards development which falls under the Compact's strategic plan. This is specifically, Priority 1, Action Item 6 which calls for a system to identify and prioritize the development of new Uniform Standards including for new product lines and new products and benefit features for existing product lines. Mr. Lapham noted the system allows the Commission and Management Committee to set the priorities for which uniform standards should be worked on by the PSC. Mr. Lapham stated the 2022 Identification List was compiled in early July based on Uniform Standards

Development requests submitted by June 30, 2021, along with the Uniform Standards remaining for development from the 2018 Uniform Standards Prioritization list. A public PSC call was convened on August 10, 2021, to receive comments and feedback to assist in the prioritization of the Uniform Standards on the 2022 Identification List. There was one written comment, and an additional item was added to the list. The PSC reviewed the comments from the public call and prepared prioritization of the Uniform Standards for development in 2022 by high, medium, and low. The PSC also noted where further discussion on the item would be needed before a recommendation to draft the requested standard was determined. The PSC held a second public call on September 14, to receive comments on the recommendation for prioritization of Uniform Standards development for 2022. Mr. Lapham reported the proposed prioritization list is available on the Docket section of the Compact's website, specifically under the Uniform Standards Under Construction section. It was noted the proposed list includes several new uniform standards for products including Group Whole Life, Individual Disability Key Person and Buy-Sell as well as new benefit features in both the group and individual product lines for life and annuities. Mr. Lapham reported amending the existing Group Uniform Standards is on the prioritization list to accommodate non-employer groups. Other uniform standards development will take priority ahead of this item as the Rulemaking Committee continues their work on a recommendation to the Management Committee on this strategic plan action item. There were no questions or comments for Mr. Lapham.

Commissioner Afable asked if there were any comments regarding either the Annual Budget or the proposed List of Standards. There were no comments. Commissioner Afable concluded the public hearing. Commissioner Afable noted both of these items will be considered for final action during the Compact's Annual Meeting in December.

Superintendent Dwyer turned to the second item on the Agenda, consideration of options proposed by the PSC regarding the South Carolina request. Superintendent Dwyer reviewed the four options and noted comments have been received since the August in-person meeting pertaining to this issue. Commissioner Donelon submitted comments asking for an amendment regarding the advisory review reports on in-force rate increases. The amendment proposes an affirmative and transparent way to decline receipt of the advisory review from the Compact Office. Commissioner Kreidler submitted comments proposing another option to address the concerns raised in previous discussions.

Superintendent Dwyer asked Ms. Nollette to provide a summary of the Kreidler option. Ms. Nollette noted that Commissioner Kreidler is a strong supporter of uniform standards. The option proposed will amend the current *Rate Filing Standard for Individual Long-Term Care Insurance* to remove the provisions related to in-force rate increases so they may be included in a separate set of standards. The new set of standards would be the *Standards for Filing Revisions to In-Force Rate Filing Schedules for Individual Long-Term Care Insurance* and would include sections 4, 5, and 6b from the current Rate Standards. This process would then allow a Compact State to opt out of the new Standards for Filing Revisions while still being able to participate in the other iLTC Uniform Standards. It was noted that this process will change the scope as the current iLTC Standards do not allow part of a product to be filed with the Compact and another part of the product to be filed with the state.

Superintendent Dwyer asked if there were any comments from ACLI or AHIP as they have submitted two joint comments. Mr. Mehlman reported the first joint letter indicated the desire of the ACLI and AHIP members to maintain the 15% as presented in Option 1. The Compact allows for faster access to consumers of competitive insurance products, promotes uniformity among the states through the development and application of uniform product standards, and provides a central point of filing for insurers. Mr. Mehlman noted in the second letter submitted on October 13<sup>th</sup>, the organizations reiterated their support for Option 1 and expressed their concerns about the proposed language provided by Commissioner Donelon regarding the advisory reports. Mr. Mehlman noted the advisory reports are beneficial, even if they are not followed as the report contains valuable information.

Superintendent Dwyer asked if there were any comments from the South Carolina Department as Director Farmer was not able to attend the call. Ms. McGriff noted the Department is waiting for details regarding the implementation of the proposal.

Superintendent Dwyer proposed waiting until the next meeting of the Commission to take a vote on the iLTC options. It was further proposed the options are limited to two – Option 1 and the Kreidler Option. Mr. Beatty indicated the Kreidler Option was viable and to move it forward. Commissioner Afable seconded the suggestion. Commissioner Pike indicated that Utah was in favor of Option 1 and the second preference is the Kreidler Option. He suggested to move Option 1 and the Kreidler Option forward. Mr. Lapham noted Colorado favors Option 1, but is in agreement that both should move forward. There were no objections to having a final vote at the next meeting on Option 1 (no amendments to standard) or Kreidler Option (separating rate requirements into two separate standards).

Superintendent Dwyer noted the Compact Office would publish the Kreidler Option and would consider final action in San Diego in December. It was noted the Compact Office would provide an updated summary of the Kreidler Option for all.

Superintendent Dwyer proceeded to the next item on the Agenda and asked Commissioner Afable to provide a report on the Governance Committee. Commissioner Afable reported the Governance Committee has been working on a proposed course of action in response to the recommendations from the Squire Patton Boggs governance review, specifically with regard to the next steps in addressing the Colorado Supreme Court opinion that came down in April 2020. Specifically, the Governance Committee has been conducting further due diligence on the Squire Patton Boggs recommendation for the Commission to recognize the existence of implied congressional consent through the adoption of an Advisory Opinion. The Compact Office during its State of the Compact Annual calls has been asked to outline the proposed approach the Governance Committee is considering recommending. The Governance Committee wants to address concerns or questions from the member states before making a recommendation on the issue of implied congressional consent. Commissioner Afable noted the Compact Office and Governance Committee will discuss this issue with state legislators next including our Legislative Committee as state legislators are a close partner with us in carrying out the purposes of the Compact. It is likely the Governance Committee will not have a recommendation it will share publicly until the end of the year or early 2022.

The Governance Committee is also discussing recommended approaches for addressing conflicts between the Uniform Standards and state statutes which could meaningfully affect the substantive rights of an insured. As a first step, the Governance Committee has made a referral to the Product Standards Committee to address two conflicts we know of in Colorado. The Product Standards Committee has made a recommendation back to the Governance Committee on this referral. The Governance Committee expects to have a member-only call on November 9<sup>th</sup>. The Committee also plans to finalize a recommendation on proposed Bylaw amendments as well as an Annual Governance Evaluation survey and program for all committees. There were no questions for Commissioner Afbale regarding the report.

Moving to the Consent Agenda, Mr. Beatty made a motion to adopt the Consent Agenda items as well as the report of the Governance Committee. Director French seconded the motion. A voice vote was conducted and there were no objections. The Consent Agenda item and the report were adopted.

Hearing no other matters, Superintendent Dwyer asked if there was a motion to adjourn. Commissioner Caride made a motion to adjourn which was seconded by Commissioner Schmidt.