



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

**Tuesday, March 23, 2021  
2 pm ET / 1 pm CT / 12 pm MT / 11 am PT / 10 am AKT / 9 am HT**

**AGENDA**

**1. Roll Call**

2. **Amendments to Uniform Standards for NAIC Model 805 Amendment:** Recommendation by Product Standards Committee for Amendment to Uniform Standards to Address the NAIC Amendment to Section 4(B)(3) of Model Law 805 – *Standard Nonforfeiture Law for Individual Deferred Annuities*

**EXPLANATION:** The action item for the Management Committee is to receive the recommendation from the Product Standards Committee to initiate the Rulemaking process for these amendments. See the Transmittal Memo for more information pertaining to the process and nature of these recommended amendments.

- a. *Individual Deferred Non-Variable Annuity Contract Standards*
- b. *Individual Deferred Variable Annuity Contract Standards*
- c. *Additional Standards for Bonus Benefits for Individual Deferred Non-Variable Annuity Contracts*
- d. *Additional Standards for Bonus Benefits for Individual Deferred Variable Annuity Contracts*
- e. *Additional Standards for Market Value Adjustment Provide through the General Account*
- f. *Additional Standard for Index-Linked Crediting Feature for Deferred Non-Variable Annuities and the General Account*
- g. *Additional Standards for Index-Linked Crediting Feature for Deferred Non-Variable Annuities and the General Account Portion of Individual Variable Annuity Contracts*

3. **Address Emergency Rule 1 (ER-1) to Stay NAIC Model 805 Amendment:** Commission Consideration to Extend, Replace or End ER-1

**EXPLANATION:** This action item for the full Commission is to consider replacing the current emergency rule with an emergency rule applying the proposed amendments received by the Management Committee under Agenda Item 2.

4. **Uniform Standards Development Guidelines:** Recommendation by the Product Standards Committee of proposed Uniform Standards Development Guidelines and Annual Prioritization System

**EXPLANATION:** This action item of the Management Committee is to receive the recommendation from the Product Standards Committee and expose for comment the Uniform Standards Development

Guidelines which include the Annual Prioritization System. See the Briefing Sheet for more information pertaining to the process and nature of these recommended procedures.

5. **Further Changes to Uniform Standards in Rulemaking Process:** Recommendation by the Product Standards Committee of Further Changes to Proposed New and Amended Uniform Standards and Action by the Management Committee to Continue Rulemaking Process

**EXPLANATION:** This action item of the Management Committee is to receive the recommendation from the Product Standards Committee to respond to the comments submitted during the Rulemaking process for the following Uniform Standards. See the Waiver Standards Briefing Sheet and Transmittal Memo for more information pertaining to this action item.

- a. *Additional Standards for Qualifying Events for Waiver of Monthly Deductions Benefits*
- b. *Additional Standards for Qualifying Events for Waiver of Premium Benefits*
- c. *Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance*

6. **Independent Auditor's Report and Presentation of 2020 Annual Report:** Report of the Audit Committee and Action Item by the Commission to Receive the 2020 Annual Report which Includes the Independent Auditor's Report

**EXPLANATION:** This action item of the Commission is to receive the 2020 Annual Report which will include the report of the independent audit firm, RSM US LLP, with respect to the Commission's 2020 financial statements.

7. **Strategic Plan & Priorities Update:** Review of the *Insurance Compact Compass: Strategic Plan 2020 – 2022* and Recommendations from the Governance Review and Business Assessment Reports

**EXPLANATION:** The Officers and Compact Office will update strategic plan progress and implementation of the independent consultant recommendations.

8. **Consent Agenda:** Joint Action Item by the Management Committee and Commission to Adopt Noncontroversial Reports and Minutes of Committees and the Commission

**EXPLANATION:** This action item is for the Management Committee and Commission to consider for adoption the written reports of the Finance, Product Standards and Rulemaking Committees along with the minutes from the December 4, 2020 joint meeting of the Management Committee and Commission, the minutes from the January 26, 2021 meeting of the Commission, and written report of the Executive Director.

9. Any Other Matters

10. Adjourn

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

Superintendent Elizabeth Kelleher Dwyer, Chair, Rhode Island  
Commissioner Mark Afable, Vice Chair, Wisconsin  
Commissioner Jim Dodrill, Treasurer, West Virginia  
Yada Horace as a designated representative for Commissioner Jim Ridling, Alabama  
Anthony Williams, Alabama  
Sarah Bailey as a designated representative for Director Lori K. Wing-Heier, Alaska  
Sharon Comstock, Alaska  
Anna Latham, Alaska  
Sterling Gavette, Arizona  
Commissioner Michael Conway, Colorado.  
Peg Brown, Colorado  
Jason Lapham, Colorado  
Paul Lombardo as a designated representative for Commissioner Andrew Mais, Connecticut  
Steve Manders as a designated representative for Commissioner John King, Georgia  
Kathleen Nakasone as a designated representative for Commissioner Colin Hayashida, Hawaii  
Martha Im, Hawaii  
Director Dana Popish Severinghaus, Illinois  
Jeff Varga, Illinois  
Alexandria Peck as a designated representative for Commissioner Stephen W. Robertson,  
Indiana  
Mihir Nag, Indiana  
Andria Seip as a designated representative for Commissioner Doug Ommen, Iowa  
Matthew Cunningham, Iowa  
Commissioner Vicki Schmidt, Kansas  
Julie Holmes, Kansas  
Craig Van Aalst, Kansas  
Malinda Shepherd as a designated representative for Commissioner Sharon P. Clark, Kentucky  
Tom Travis as a designated representative for Commissioner James Donelon, Louisiana  
Frank Opelka, Louisiana  
Tim Schott as a designated representative for Superintendent Eric A. Cioppa, Maine  
Commissioner Kathleen A. Birrane, Maryland  
Nour Benchaaboun, Maryland  
David Cooney, Maryland  
Karen Dennis as a designated representative for Director Anita G. Fox, Michigan  
Tammy Lohmann as a designated representative for Commissioner Grace Arnold, Minnesota  
Director Chlora Lindley-Myers, Missouri  
Director Bruce R. Range, Nebraska  
Martin Swanson, Nebraska  
Jason Dexter as a designated representative for Chris Nicolopoulos, New Hampshire  
Commissioner Marlene Caride, New Jersey  
Seong-min Eom, New Jersey  
Olukemi Sotimehin, New Jersey  
Jennifer Catechis as a designated representative for Superintendent Russell Toal, New Mexico  
Amanda Baird as designated representative for Director Judith French, Ohio  
Theresa Schaefer, Ohio

Cuc Nguyen as a designated representative for Commissioner Glen Mulready, Oklahoma  
Kurt Cagle, Oklahoma  
TK Keen as a designated representative for Director Andrew Stolfi, Oregon  
Janice Hart, Oregon  
Tracie Gray as a designated representative for Commissioner Jessica K. Altman, Pennsylvania  
Mike Anstead, Pennsylvania  
Stephen Boston, Pennsylvania  
Shannon Logue, Pennsylvania  
Lars Thorne, Pennsylvania  
Sarah Neil, Rhode Island  
Shari Miles as a designated representative for Director Raymond Farmer, South Carolina  
Michael Wise, South Carolina  
Brian Hoffmeister as a designated representative for Commissioner Carter Lawrence, Tennessee  
Chief Deputy Commissioner Doug Slape, Texas  
John Carter, Texas  
Sandra Dodson, Texas  
Richard Gober, Texas  
Michael Markham, Texas  
Barbara Snyder, Texas  
Commissioner Jon Pike, Utah  
Heidi Clausen, Utah  
Tanji Northrup, Utah  
Shelley Wiseman, Utah  
Mary Block, Vermont  
Emily Brown, Vermont  
Christine Menard-O'Neil, Vermont  
Don Beatty as a designated representative for Commissioner Scott A. White, Virginia  
Molly Nollette as a designated representative for Commissioner Mike Kreidler, Washington  
Mike Bryant, Washington  
Joylynn Fix, West Virginia  
Tonya Gillespie, West Virginia  
Commissioner Jeff Rude, Wyoming  
Amanda Tarr, Wyoming

**Members of the Industry Advisory Committee in Attendance:**

Anne Correia, Allianz  
Andrea Davey, Athene  
Wayne Mehlman, American Council of Life Insurers  
Emily Micale, Insured Retirement Institute  
Joseph Muratore, New York Life

**Members of the Consumer Advisory Committee in Attendance:**

Fred Nepple  
Andrew Sperling, NAMI

**Insurance Compact Staff in Attendance:**

Karen Schutter, Executive Director  
Becky McElduff, Director of Product Operations & Chief Counsel  
Sara Dubsky, Assistant Director of Administrative Operations  
Mindy Bradford, Product Reviewer  
Ed Charbonnier, Product Reviewer  
Jeanne Daharsh, Actuary  
Sue Ezalarab, Regulatory Coordinator Consultant  
Karen Givens, Senior Product Reviewer  
Naomi Kloeppersmith, Actuary  
Maureen Perry, Product Review Consultant  
Hanna Steen, Administrative Assistant  
Jalaire M. Kose, Administrative Assistant

Superintendent Dwyer 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.

Superintendent Dwyer began with the Amendments to Uniform Standards for NAIC Model 805 Amendment. Superintendent Dwyer provided a brief procedural history regarding Model 805 and noted the amendments to Model 805 changes the minimum nonforfeiture rate of individual deferred annuities from 1% to 0.15%. The Commission asked the Product Standards Committee (PSC) to review the matter and provide a recommendation on how to proceed. During the 2020 Annual Meeting in December, the Commission adopted an emergency rule to stay the immediate effectiveness of an amendment adopted by the NAIC to the Standard Nonforfeiture Law for Individual Deferred Annuities which is NAIC Model 805. Superintendent Dwyer asked Mr. Lapham to provide the recommendation from the PSC.

Mr. Lapham explained the recommendation from the PSC would be to amend the Uniform Standards to follow state law with regard to the minimum nonforfeiture rate. The PSC proposed to change the definition of nonforfeiture rate for purposes of the Uniform Standards.

Superintendent Dwyer asked if there were any questions; there were none. Superintendent Dwyer asked if there was to motion to publish for rulemaking, the amendments to the Uniform Standards. Mr. Beatty made the motion and Chief Deputy Commissioner Slape seconded. A voice vote was conducted and passed.

Superintendent Dwyer proceeded to the next agenda item to address the Emergency Rule to stay NAIC Model 805 Amendment. She explained the Emergency Rule adopted in December is set to expire on April 3<sup>rd</sup> and another Emergency Rule would allow the amendments to the Uniform Standards recommended by the PSC to be applied on a temporary basis while the Management Committee conducts the rulemaking process. Superintendent Dwyer noted the second Emergency Rule would be in place for 180 days to allow for sufficient time to conduct the rulemaking process. Superintendent Dwyer asked if there was a motion from a Commission member to put Emergency Rule 2 in place. Commissioner Clark made the motion and Mr. Beatty seconded the motion. There were no comments. A roll call vote was conducted, and the motion passed unanimously.

Superintendent Dwyer asked Director Ramge to provide the report of the Audit Committee. Director Ramge reported the Audit Committee completed the 2020 Audit in a timely manner and a clean audit was issued to the Compact. Director Ramge noted the Compact ended 2020 with positive net revenue of \$77,378. Additionally, the Compact met its budget for revenue in the annual registration line while the Compact was 7.5% under its budget target for product filing revenue. Director Ramge noted the Compact did not receive as many filings that required actuarial review which were at a higher price point. The Compact realized significant expense savings due to COVID-19 restrictions and to open positions. In May 2020, the Compact made its first of ten payments on the outstanding debt to the NAIC. The Compact is scheduled to make the second payment later this month. The Insurance Compact Office also collected and remitted over \$3 million in state filing fees in 2020. Director Ramge concluded the report and noted the organization is in a net positive position at the start of this year.

There were no questions or discussion for Director Ramge regarding his report. Superintendent Dwyer asked for a motion from a Commission member to adopt the report of the Audit Committee and receive the independent Auditors Report and the 2020 Annual Report. Mr. Lapham made the motion and Commissioner Dodrill seconded the motion. A voice vote was taken and passed. Superintendent Dwyer noted the Annual Report will be distributed electronically to members, Governors and legislators as provided in the Bylaws in the coming few weeks.

Superintendent Dwyer called on Mr. Lapham to give the recommendation from the PSC regarding the Uniform Standards Development Guidelines. Mr. Lapham reported the recommendation responds to two strategic plan action items under priority 1 which are action items #3 and #6. The purpose of the Uniform Standards Development Guidelines is to provide a reference guide for regulators, legislators and others in compacting states as well as representatives from companies, consumers, industries, and other involved in drafting and submitting and considering new proposals or changes to Uniform Standards. The Guidelines are intended to explain the steps involved in the process of developing, reviewing, amending, commenting, considering, and adopting Uniform Standards. Mr. Lapham noted the Guidelines outline the ways Uniform Standards can be drafted or amended through new development in the annual identification prioritization system, Emergency Rule making, and 5-year review. The PSC is also proposing a system for identifying and prioritizing of new Uniform Standards including for new product lines and new products of benefit features for existing product lines to reflect product offerings accepted by the majority or more of compacting states. Mr. Lapham explained that there will be a form on the Compact website for the submission of requests. The Compact will continuously accept submissions of the request form and will publish the request on the Uniform Standards identification list that will be available on the Compact website. The PSC will consider all items that are on the Uniform Standards identification list as of June 30<sup>th</sup> of each year for purposes of providing recommendation to the Management Committee with respect to prioritization for the next calendar year. If necessary, the PSC will identify any requests that might require additional resources as part of the annual budget request. There were no questions or comments for Mr. Lapham.

Superintendent Dwyer proceeded to the next item on the agenda and asked Mr. Lapham to explain further changes to Uniform Standards already in the rulemaking process. Mr. Lapham reviewed

the recent work on the waiver of premium benefit, the waiver of monthly deductions and the waiver of surrender charge benefit. The first waives premium due for an insured under the life insurance policy when the insured meets certain benefit triggers. The waiver of monthly deductions waives monthly deductions applicable under a life insurance policy when the insured meets certain benefit triggers. Monthly deductions are the actual cost of insurance charges, expense charges, and costs or charges which are specified in the policy to be deducted from the account value. The last one, the waiver of surrender charge benefit waives applicable surrender charges under a life insurance policy when the insured meets certain benefit triggers. Mr. Lapham further explained that two of these Uniform Standards are amendments to existing Uniform Standards initially adopted in 2007. The purposed amendments expand the type of conditions or circumstances which can trigger the benefit. The existing Uniform Standards triggered the benefit only upon proof of total disability. The amendments allow the benefit to trigger upon proof of other qualifying events which makes the benefits more widely accessible. Mr. Lapham noted that the Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance is a new Uniform Standard and was modeled after the Additional Standards for Waiver of Surrender Charge Benefit for Annuity Contracts. Mr. Lapham reviewed the six qualifying events added to these three Uniform Standards that would trigger access to the benefit. Mr. Lapham reported the Uniform Standards clearly state they are not for long-term care insurance or for providing long-term care benefits. Mr. Lapham reported the PSC initially recommended these three Uniform Standards in December 2019 and recommends further changes to the Uniform Standards in response to the comments submitted during the notice and comment period. There were no questions or discussion. Superintendent Dwyer asked for a motion from the Management Committee to receive the recommendation from the PSC for the purpose of publishing them for notice and comment. Commissioner Caride made the motion and Mr. Beatty seconded. A voice vote was conducted, and the motion carried.

Superintendent Dwyer moved to the next item on the agenda and provided an overview of the recommendations from the governance review and business assessment reports. Superintendent Dwyer reported the Governance Committee had an organizational planning call earlier this month. In addition to Wisconsin, Texas will serve as Vice Chair and the Committee members also include the other Officers, Rhode Island, and West Virginia, along with Colorado. Superintendent Dwyer reported the Committee is focusing on the analysis conducted regarding the Colorado Supreme Court opinion. The Compact Office has been asked to retain outside legal analysis on additional constitutional questions which may have an impact on a compact with congressional consent. The Committee is focused on providing a comprehensive approach to address the ruling and issues in the Colorado opinion later this year. Superintendent Dwyer noted the Committee is also focused on addressing other governance issues raised in the report. She further noted that the Compact's committees will be looking at how to minimize the conflicts between the Uniform Standards and state laws which may have a meaningful impact on the policyholder or beneficiary. Superintendent Dwyer reported the PSC will be reviewing the request from South Carolina regarding long-term care rate reviews.

Superintendent Dwyer asked Ms. Schutter to provide an update on the Strategic Plan. Ms. Schutter provided a summary on the Strategic Plan action items that have been completed, are in progress, and have not been started. Ms. Schutter reported the Compact Office has recently announced a new position for a Communication and Outreach Coordinator. Additionally, the Compact Office has published a webinar schedule for the calendar year on the Compact's website. The Compact's

Rulemaking Committee will begin their review for a recommendation regarding expanding Uniform Standards to accommodate non-employer group types.

Mr. Lapham noted he has seen some hesitancy in Committee participation now that the Committee meetings are open to all regulators. He would encourage all regulators to participate in the Committee meetings.

Superintendent Dwyer proceeded to the Consent Agenda items and reminded everyone that the Committee reports and minutes are under a Consent Agenda which are posted on the Events calendar for this meeting. There were no questions on the reports or the consent agenda. Superintendent Dwyer asked for a motion to adopt the Consent Agenda items. Commissioner Caride made the motion and Mr. Beatty seconded. A voice vote was taken, and the motion carried.

Superintendent Dwyer remarked a new chair needed to be appointed for the Audit committee upon the retirement of Director Range. Superintendent Dwyer reported Maryland Commissioner, Kathleen Birrane, who currently serves on the Audit committee is willing to serve as chair. Mr. Beatty made a motion and Commissioner Caride seconded. A voice vote of the Management committee was made, and the motion was carried.

Mr. Beatty made a motion to adjourn, and Commissioner Caride seconded.