



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

Monday, May 4, 2020

1:30 pm ET / 12:30 pm CT / 11:30 am MT / 10:30 am PT / 9:30 am AKT / 7:30 am HT

1. Roll Call
2. Management Committee Consideration of Approval of Proposed IIPRC Debt Restructuring and Repayment Plan
3. Discussion of Business Assessment and Governance Review Request for Proposals– *Insurance Compact Compass*, Priority III, Action Items 8 and 10
4. Implementation of the Insurance Compact Strategic Plan: *The Insurance Compact Compass*
5. Reports of the Audit Committee, Product Standards Committee, Rulemaking Committee
6. Management Committee and Commission Consideration of Committee Reports and Adoption of Meeting Minutes of the February 24, 2020 Joint Meeting of the Management Committee and Commission
7. Operational Update
8. Any Other Matters
9. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance Product
Regulation Commission
Monday, May 4, 2020**

Members of the Commission and Department Staff in Attendance:

Superintendent Elizabeth Kelleher Dwyer, Chair, Rhode Island
Commissioner Mark Afable, Vice Chair, Wisconsin
Director Robert H. Muriel, Treasurer, Illinois
Steve Ostlund as a designated representative for Commissioner Jim Ridling, Alabama
Director Lori K. Wing-Heier, Alaska
Mayumi Gabor, Alaska
Jacob Lauten, Alaska
Sarah Bailey, Alaska
Bill Lacy as a designated representative for Commissioner Allen W. Kerr, Arkansas
Erin Klug, Arizona
Jason Lapham as a designated representative for Commissioner Michael Conway, Colorado
Eric Unger, Colorado
Peg Brown, Colorado
Paul Lombardo as a designated representation for Commissioner Andrew N. Mais, Connecticut
Steve Manders as a designated representative for Commissioner John F. King, Georgia
Teresa Winer, Georgia
Martha Im as a designated representative for Commissioner Colin Hayashida, Hawaii
Kathleen Nakasone, Hawaii
Michele MacKenzie as a designated representative for Director Dean L. Cameron, Idaho
Jeff Varga, Illinois
Mike Chrysler, Illinois
Alexandria Peck as a designated representative for Commissioner Stephen W. Robertson, Indiana
Andria Seip as a designated representative for Commissioner Doug Ommen, Iowa
Commissioner Vicki Schmidt, Kansas
Julie Holmes, Kansas
Commissioner Sharon P. Clark, Kentucky
Tom Travis as a designated representative for Commissioner James Donelon, Louisiana
Superintendent Eric A. Cioppa, Maine
Tim Schott, Maine
Nour Benchaaboun as a designated representative for Commissioner Al Redmer, Jr., Maryland
Sheri Cullen as a designated representative for Commissioner Gary D. Anderson, Massachusetts
Karen Dennis as a designated representative for Director Anita G. Fox, Michigan
Tammy Lohmann as a designated representative for Commissioner Steve Kelley, Minnesota
Bob Williams as a designated representative for Commissioner Mike Chaney, Mississippi
Director Chlora Lindley-Myers, Missouri
Camille Anderson-Weddle, Missouri
Tiffany Caverhill as a designated representative for Commissioner Matthew Rosendale, Montana
Director Bruce R. Ramage, Nebraska
Jason Dexter as a designated representative for Commissioner Chris Nicolopoulos, New Hampshire
Commissioner Marlene Caride, New Jersey
Olukemi Sotimehin, New Jersey
Phillip Gennace, New Jersey
Robert Doucette as a designated representative for Superintendent Russell Toal, New Mexico

Mark Hendrick, New Mexico
Director Jillian Froment, Ohio
Andrew Schallhorn, Oklahoma
Commissioner Andrew Stolfi, Oregon
TK Keen, Oregon
Shannen Logue as a designated representative for Commissioner Jessica K. Altman, Pennsylvania
John Lacek, Pennsylvania
Tom Kilcoyne, Pennsylvania
Tracie Gray, Pennsylvania
Matthew Gendron, Rhode Island
Sarah Neil, Rhode Island
Shari Miles as a designated representative for Director Raymond Farmer, South Carolina
Brian Hoffmeister as a designated representative for Commissioner Hodgen Mainda, Tennessee
Bill Huddleston, Tennessee
David Combs, Tennessee
Doug Slape as a designated representative for Commissioner Kent Sullivan, Texas
John Carter, Texas
Tanji Northrup as a designated representative for Commissioner Todd E. Kiser, Utah
Heidi Clausen, Utah
Perri Babalis, Utah
Don Beatty as a designated representative for Commissioner Scott A. White, Virginia
Mike Bryant as a designated representative for Commissioner Mike Kreidler, Washington
Molly Nollette, Washington
Tonya Gillespie as a designated representative for Insurance Commissioner James A. Dodrill, West Virginia
Joylynn Fix, West Virginia
Lisa Brandt, Wisconsin
Rebecca Rebholz, Wisconsin
Amanda Tarr, Wyoming

Members of the Legislative Committee in Attendance:

Representative Matt Lehman, Indiana
Representative Brian Patrick Kennedy, Rhode Island
Representative Joseph Fischer, Kentucky

Members of the Industry Advisory Committee in Attendance:

Amanda Herrington, AHIP
Anne Correia, Allianz
Charles Perin, Nationwide
Liz Pujolas, IRI
Michael Hitchcock, Pacific Life Insurance Company
Shawn Pollock, Mutual of Omaha
Wayne Mehlman, ACLI

Members of the Consumer Advisory Committee in Attendance:

Andrew Sperling, NAMI
Brendan Bridgeland, Center for Insurance Research
Yvonne Hunter

Insurance Compact Staff in Attendance:

Karen Schutter, Executive Director
Becky McElduff, Director of Product Operations & Chief Counsel
Sara Dubsy, Assistant Director of Administrative Operations
Mindy Bradford, Product Reviewer
Lucy Conley-Smoucha, Communications Coordinator
Jeanne Daharsh, Actuary
Karen Givens, Senior Product Reviewer
Naomi Kloeppersmith, Actuary
Anne Marie Narcini, Regulatory Consultant
Maureen Perry, Product Review Consultant
Sue Ezalarab, Regulatory Coordinator Consultant

Interested Parties in Attendance:

Andrea Davey, Athene Annuity and Life Insurance Company
Angela Schaaf, Northwestern Mutual Life Insurance Company
Brian Geredes, CUNA Mutual
David Sloan, Genworth
Doug Wheeler, New York Life
Elizabeth Lindsay, VOYA
Eric Dupont, The Guardian Life Insurance Company of America
Gary Murtagh, Mass Mutual
Holly Livingston, Transamerica Life Insurance
Jenna Austin, Guggenheim Life and Annuity Company
Jennifer Webb, Pacific Life
Joel Meggs, John Hancock Life Insurance Company
John Deitelbaum, MassMutual
Joseph Muratore, New York Life Insurance Company
Kelli Woody, Principal
Ken Ross, John Hancock Life Insurance Company
Laura Hanson, Allianz Life Insurance Company
Laurie Lewis, Amica
Lisa Holland, State Farm Life Insurance Company
Marie Roche, John Hancock Life Insurance Company
Melissa Clines, Nationwide
Michael Tobin, New York Life Insurance Company
Paul Minella, John Hancock Life Insurance Company

Rania Sarkis, Pacific Life Insurance Company
Ruth Ansin, Standard Life Insurance Company
Shirley Grossman, Lincoln Heritage Life Insurance Company
Vera Ray, Great American Life Insurance Company

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.

Before proceeding to the first agenda item, Superintendent Dwyer reported that the Colorado Supreme Court issued a decision in *Amica v. Wertz* in the previous week. Superintendent Dwyer summarized the Court's finding that a regulation issued by an administrative body cannot supersede a state statute. In this case, the Court looked at the Compact Standards as akin to a state regulation. Superintendent Dwyer stated that the decision did not invalidate the Insurance Compact and does not diminish the efficiencies the Insurance Compact has brought to one point of filing and speed to market of products under the Insurance Compact's purview, however that in certain discrete instances, the provisions of the statute in Colorado would supersede the portions of the Insurance Compact Uniform Standards.

Superintendent Dwyer reported that the Insurance Compact Office notified the members of the Insurance Compact as well as the Legislative Committee and the advisory committees of this opinion last week and provided a one-page outline of the findings. Superintendent Dwyer stated that Ms. Schutter would provide a copy of the decision or a description of the procedural history to members and interested parties upon request.

Superintendent Dwyer reported that the Officers formed a Governance Review Committee to develop suggestions to present to the Commission for consideration regarding the Colorado Supreme Court Decision. Commissioners Stolfi, Range, and Conway were added to the Governance Review Committee that was recently established to review the Request for Proposals (RFP), which included the Officers, Commissioner Sullivan and Commissioner Dodrill. Superintendent Dwyer requested that members or interested parties who know of statutory differences in the Insurance Compact Uniform Standards and state law in their respective state please provide that information to the Insurance Compact Office, which will compile a list for the Governance Review Committee. Superintendent Dwyer then opened the floor for questions or discussions about the opinion or the proposed plan of action.

Mr. Bridgeland of the Consumer Advisory Committee commented that as a matter of procedure the Product Standards Committee (PSC) should conduct a formal survey of all Compacting states in advance of adopting a uniform standard to see how state laws differ from a proposed standard, rather than pursuing an anecdotal approach as may have been done in the past. Mr. Bridgeland expressed concern that the Insurance Compact uniform standards could end up lowering national standards, which could create similar problems in the future. Superintendent Dwyer expressed support for this suggestion.

Mr. Mehlman of the ACLI asked when the Governance Review Committee will be providing guidance and whether the Committee will want industry's input during that discussion process. Superintendent Dwyer stated that the Governance Review Committee plans to meet in the near future and will consult interested parties and stakeholders in the process of developing suggestions for the Commission. There were no further questions or discussion.

Superintendent Dwyer proceeded to the first agenda item, Management Committee consideration of the payment of the line of credit. Superintendent Dwyer summarized the restructured agreement to service the debt owed to the NAIC. Superintendent Dwyer reported that under current repayment terms, the

Commission would be required to repay the debt to the NAIC in installments of approximately \$775,000 each year for the next five years, which is a significant financial and operational burden on the organization. Superintendent Dwyer reported that the first payment was originally due on March 31st, but due to the cancellation of the in-person meeting the NAIC extended the due date under the current agreement to May 31st. Superintendent Dwyer stated that the Insurance Compact Officers and the NAIC Officers were able to reach mutual terms for the restructured debt repayment and the term sheet was distributed to Commission members in advance of this meeting. Superintendent Dwyer summarized the restructured debt repayment.

Superintendent Dwyer then asked Ms. Schutter to provide a summary of the Commission's current financial performance. Ms. Schutter reported with respect to operating budget, actuals are 2%, or \$35,000, over budgeted revenues and 14%, or about \$100,000, under budgeted expenses. The Insurance Compact is currently approximately \$133,000 net positive for 2020. The Commission ended 2019 with a net positive revenue of approximately \$650,000 and a cash balance of \$1,970,000. As of March 31, the Commission's cash balance is roughly \$2,008,000 and its net positive revenue which is recorded as change in net assets on the Commission's financial statement is \$888,000. The Insurance Compact Office runs projections monthly. Savings in the expense lines are occurring due to two open positions and reduced travel due to the COVID-19 emergency. The Insurance Compact will be able to service the 2020 LOC payment in the amount of \$274,000 as well as cover the cost of both governance review and business assessment this year while still having a reserve in case of fluctuation in its revenues for the remainder of the year. Ms. Schutter concluded her summary and there were no questions or further discussion.

Superintendent Dwyer requested a motion from a member of the Management Committee to adopt the Terms of Repayment as presented. Commissioner Afable moved and Director Muriel seconded. There was no further discussion and the motion carried unanimously via voice vote.

Superintendent Dwyer proceeded to the next agenda item and stated that the Insurance Compact Office issued two RFPs on April 9th. The RFPs addressed the Governance Review as detailed in Priority III, Action Item 10 of the *Insurance Compact Compass*, and the request for a business assessment as requested under the new Terms for Repayment and in line with Priority III, Action Item 8 of the *Insurance Compact Compass*. Superintendent Dwyer reported that both RFPs are published to the Insurance Compact and NAIC websites and sent to members in April. Superintendent Dwyer stated that the RFPs requested interested firms provide questions in writing by the close of business on April 24th. The original response date to questions was April 28th, but this was extended to May 18th due to the quantity of questions received. The due date for proposals was also extended from May 11th to June 3rd. Superintendent Dwyer reported that the Governance Committee will review the proposals and make a recommendation to the Management Committee, then coordinate with the selected consultants during their engagements to provide feedback and oversight. Superintendent Dwyer stated that the Governance Review Committee will present its recommendations as well as a proposal for an additional budget allocation for these projects to the Management Committee and Commission in June, with the hope that work can begin in July and completed by the Annual Meeting in November. There were no further questions or discussions regarding this item.

Superintendent Dwyer proceeded to the next agenda item, Implementation of the *Insurance Compact Compass*. Superintendent Dwyer reported that the Insurance Compact website has been updated to include a page dedicated to the three priorities laid out in the *Insurance Compact Compass* and their

respective Action Items. Work on the plan was substantially begun in the first quarter, including laying out proposed steps to accomplish the action items, and developing tools to report progress. Superintendent Dwyer asked Ms. Schutter to briefly describe the action items that are currently underway. Ms. Schutter reported there is a web page for the *Insurance Compact Compass Strategic Plan* which you can link to off the home page – the link is just above the Events Calendar. In addition to the full plan, the Action Items are provided by the committees of jurisdiction. There are three tracking tools. The Dashboard is a snapshot of what is started, pending, done, and not yet started. The Tracker lists the action items in terms of where they fall on the three-year calendar. The Navigator lists the general steps involved in completing each action item including the projected start and completion date. The Insurance Compact Office will work with the Officers to reassess the estimated timing over the course of the year as we adjust for COVID-19 and shift to address ones related to the items in the Supreme Court opinion. Ms. Schutter reviewed the projects underway, starting with the governance review and the business assessment. These projects are under Priority III – Action Item 10 is the governance review and Action Item 8 is the Business Assessment. With the approval of the term sheet, the NAIC and Commission are close to wrapping the restructuring agreement identified in Action Item 8. The Product Standards and Rulemaking Committees have work plans in place to begin work on the action items within their jurisdiction. With regards to increased communication and reporting to the members, the members are receiving a member monthly digest and we will start to hold informational webinars for regulators starting in June. The Insurance Compact Office has started the work under Priority II Action Item 3 with respect to focus groups. A notice will be issued asking everyone to take a survey and to let us know if you or someone in your department or organization is interested in serving on a focus group. It is anticipated to have one focus group for regulators, one focus group for state legislators and consumer representatives, and one focus group for company filers and industry representatives. The Insurance Compact Office expects to have four one-hour calls for each focus group culminating in a public call to bring all these groups together to share and discuss the collective feedback. The Insurance Compact Office plans to commence the focus groups at the end of this month and run through June. Ms. Schutter concluded her report and there were no further questions.

Superintendent Dwyer proceeded to the next agenda item and asked Director Rame to provide the report of the Audit Committee. Director Rame reported that the Audit Committee last met in mid-March to receive the final report from the independent audit firm, RSM LLC. The Commission completed its 2019 audit in a timely manner and received an unqualified opinion. Director Rame reported that the Commission's audited financial statement can be found in the 2019 Annual Report which has been published to the Insurance Compact website. Director Rame concluded his report and there were no further questions.

Superintendent Dwyer proceeded to the next agenda item and asked Mr. Lapham to provide the report of the PSC. Mr. Lapham reported that the PSC has not yet met in 2020 due to reorganization and shifting priorities following the outbreak of the novel coronavirus. Mr. Lapham stated that the PSC plans to meet on May 12 to review and finalize the work plan for the year, which will then be published to the Insurance Compact website. Mr. Lapham reported that the PSC plans to work on Action Items 2 and 3 under Priority I of the *Insurance Compact Compass*, and also review the significant substantive comments regarding the proposed amendments to *Additional Standards for Waiver of Premium*, *Additional Standards for Waiver of Monthly Deductions* and the new *Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance*, submitted by the ACLI after the February 24th public hearing and forwarded to the PSC by the

Management Committee. Mr. Lapham stated that the PSC anticipates extensive discussion and public input, with a final recommendation to the Management Committee in August.

Mr. Lapham reported that the PSC has also started the Five-Year Review of the group term life Uniform Standards as well as the *Additional Standards for Incidental Guaranteed Minimum Death Benefits for Individual Deferred Non-Variable Annuities*. Mr. Lapham reminded the Commission and interested parties that the period for the preliminary comments on changes to consider has been extended to June 1st, and that the standards under review may be viewed on the Insurance Compact's online Docket.

Mr. Lapham concluded his report and there were no further questions.

Superintendent Dwyer called upon Commissioner Stolfi to provide the report of the Rulemaking Committee. Commissioner Stolfi reported that the Rulemaking Committee met on February 25th to review and refine the Committee's work agenda with respect to strategic plan action items within its jurisdiction. Commissioner Stolfi reported that the Rulemaking Committee 2020 Work Plan is published to the About the Compact page of the Insurance Compact website under the Rulemaking Committee. Commissioner Stolfi reported this call was the first Insurance Compact "other" Committee meeting that was open to all interested Regulators.

Commissioner Stolfi stated that the Committee's recommendation at the February 24th joint teleconference included proposed guidelines for the "composition, procedures, duties and tenure" of the Other Committees. The guidelines were published on the Docket on February 27th and written comments were due on April 27th. Commissioner Stolfi reported that no written comments were submitted and the Rulemaking Committee recommends the Management Committee provide an opportunity for oral comments on the Guidelines at its June conference call and target the August in-person meeting to vote on these Guidelines.

Commissioner Stolfi reported that the Rulemaking Committee 2020 Work Agenda includes three other items from the *Insurance Compact Compass*, which are to explore the other groups outside of employer/employee, to analyze Mix and Match, and to review the Five-Year Review process.

Commissioner Stolfi stated that the COVID-19 crisis pushed back the Committee's timeline, but they hope to get started on work regarding exploring whether to expand the Uniform Standards to other types of groups in May or June. Commissioner Stolfi concluded his report.

Superintendent Dwyer stated that there was a lot of briefing on the issue of notice to interested parties in the *Amica v. Wertz* Colorado Supreme Court opinion, and requested that the Rulemaking Committee review and consider whether the current rules provide effective and appropriate notice to the various members and to the legislature and other state stakeholders. Commissioner Stolfi committed to bring the request to the Rulemaking Committee for consideration. There were no further questions.

Superintendent Dwyer requested a motion from a member of the Management Committee to adopt the reports of the committees. Ms. Holmes moved and Director Froment seconded. There were no objections and the recommendation was approved via voice vote with none opposed.

Superintendent Dwyer proceeded to the adoption of the meeting minutes from the February 24, 2020 joint meeting of the Management Committee and Commission. Superintendent Dwyer requested a joint motion of the Management Committee and Commission to adopt the meeting minutes. Director Froment moved and Commissioner Afable seconded. The minutes were adopted via voice vote with none opposed.

Superintendent Dwyer asked Ms. Schutter to provide the operational update. Ms. Schutter reported the next joint meeting of the Management Committee and Commission would take place via teleconference on June 29th. Ms. Schutter reported that the next in-person joint meeting would tentatively be held in Minneapolis in August, although the status of meeting in person was still under consideration in light of the pandemic. Ms. Schutter then introduced Commission members to the new Regulatory Coordinator Consultant, Susan Ezalarab, formerly of the Wisconsin Office of the Commissioner of Insurance.

Ms. Schutter concluded her report and there were no questions.

There were no other matters and Director Froment moved to adjourn. Mr. Beatty seconded and the meeting was adjourned.