



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

Monday, October 26, 2020

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

1. Roll Call
2. Public Hearing on the 2021 Annual Budget
3. Discussion and Approval of the **Focus Group Suggestions and Recommendations for the Insurance Compact Website**
4. Report of the Governance Review Committee
 - a. Discussion of the Governance Review
 - b. Discussion of the Business Assessment
 - c. Discussion of the Uniform Standards and State Law Comparisons
5. Report and Recommendation from Other Committees
 - a. Rulemaking Committee
 - b. Product Standards Committee
6. Progress Update on Action Items in *The Insurance Compact Compass: Strategic Plan 2020-2022*
7. Management Committee and Commission Adoption of the Meeting Minutes from the August 14, 2020 Joint Meeting of the Management Committee and Commission
8. Operational Update
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
Steve Ostlund as a designated representative for Commissioner Jim Ridling, Alabama
Yada Horace, Alabama
Sarah Bailey as a designated representative for Director Lori K. Wing-Heier, Alaska
Sharon Comstock, Alaska
Mayumi Gabor, Alaska
Commissioner Alan McClain, Arkansas
Jimmy Harris, Arkansas
Bill Lacy, Arkansas
Sterling Gavette, Arizona
Erin Klug, Arizona
Jason Lapham as a designated representative for Commissioner Michael Conway, Colorado
Paul Lombardo as a designated representation for Commissioner Andrew N. Mais, Connecticut
Martha Im as a designated representative for Commissioner Colin Hayashida, Hawaii
Director Dean Cameron, Idaho
Michelle MacKenzie, Idaho
Alexandria Peck as a designated representative for Commissioner Stephen W. Robertson, Indiana
Andria Seip as a designated representative for Commissioner Doug Ommen, Iowa
Julie Holmes as a designated representative for Commissioner Vicki Schmidt, Kansas
Craig Van Aalst, Kansas
Commissioner Sharon P. Clark, Kentucky
Malinda Shepherd, Kentucky
Frank Opelka as a designated representative for Commissioner James Donelon, 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 Lam, Maryland
Karen Dennis as a designated representative for Director Anita G. Fox, Michigan
Tammy Lohmann as a designated representative for Temporary Commissioner Grace Arnold, Minnesota
Bob Williams as a designated representative for Commissioner Mike Chaney, Mississippi
Director Chlora Lindley-Myers, Missouri
Director Bruce R. Ramge, Nebraska
Martin Swanson, Nebraska
Olukemi Sotimehin as a designated representative for Commissioner Marlene Caride, New Jersey
Robert Doucette as a designated representative for Superintendent Russell Toal, New Mexico
Anna Krylova, New Mexico
Ted Hamby as a designated representative for Commissioner Mike Causey, North Carolina
Peter Weber as a designated representative for Director Tynesia Dorsey, Ohio
Lori Barron, Ohio
Theresa Schaefer, Ohio
Cuc Nguyen as a designated representative for Commissioner Glen Mulready, Oklahoma
Tracie Gray as a designated representative for Commissioner Jessica K. Altman, Pennsylvania

Shannen Logue, Pennsylvania
Tom Kilcoyne, Pennsylvania
Matthew Gendron, Rhode Island
Sarah Neil, Rhode Island
Director Raymond Farmer, South Carolina
Shari Miles, South Carolina
Bill Huddleston as a designated representative for Commissioner Hodgen Mainda, Tennessee
Doug Slape as a designated representative for Commissioner Kent Sullivan, Texas
Rachel Bowden, Texas
David Bolduc, Texas
Sandra Dodson, Texas
Libby Elliott, Texas
Richard Gober, Texas
Michael Nored, Texas
Robert Simons, Texas
Interim Commissioner Tanji Northup, Utah
Shelley Wiseman, Utah
Heidi Clausen, Utah
Kevin Gaffney as a designated representative for Commissioner Michael Pieciak, Vermont
Phil Keller, Vermont
Anna Van Fleet, Vermont
Don Beatty as a designated representative for Commissioner Scott A. White, Virginia
Molly Nollette as a designated representative for Commissioner Mike Kreidler, Washington
Commissioner James A. Dodrill, West Virginia
Tonya Gillespie, West Virginia
Erin Hunter, West Virginia
Rebecca Rebholz, Wisconsin
Commissioner Jeff Rude, Wyoming
Amanda Tarr, Wyoming

Members of the Legislative Committee in Attendance:

Representative Matt Lehman, Indiana
Representative Brian Patrick Kennedy, Rhode Island
Heather Morton, National Conference of State Legislatures

Members of the Industry Advisory Committee in Attendance:

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

Members of the Consumer Advisory Committee in Attendance:

Andrew Sperling, NAMI

Interested Parties:

Angela Acker-Fisher, Securian
Karen Adler, Guardian Life
Stu Bergman, Gerber Life
Jon Brunner, State Farm
Andrea Davey, Athene
Marit Florke, FG Life
Bianca Gagnon, Pacific Life
Tonya Gallatin, Voya
Pat Hatler, Squire Patton Boggs
Mary Jo Hudson, Squire Patton Boggs
Barbara Jankowski, Gleaner Life
Jill Jones, BLIC
Kimberley Lambert, Prudential
Beth Lindsay, Voya
Holly Livingston, Transamerica
Ute Luedtke-Ahrens, Zurich
Rosie Missy, Principal
Liza Perry, USAA
Brian Pleva, Northwestern Mutual
Sarah Schroeder, Rector & Associates
Scott Sperry, Genre
Kathy Strauser, CUNA Mutual
Brad Tenpas, Principal
Amanda Weaver, John Hancock

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
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

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 proceeded to receive comments on the 2021 draft annual budget and Schedule of Fees. Superintendent Dwyer asked Ms. Schutter to provide an update on the Budget. Ms. Schutter provided an overview of the drafting process. Ms. Schutter reviewed the current financial status of the Compact. It was noted that the Compact has earned through the end of September \$2.36 million which is 5% under budget. The actual expenses are 80% of budget which is \$1.98 million. A large part of the savings is attributed to open positions and the lack travel due to COVID-19. Ms. Schutter explained the Expedited Review Program is being utilized more than anticipated in the budgeting process. Ms. Schutter reviewed the drafted revenue for 2021 and explained revenues were projected to grow 4% over 2020 budgeted revenues. Expenses for 2021 will be even with the initial budgeted expenses for 2020. Ms. Schutter reviewed the expenses and provided an overview of the key expenses. Ms. Schutter remarked that the Finance Committee would like to make a recommendation to make the Expedited Review Program a permanent filing feature. There would be no changes to the Schedule of Fees for 2021. Interim Commissioner Northrup asked how the Expedited Review Program has impacted the current review process. Ms. Schutter replied and noted the program has not had a negative effect on the review time. Superintendent Dwyer asked if there were any comments or questions; there were none. Superintendent Dwyer noted the budget would be considered for approval and adoption during the Annual Meeting scheduled for December 4th.

Superintendent Dwyer moved to the next item on the Agenda and asked Ms. Schutter to provide an overview of the Focus Group Suggestions and Recommendations for the Insurance Compact website. Ms. Schutter noted this was a strategic plan item, Priority III, Action Item 3. The report included suggestions for enhancements as well as restructuring information on the website. It was noted that there were no written comments submitted regarding the Report. Superintendent Dwyer asked if there were any questions or comments; there were none. Superintendent Dwyer asked if there was a motion to adopt the proposed recommendations. Commissioner Schmidt made the motion and Commissioner Rude seconded. A voice vote was conducted. The motion was adopted.

Superintendent Dwyer proceeded to the report of the Governance Review Committee. Superintendent Dwyer reported both firms conducted a series of interviews. Superintendent Dwyer thanked all those who participated in the interviews. It was noted the Governance Committee has been working with outside counsel to understand the extent of litigation risks, if any, rising from the Colorado Supreme Court opinion in *Amica v. Wertz*. Superintendent Dwyer asked if there were any questions. Mr. Mehlman noted that the ACLI has been working to figure out what to do regarding the Colorado Supreme Court decision. A comment was made about NAIC Model 805 and hoping that the states adopt the model to avoid more court cases. Ms. Schutter provided an overview of Model 805 and how it relates to the Compact. Ms. Schutter explained that since the Uniform Standards reference the Model and as such when the Model is adopted, it would become effective for purposes of the Uniform Standards.

Superintendent Dwyer asked Mr. Beatty to provide the report of the Rulemaking Committee. Mr Beatty stated the Rulemaking Committee issued a survey in July regarding group products. This survey was issued to states and companies. Mr. Beatty noted the Insurance Compact Office received 41 replies from

state regulators and 34 replies from companies and the Insurance Compact Office is compiling the results for review by the Committee. Mr. Beatty concluded by noting that the Committee will continue their review of the notices issued to members and state legislatures and legislators with respect to the adoption of Uniform Standards and the right to opt out. There were no questions or comments regarding the report of the Rulemaking Committee.

Superintendent Dwyer asked for the report of the Product Standards Committee (PSC) and asked Mr. Lapham to provide the report. Mr. Lapham reported the PSC has concluded its review of the amendments to *Additional Standards for Waiver of Premium* and *Additional Standards for Waiver of Monthly Deductions* and the new standard, *Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance*. The Committee reviewed the comments submitted by ACLI, Oregon and Hawaii. The Committee is presenting the three drafts to the Management Committee today. The drafts are notated with the amendments submitted in December 2019 in red and the edits made recently in blue.

With the drafts, two charts summarizing the changes made. The first chart summarizes the changes to the *Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance*. Mr. Lapham noted that most of the changes address comments to distinguish between the requirements for a waiver due total disability and the requirements for a waiver for qualifying events. The second chart summarizes the changes to the *Additional Standards for Waiver of Premium Benefits for Total Disability and Other Qualifying Events* and the *Additional Standards for Waiver of Monthly Deductions for Total Disability and Other Qualifying Events*. Mr. Lapham explained most of the changes address comments to distinguish between the requirements for a waiver due total disability and the requirements for a waiver for qualifying events.

The PSC continues to work on the assignments from the Strategic Plan including improvement to notices regarding uniform standards development, guidance on uniform standards development and development of a system for identifying and prioritizing the development of new uniform standards.

Mr. Lapham reported a subgroup of the Actuarial Working Group (AWG) has been meeting to discuss developing standards for indexed-link variable annuity contracts. They are beginning by looking at interim value calculation methodologies.

Lastly, Mr. Lapham noted the PSC will be starting the 5-Year Review of all the group term life Uniform Standards as well as the *Additional Standards for Incidental Guaranteed Minimum Death Benefits for Individual Deferred Non-Variable Annuities*. The Uniform Standards may be found on the Docket. The PSC will be reviewing comments from ACLI, Oregon and Texas. Mr. Lapham concluded his report. There were no questions or comments regarding the report of the Product Standards Committee.

Superintendent Dwyer asked if there was a motion from a member of the Management Committee to adopt the reports of the Governance Review, Rulemaking, and Product Standards Committees. Commissioner Afable made the motion; Ms. Lohmann seconded the motion. A voice vote was conducted; all were in favor.

Superintendent Dwyer asked Ms. Schutter to provide a report on the implementation of the Compact's Strategic Plan. Ms. Schutter noted the Insurance Compact is on target for all action items. Ms. Schutter remarked that the tools on the website were updated recently to reflect the recent activities. Two projects

have started regarding identification and prioritization of the Uniform Standards development and procedures for the development of Uniform Standards. Ms. Schutter explained that nine other strategic action items are still ongoing. It was noted that several of the action items anticipated to at least start in 2020 have been updated to reflect a start date of early 2021. There were no questions or comments for Ms. Schutter.

Superintendent Dwyer asked for a motion from a member of the Management Committee to adopt the meeting minutes from the August 14th joint meeting of the Management Committee and Commission. Commissioner Afable made the motion; Commissioner Dodrill seconded. A voice vote was conducted, and the Meeting Minutes were adopted.

Superintendent Dwyer asked Ms. Schutter provide a report on current Insurance Compact operations. Ms. Schutter noted the Member Monthly Digest was issued for October earlier in the day. In the Digest, there was an update on the in-force rate increases currently pending. Ms. Schutter noted the next joint meeting of the Management Committee and Commission will take place on Friday, December 4th and it will be a virtual meeting. Ms. Schutter noted that Ms. Dubsy sent an email to the Commissioner and or their designated proxy regarding the annual Committee preference selection. Ms. Schutter noted there are three open seats on the Consumer Advisory Committee and the Insurance Compact Office is collecting applications to serve on the Committee.

As there were no other matters to be brought before the Commission, the joint meeting of the Management Committee and Commission adjourned.