



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

Friday, April 5, 2019

12:30 pm ET / 11:30 am CT / 10:30 am MT / 9:30 am PT

Orlando, FL

1. Roll Call
2. Report of the Audit Committee and Consideration by the Commission to Adopt the Report of the Audit Committee
3. Report of the Finance Committee and Consideration by the Management Committee to Approve the Report of the Finance Committee
4. Report and Recommendation of the Product Standards Committee and Consideration by the Management Committee to Approve the Report and Recommendation of the Product Standards Committee
5. Report of the Regulatory Counsel Committee and Consideration by the Management Committee to Approve the Report of the Regulatory Counsel Committee
6. Management Committee Consideration of Disbanding of the Communications and Technology Committees
7. Management Committee and Commission Consideration of Adoption of Meeting Minutes of the February 25, 2019 Joint Meeting of the Management Committee and Commission
8. Update on the Insurance Compact Strategic Planning Initiative
9. Operational Update
10. Any Other Matters
11. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance Product
Regulation Commission
Friday, April 5, 2019**

Members of the Commission and Department Staff in Attendance:

Director Jillian Froment, Chair, Ohio
Superintendent Elizabeth Kelleher Dwyer, Vice Chair, Rhode Island
Director Chlora Lindley-Myers, Treasurer, Missouri
Jerry Workman as a designated representative for Commissioner Jim L. Ridling, Alabama
Director Lori K. Wing-Heier, Alaska
Bill Lacy as a designated representative for Commissioner Allen W. Kerr, Arkansas
Rolf Kaumann as a designated representative for Commissioner Michael Conway, Colorado
Joshua Hershman as a designated representation for Commissioner Andrew N. Mais, Connecticut
Commissioner Stephen C. Taylor, District of Columbia
Steve Manders as a designated representative for Commissioner Jim Beck, Georgia
Kathleen Nakasone as a designated representative for Commissioner Colin Hayashida, Hawaii
Director Dean L. Cameron, Idaho
Alexandria Peck as a designated representative for Commissioner Stephen W. Robertson, Indiana
Commissioner Doug Ommen, Iowa
Andria Seip, Iowa
Julie Holmes as a designated representative for Commissioner Vicki Schmidt, Kansas
Malinda Shepherd as a designated representative for Commissioner Nancy G. Atkins, Kentucky
Tom Travis as a designated representative for Commissioner James J. Donelon, Louisiana
Tim Schott as a designated representative for Superintendent Eric A. Cioppa, Maine
Nour Benchaaboun as a designated representative for Commissioner Al Redmer, Jr., Maryland
Randall Gregg as a designated representative for Director Anita G. Fox, Michigan
Tammy Lohmann as a designated representative for Commissioner Steve Kelley, Minnesota
Mary Mealer, Missouri
Jeannie Keller as a designated representative for Commissioner Matthew Rosendale, Montana
Director Bruce R. Range, Nebraska
Commissioner Barbara Richardson, Nevada
Denise Lamy as a designated representative for Commissioner John Elias, New Hampshire
Diana Lavoie, New Hampshire
Commissioner Marlene Caride, New Jersey
Superintendent John G. Franchini, New Mexico
Mark Hendrick, New Mexico
Ted Hamby as a designated representative for Commissioner Mike Causey, North Carolina
Amanda Baird, Ohio
Cuc Nguyen as a designated representative for Commissioner Glen Mulready, Oklahoma
Commissioner Andrew Stolfi, Oregon
T.K. Keen, Oregon
Tashia Sizemore, Oregon
Glenda Villamar, Oregon
Tracie Gray as a designated representative for Commissioner Jessica K. Altman, Pennsylvania
Matthew Gendron, Rhode Island
Sarah Neil, Rhode Island
Shari Miles as a designated representative for Director Raymond G. Farmer, South Carolina
Lorrie Brouse as a designated representative for Commissioner Julie Mix McPeak, Tennessee

Doug Danzeiser as a designated representative for Commissioner Kent Sullivan, Texas
Doug Slape, Texas
Michael Nored, Texas
John Carter, Texas
Commissioner Todd E. Kiser, Utah
Heidi Clausen, Utah
Phil Keller as a designated representative for Commissioner Michael S. Pieciak
Don Beatty as a designated representative for Commissioner Scott A. White, Virginia
Tanvi Parmar, Virginia
Molly Nollette as a designated representative for Commissioner Mike Kreidler, Washington
Mike Bryant, Washington
Tonya Gillespie as a designated representative for Insurance Commissioner James A. Dodrill, West Virginia
Rebecca Rebholz as a designated representative for Commissioner Mark Afable, Wisconsin
Lisa Brandt, Wisconsin
Sue Ezalarab, Wisconsin
Commissioner Tom Glause, Wyoming
Peter Greff, Wyoming

Members of the Legislative Committee in Attendance:

Representative Matt Lehman, Chair, Indiana
Senator Dan “Blade” Morrish, Vice Chair, Louisiana
Representative James Dunnigan, Utah

Members of the Industry Advisory Committee in Attendance:

Anne Correia, Allianz Life Insurance Company
Emily Micale, American Council of Life Insurers
Amanda Matthiesen, America’s Health Insurance Plans
Shawn Pollack, Mutual of Omaha
Steve Kline, National Association of Insurance and Financial Advisors
Charles Perin, Nationwide
Michael Hitchcock, Pacific Life Insurance Company

Members of the Consumer Advisory Committee in Attendance:

Brendan Bridgeland, Center for Insurance Research
James McSpadden, AARP
Fred Nepple, Consumer Liaison Representative
Roger Sevigny, Consumer Liaison Representative
Andrew Sperling, National Alliance on Mental Illness

Insurance Compact Staff in Attendance:

Karen Schutter, Executive Director

Becky McElduff, Assistant Director of Product Operations
Sara Dubsy, Senior Operations Manager
Lucy Conley-Smoucha, Communications Coordinator
Jeanne Daharsh, Actuary
Karen Givens, Senior Product Reviewer
Anne Marie Narcini, Regulatory Consultant
Maureen Perry, Product Review Consultant

Interested Parties in Attendance:

Bonnie Burns, California Health Advocates
Birny Birnbaum, Center for Economic Justice
Marie Roche, John Hancock Life Insurance Company
Tom Considine, NCOIL
Michael Tobin, New York Life Insurance Company
Karen Adler, Guardian Life Insurance Company
Lindsey Zimmerman, Guardian Life Insurance Company
Jenna Austin, Guggenheim Life and Annuity Company
Shirley Grossman, Lincoln Heritage Life Insurance Company

Director Froment 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.

Director Froment welcomed Commissioner Taylor and the District of Columbia Department of Insurance, Securities and Banking to the Commission as the 46th jurisdiction to enact the Compact. Director Froment then recognized the new Commissioners, and the members of the Legislative Committee, and Industry and Consumer Advisory Committees. Representative Lehman remarked that he looks forward to working with the Compact as the Chair of the Legislative Committee.

Director Froment proceeded to the second agenda item and asked Director Range to provide the report of the Audit Committee. Director Range reported that the 2018 Audit has been completed. The Commission received an unqualified opinion from the independent auditors, RSM US LLP. Director Range reported that RSM met with the Audit Committee on April 1st to present the results of the audit, which noted no deficiencies in the Commission's internal control structure or disagreements, issues or concerns with management. Director Range reported that there is a new accounting standard affecting the Commission's presentation of its financial statements aimed at providing more information about the source of assets. The Commission's financial statements must now list which among two classes the Commission's net assets fall under. Director Range reported that the financial statement will reflect that all the Commission's net assets are without donor restrictions.

Director Range reported that the Audit Committee continues to monitor the financial performance of the Commission, including short- and long-term financial projections. Director Range reported that the Commission managed its operating budget in 2018 and did not need to utilize the NAIC's Line of Credit for the sixth year in a row. Director Range stated that the Insurance Compact Office will not request a Line of Credit from the NAIC for 2019, for the first time in the Compact's operational history. Director Range concluded his report and there were no further questions.

Director Froment requested a motion from a Commission member to adopt the Report of the Audit Committee. Director Cameron moved and Ms. Seip seconded. There was no further discussion and the motion carried via voice vote.

Director Froment proceeded to the next agenda item and asked Director Lindley-Myers to provide the report of the Finance Committee. Director Lindley-Myers reported that the Commission ended 2018 with a net profit of \$141,000. In 2018 the Commission earned \$2,302,408, which was 104% of the budgeted revenue and approximately 19% more than the revenue earned in 2017. Director Lindley-Myers reported that the Commission earned about 10% more product filing fee revenue than budgeted. Registration fees were \$33,225 under budget, with a record number of 233 companies registered in 2018. Director Lindley-Myers reported that the increase in Registration Fees and creation of a new category of filing fees in November 2018 has not deterred companies from making their annual registrations in 2019. Director Lindley-Myers stated that there are currently 203 companies registered for 2019, and approximately \$300,000 in additional revenue has been generated when compared to last year.

Director Lindley-Myers reported that the Expedited Review Process pilot that was adopted on a six-month basis as part of the 2019 budget is underway. Director Lindley-Myers stated that the Insurance Compact

Office reported to the Finance Committee that through the end of February, 18 companies made 31 submissions, generating \$35,100 in additional revenue. The average review time for filings under expedited review has been 4 days, and feedback from filing companies has been favorable. Director Lindley-Myers reported that the Finance Committee will be considering whether to recommend extending the pilot program for the remainder of the year and begin work on a long-term proposal for this program as part of the 2020 budget process. Director Lindley-Myers concluded her report and there were no questions.

Director Froment proceeded to the next agenda item and stated that the Product Standards Committee (PSC) will not have a recommendation for the Management Committee. Director Froment asked Ms. Mealer to provide the report of the PSC. Ms. Mealer reported that the PSC is continuing work on developing uniform standards for group annuity products and has recently completed its review of comments received on the initial draft of the *Single Premium Group Fixed Annuity Contract Uniform Standards*, and posted a second draft for review and comment from members and the public. Ms. Mealer stated that the PSC is finalizing review of member comments received at a public call in March and anticipates recommending a proposal for these uniform standards in the next few months. Ms. Mealer stated that the PSC held a public call in February to receive comments on the initial drafts of the *Group Annuity Certificate Uniform Standards* and the *Uniform Standards for Group Guaranteed Income Contracts for Non-Variable Annuities*. Ms. Mealer reported that the PSC is finalizing for review a working draft for *Additional Standards for Return of Premium for Individual Disability Income Insurance* and will expose the draft for public comment once the initial review is complete. Ms. Mealer reminded Commission members and interested parties that PSC call summaries are published to the About the Compact section of the Insurance Compact website, alongside the PSC 2019 workplan. Ms. Mealer concluded her report and there were no questions.

Director Froment proceeded to the next agenda item and asked Ms. Baird to provide the report of the Regulatory Counsel Committee. Ms. Baird reported that over the past year, the Regulatory Counsel Committee has monitored ongoing third-party litigation arising in the federal district of Colorado, in which both the Insurance Compact Office and the NAIC have provided amicus briefs. Ms. Baird provided a brief history of the ongoing third-party litigation and stated that the case has been appealed to the Tenth Circuit Court of Appeals. Ms. Baird reported that the NAIC and the Insurance Compact plan to submit a joint amicus brief to provide background information on the development of the Insurance Compact and are being jointly represented by Holland & Hart. Ms. Baird stated that the Regulatory Counsel Committee reviewed an outline and a draft of the amicus brief, which is due to be filed on April 10th. Ms. Baird stated that the Regulatory Counsel Committee welcomes the participation of legal counsel from any interested Compacting state. Ms. Baird concluded her report and there were no questions.

Director Froment requested a motion from a member of the Management Committee to approve the reports of the Finance, Product Standards, and Regulatory Counsel Committees. Director Lindley-Myers moved and Superintendent Dwyer seconded. There were no further comments or discussion and the motion carried via voice vote.

Director Froment proceeded to the next agenda item, Management Committee Consideration of Disbanding of the Communications and Technology Committees. Director Froment stated that the Insurance Compact Officers recommend that the Insurance Compact Communications and Technology committees be disbanded, as they have not brought any substantive recommendations to the Management

Committee in several years and serve only to receive reports from the Insurance Compact Office on these activities. Director Froment stated that the Officers believe these reports can be made directly to the Management Committee. There were no questions regarding the recommendation. Director Froment requested a motion from a member of the Management Committee to approve the proposed recommendation from the Officers to disband the Communications and Technology committees. Mr. Hamby moved and Ms. Lohmann seconded. The motion carried via voice vote and the committees were disbanded.

Director Froment proceeded to the next agenda item and requested a joint motion of the Management Committee and Commission to adopt the meeting minutes of the February 25th joint meeting of the Management Committee and Commission. Superintendent Dwyer moved and Ms. Seip seconded. There was no further discussion and the motion carried via voice vote.

Director Froment proceeded to the next agenda item and provided an update on the Insurance Compact Strategic Planning initiative. Director Froment reported that the Officers and the Insurance Compact Office are currently in the listening phase of strategic planning and have surveyed Commissioners, regulators and members of the Legislative Committee, as well as Consumer and Industry Advisory Committees. Director Froment stated that just prior to this meeting, the Officers hosted an in-person session to receive input on the opportunities and threats facing the Compact in the next three to five years, and suggestions for improvements to the Compact product operations or committee process.

Ms. Schutter provided a brief overview of the Strategic Planning Process timeline and summarized the member survey responses received to date. Ms. Schutter reported that there were 47 complete responses, including 10 from commissioners, and 10 incomplete responses. Director Froment reported that the member responses conveyed strong agreement on the strengths of the Compact as listed in the survey. There were no questions regarding the survey responses, and no additional questions or comments from members or interested parties. Director Froment invited Commission members and interested parties to share any additional thoughts in writing with Ms. Schutter or any of the Officers.

Director Froment proceeded to the next agenda item and asked Ms. Schutter to provide an Operational Update. Ms. Schutter reported that the District of Columbia Compact legislation became effective on March 6th, and the District of Columbia became effective for filing on March 21st. Ms. Schutter stated that as of April 1st, filers added the District of Columbia to 364 pending and previously-approved filings. Ms. Schutter reported that New York and Florida have Compact legislation pending which includes opt-outs from all product lines except life insurance, while Hawaii and Connecticut have omnibus bills moving through their legislatures that would remove the opt outs for Long-Term Care insurance and Disability Income insurance respectively. Ms. Schutter reported that the Wyoming regulation to opt out of the amended individual Disability Income Insurance Uniform Standards became effective at the end of February, and thus the stay of these Uniform Standards for Wyoming is no longer needed.

Ms. Schutter reported that the Insurance Compact 2018 Annual Report is now available online. She stated that a copy of the Report will be mailed to the governor of each Compacting State and emailed to the leadership in the legislative chambers and ranking members of jurisdiction, as required by Compact Statute.

Ms. Schutter reported that she recently held New Commissioner Orientation sessions with the Commissioners from Hawaii, Kansas, and Wisconsin, and has several other sessions planned in the coming weeks. Ms. Schutter stated that orientation calls were also held for the new legislators on the Legislative Committee. Ms. Schutter reminded Commission members that the Insurance Compact Office is always willing to provide an overview of the Compact and answer any questions for state insurance departments or new department staff.

Ms. Schutter provided a summary of the current product filing statistics and stated that product filing volume is currently heavy. Ms. Schutter then provided an update on the *Amica v. Wertz* appeal. Ms. Schutter reported that the appellant's brief, and an amicus brief by the Colorado Trial Lawyers Association in support of the appellant, were filed in February. The appellee, Amica Life Insurance, filed its response brief on April 3rd. The Insurance Compact and the NAIC will file a joint amicus brief by April 10th. Ms. Schutter stated that the Insurance Compact Office will share the brief with the members, the Legislative Committee and the advisory committees, as well as publish it to the website. Ms. Schutter stated that the next joint meeting of the Management Committee and Commission would likely be held in mid-June. Ms. Schutter concluded her report and there were no questions.

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