



## **SUMMARY OF THE MAY 2024 DC COMPACT ROUNDTABLE**

*Prepared by the Compact Office*

### **EXECUTIVE SUMMARY**

The fifth Compact Roundtable was held on May 15th in Washington, DC with 11 Commissioners, 13 regulators, 1 legislator from a Compacting State along with 18 company representatives, 4 industry and legislative organization representatives, and 3 consumer representatives. Much of the Roundtable was spent in breakout discussion with each group reporting on their feedback to strategic areas guided by discussion questions.

In advance of the Roundtable, the Compact Office solicited feedback from participating companies on the questions posed in the agenda. During the Roundtable session, attendees participated in live surveying using the Slido tool.

Maryland Commissioner Kathleen Birrane, Compact Chair, opened the Roundtable session and highlighted several actions that have come out of the Roundtable. Arizona Cabinet Officer Barbara Richardson, Chair of the Adjunct Services Committee, provided an overview of the workstreams of this committee to accomplish the goal of a recommendation to the Commission for programs and services where the Compact could provide efficiencies and savings in the areas of product regulation.

The focus of this Roundtable was an opportunity for member states to listen, ask questions, and engage to get a better understanding of what is important to the industry filers as the Compact members consider next steps in thinking about adjunct services and overall strategic planning.

The Roundtable consisted of three breakout sessions with a group discussion at the end. The first breakout session was an opportunity for members of the industry to share with regulators what areas of the Compact process they should be focused on improving. The second breakout session focused on the reasons for not filing with the Compact. The third breakout session generated ideas for adjunct services including suggestions for a pilot and a product innovation forum.

In the group discussion, common themes were shared from the breakout discussion. The creation of a process to consider products or portions of products outside the Uniform Standards was an idea discussed at many tables. Aspects of this process shared at the group discussion included, among others, forming a committee of regulators, including participation by legislators and consumer representatives, focusing on areas where mix and match is most common, and having extensive pre-filing communications.

The agenda, detailed summary, attendee list, and results of Slido live survey are found as an Appendix.

The next Compact Roundtable will be in Omaha, NE on the morning of Wednesday, October 30<sup>th</sup>.

## DETAILED SUMMARY

On May 15, 2024, Commissioners, regulators, state legislators, consumer representatives, company and industry representatives, and NAIC and Compact Office staff gathered at the NAIC/Compact Offices in the District of Columbia for a three-hour roundtable discussion.

Commissioner Birrane welcomed everyone to the fifth Roundtable discussion. She expressed the appreciation of the Compact Officers for everyone's participation in these dialogues which have reaped results in the improvements in Compact processes. Commissioner Birrane noted that the first Roundtable in 2022, the importance of developing Uniform Standards more expeditiously was a significant theme. She noted the recent adoption of Index Linked Variable Annuity (ILVA) Standards as an example of a speedier process that took less than a year from when the first draft of this complex product standard was published by a subgroup of the Product Standards Committee. Among other Roundtable ideas coming to fruition, Commissioner Birrane mentioned the creation and work of the new Adjunct Services Committee.

Cabinet Officer Richardson noted the Adjunct Services Committee was formed last year to consider ideas and proposals that have been generated from the Roundtables and from other strategic discussions with members, state legislators, and consumer and industry representatives. The final deliverable is expected to be a set of recommendations to the Commission for programs and services where the Compact could provide efficiencies and savings in the areas of product regulation. There is general agreement that the Compact's platform, expertise, and economies of scale can be applied in other ways to benefit the states in these areas of regulation.

Cabinet Officer Richardson explained the Adjunct Services Committee is focused on three main workstreams. The first workstream is for the regulators to have a better understanding of the best-in-class regulatory review platform and expertise we have available to us at the Compact Office through education and training sessions. The next workstream involves drilling down into the ideas that have been identified to get a better understanding of these needs and their priorities, and how the Compact could be helpful in addressing those needs. The third workstream looks at how and whether the Compact can provide a platform for interested states to consider product innovation. The Compact plans to conduct workshops – both in person and virtually.

Using a live survey tool, the attendees were asked to input one word to describe the Compact. "Efficient" and "Collaborative" were the most common replies provided.

### BREAKOUT 1 TOPICS AND DISCUSSION

#### DISCUSSION QUESTIONS

- What is the most significant or common frustration(s) with the current Compact process?
- What do you want the Compact to do more of?
- What questions should we be asking to get feedback on enhancements to the Compact?

A live poll survey was conducted to rank the most common responses to the advanced industry survey.

The attendees ranked these significant or common frustration(s) with the current Compact process in the following order:

1. No path to approval unless standards explicitly allow;
2. Mix and match is complicated;
3. Lengthy process for advancing standards provisions; and
4. Lack of reviewer flexibility.

The attendees ranked the following things for the Compact to do more of in the following order:

1. Review options for benefits outside standards;
2. Quicker turnaround on developing standards;
3. Display state requirements; and
4. Expand mix and match.

The attendees ranked the following questions that the Compact member should be asking to get feedback on enhancements in the following order:

1. What can be done to accelerate standards development to keep up with product development?
2. What can be done to leverage artificial intelligence in reviewing Compact filings?
3. What extent can the Insurance Compact leverage artificial intelligence?
4. What can be done to get more states in the Compact?

Several groups discussed having a process for the Compact Office to work with member states to review products / features that are outside the standards. It may be helpful to start with a Uniform Standard or type of product where flexibility or scope issues arise. A pilot could be conducted with a handful of states or states from each zone. The results of this process could look at ways to build more flexibility into the standards. Some states indicated they would welcome advisory services from the Compact Office on product review.

Companies expressed a lack of understanding of where to find filer resources including filing guidance, applicable state-specific requirements, and contact information. Some attendees indicated they wanted more understanding of the Uniform Standards development process. Companies wanted the ability to have conversations with the Compact team rather than mainly communicating in writing during the pre-filing communication process or within correspondence in SERFF. Companies suggested it would be helpful for member states and the companies for the Compact Office to maintain and publish state-specific requirements that are applicable for Compact products.

Some tables discussed the need to keep states – both regulators and legislators – engaged and informed about the purposes of the Compact. The collaborative and efficient nature of this state-based organization should be emphasized. Most agreed it would likely be time-consuming and very difficult to amend the Compact to expand the product lines under its approval authority. The enabling legislation should be reviewed to explore a process to review innovative products within a set of parameters and in accordance with its delegated authority.

There was discussion about the follow-up from the Colorado Supreme Court opinion and the adoption of the Position Statement 2022-1. There was general recognition that the Uniform Standards are more comprehensive and detailed in terms of requirements and protections when compared to state laws. Some suggested doing more to rely upon implied congressional consent to address state conflicts between a state law and provision in a Uniform Standard. Others

suggested working with states to harmonize conflicts between state laws and Uniform Standards. Others suggested providing for some variation in the Uniform Standards to deal with state law deviations.

The topic of mix and match was discussed with some tables wondering if a list could be developed for purposes of standards development based on the types of forms being filed with states for use, or mix and match, with Compact forms. At least one table explored whether states and companies could work together to phase out certain parts of mix and match like reliance on older legacy forms. There was general agreement some form of mix and match was necessary given the pace of Uniform Standards development and their current inflexibility to emerging trends in the marketplace. There was general agreement mix and match is a source of frustration for both states and filers and in need of better guidance and process.

The use of artificial intelligence was discussed in terms of facilitating reviewers in reviewing Compact products for compliance with the Uniform Standards. Artificial intelligence was raised as a way to develop an initial draft of Uniform Standards by pooling models and state laws and requirements together.

## BREAKOUT 2 TOPICS AND DISCUSSION

### DISCUSSION QUESTIONS

- When you make a decision not to file with the Compact, what are the reasons for the decision?
- What products do you wish you could file through the Compact but cannot today?

A live poll survey was conducted to rank the most common responses to the advanced industry survey.

The results of the survey gave the following reasons for a company's decision to not file with the Compact:

1. No applicable Uniform Standard for the product or benefit feature.
2. State has opted out of applicable Uniform Standard.
3. Mix and match restrictions in certain Uniform Standard(s).
4. Uniform Standards are too restrictive or too exacting to allow for either risk mitigation or product differentiation.
5. More flexibility filing through states.

The attendees ranked these products that they wish they could file through the Compact but cannot today in the following order:

1. Value-added non-insurance benefits;
2. Associated administrative forms (adverse underwriting, illustrations, etc.);
3. Incidental/ancillary insurance benefits;
4. Index-linked variable life insurance products; and,
5. Life and annuity advertising.

The leading response among attendees for not filing with the Compact was the absence of Uniform Standards. The company attendees expressed the strong preference to file with the Compact when there is an available Uniform Standard. The examples of no Uniform Standards to accommodate registered index linked annuities (commonly known as index linked variable annuities) and non-employer group products were cited. As an extension, the lack of flexibility both in the Uniform Standards and in the scope of review by the Compact Office causes companies to file state-by-state.

Another reason offered for not filing with the Compact is that the Uniform Standards are too restrictive or do not align with the product design. An example discussed is that some companies file certain annuities state-by-state as most states allow higher surrender charge than permitted under the applicable Uniform Standard. Some attendees acknowledged that engaging in pre-filing communications with the Compact may help to find a path for filing a product.

There was general agreement more education and information sharing is needed with regards to the Uniform Standards development process and its dynamics. Some discussed a process or forum for collaboration among states, industry and consumers to understand emerging product trends to identify needs for new or amended standards. Another suggestion was when a Uniform Standard for a specific product design does not exist, the Compact could be allowed to use provisions from

other adopted Uniform Standards to review. The example was using applicable annuity Uniform Standards to review a guaranteed minimum accumulation benefit feature for life products.

There were many ideas for Uniform Standards for more products and product lines. Some attendees were not aware of the new process for annual identification and prioritization of new Uniform Standards development and suggested more outreach on the benefit of this process.

Among suggestions for Uniform Standards discussed during the Roundtable were:

- Paid family leave benefits in the disability income product line;
- Value added non-insurance benefits across all product lines;
- Incidental insurance benefits across all product lines;
- Accidental Death and Dismemberment (standalone) in the life product line;
- Advertising for life and annuity products;
- Group supplemental products (hospital indemnity, critical illness, etc.);
- Group variable and non-variable universal life; and
- Contingent deferred annuities.

## BREAKOUT 3 TOPICS AND DISCUSSION

### DISCUSSION QUESTIONS

- What is the one concept you suggest the Adjunct Service Committee should pilot in 2024?
- If the Compact were to develop a product innovation review office or process, what characteristics should it include?

A live poll survey was conducted to rank the most common responses to the advanced industry survey.

The attendees ranked these concepts as suggestions for the Adjunct Services Committee to pilot in 2024:

1. Greenlight flexibility in reviewing innovative products;
2. Accelerated process for new or revised standards;
3. Provide guidance from states to Compact filers on applicable state laws;
4. Improve mix and match communications with states; and
5. Advisory reviews for fixed indemnity supplemental health.

The attendees ranked these characteristics as ones to be included in the development of a product innovation office in the following order:

1. States opt in for collaborative environment and hear from companies;
2. Basic guardrails for consumers used by regulators;
3. Defined turnaround time;
4. Incorporate discussion with the entity making the proposal;
5. Study what is filed in states; and
6. Ascertain the needs for the product.

There was discussion that the Compact could be used by states to centralize review of innovative products that would be submitted to multiple states. Compact resources could facilitate the advisory review with oversight of the states. A key aspect of this process is the involvement of the states to ensure the Compact is not overstepping its delegation of authority. However, there was general agreement that standards development process is too slow for the pace of product development.

Some groups discussed the challenges of full state participation in an innovation review office or process. If the Compact were to provide provisional approval until a Uniform Standard was developed, there would be risks for companies as states could eventually decline to accept. Some groups emphasized the need for a Compact process to result in a recommendation to the states and not final approval. Participating states could commit to streamlined final review and disposition.

Most agreed any process that is developed should include all member states. The Compact could maintain a subject matter expert list to employ in the review process. Some suggested the Compact, possibly the Adjunct Services Committee, could serve as a clearinghouse of ideas among all states, and even develop a list of deviations for states. An idea was raised that a pilot could involve a consultative process with states when features deviate with the Uniform Standards. A group suggested starting with a product design within the Compact's "wheelhouse" that may marginally deviate from the Uniform Standards.

The discussion among the breakout groups had similar themes as described above. For instance, the Compact performs an advisory review with each state to give final approval. These reviews can then be used for Uniform Standards development. Considerations include competitiveness, consistency in review and a uniform review methodology. Some groups suggested including a method for consumer participation.

When speaking about an innovation office, a key purpose would be to identify significant challenges to creating a product and its viability. A group likened it to a think tank for product innovation. Another group suggested the Compact act as a facilitator between regulators and companies. Others described it as a regulatory sandbox where states opt in at beginning or upon the end result. A sandbox could focus on products where there are no standards perhaps those scenarios where companies use mix and match. It would focus on consumer protection and benefits as well as risk mitigation.

Other ideas for pilot projects included: 1) appeals process for current Compact decisions; 2) provide more information to and seek feedback from regulators during the pre-filing communication process; 3) provide an accessible process to dialogue with the Compact on its filing reviews; 4) review of paid family medical leave in disability income; 5) review of associated forms; 6) review of life and annuities advertising.

#### GROUP DISCUSSION

During the group discussion, the content of the breakout sessions was summarized. The group agreed the Compact, working with the Adjunct Services Committee, should conduct a pilot to work with willing states to review a design that is commonly not permitted because of the scope of a particular Uniform Standard. This pilot should demonstrate the process; the level of state participation; the level of subject matter expertise required; the use of artificial intelligence, if applicable; and other considerations (confidentiality, turnaround expectations, and consistency).

Commissioner Birrane concluded the Roundtable.





## **Insurance Compact Roundtable Washington, D.C.**

**Wednesday, May 15, 2024  
2 pm - 5 pm ET  
1101 K Street, NW  
Lower Lobby – Level B1**

**Check-in and Light Refreshments starts at 1:30 pm**

**Welcome Remarks and Meet and Greet (2:00 – 2:15)**

Welcome to the Roundtable – Maryland Commissioner Kathleen A. Birrane, Compact Chair

Work of the Adjunct Services Committee – Arizona CEO Barbara Richardson, ASC Chair

Compact Update and Session Overview – Karen Schutter, Compact Executive Director

**Breakout Session 1 (2:15 – 3:00)**

- A. Overview of Results of Advanced Industry Survey Questions (responses due May 10<sup>th</sup>):
- What is the most significant or common frustration(s) with the current Compact process?
  - What do you want the Compact to do more of?
  - What questions should we be asking to get feedback on enhancements to the Compact?
- B. Discuss Questions and Results in Breakout
- C. Develop 3 Takeaways to Share in General Session

**Breakout Session 2 (3:00 – 3:30)**

- A. Overview of Compilation of Results of Advanced Industry Survey Questions (responses due May 10<sup>th</sup>):
- When you make a decision not to file with the Compact, what are the reasons for the decision?
  - What products do you wish you could file through the Compact but cannot today?

- B. Discuss Questions and Results in Breakout
- C. Develop up to 3 Takeaways to Share in General Session

**Break (3:30 – 3:45)**

**Breakout Session 3 (3:45 – 4:30)**

- A. Overview of Results of Advanced Industry Survey Questions (responses due May 10<sup>th</sup>)
  - What is the one concept you suggest the Adjunct Service Committee should pilot in 2024?
  - If the Compact were to develop a product innovation review office or process, what characteristics should it include?
- B. Discuss Questions and Results in Breakout
- C. Develop up to 3 Takeaways to Share in General Session

**General Session (4:30 – 5:00)**

- A. Share Breakout Group Takeaways
- B. Discuss Next Steps



## Insurance Compact Roundtable Washington, D.C.

Wednesday, May 15  
2pm- 5pm ET

### Attendee List

#### COMMISSIONERS AND REGULATORS

Arizona	Cabinet Executive Officer Barbara Richardson
Delaware	Jessica Luff, Deputy Director, Consumer Services & Investigations
District of Columbia	Howard Liebers, Supervisory Insurance Examiner
Idaho	Director Dean Cameron Shannon Hohl, Market Oversight Bureau Chief
Iowa	Andria Seip, Senior Health Policy Specialist
Maryland	Commissioner Kathleen Birrane Nour Benchaaboun, Director - Life, Annuity & Credit Reviews
Massachusetts	Acting Commissioner Rachel Davison
Missouri	Jo LeDuc, Director, Insurance Market Regulation Division
Nebraska	Director Eric Dunning
New Jersey	Acting Commissioner Justin Zimmerman
North Dakota	Commissioner Jon Godfread
Ohio	Director Judith French Daniel Bradford, Assistant General Counsel
Pennsylvania	Shannen Logue, Deputy Insurance Commissioner
Rhode Island	Director Elizabeth Kelleher Dwyer Matthew Gendron, General Counsel
Virginia	Commissioner Scott White Mary Ashby Brown, Attorney
Vermont	Emily Brown, Deputy Commissioner of Insurance
Wisconsin	Commissioner Nathan Houdek Rebecca Easland, Deputy Commissioner Timothy Cornelius, Deputy Chief Legal Counsel
Wyoming	Commissioner Jeff Rude

## **STATE LEGISLATORS**

Kentucky	Representative Rachel Roberts
NCOIL	Tom Considine

## **CONSUMER ADVISORY COMMITTEE**

Dick Weber, Life Insurance Consumer Advocacy Center (LICAC)

Brendan Bridgeland, Policy Director and Staff Attorney, Center for Insurance Research

Jane Cline, Former Insurance Commissioner, Retired

## **INDUSTRY ASSOCIATION REPRESENTATIVES**

AHIP	Amanda Herrington, Executive Director
ACLI	Wayne Mehlman, Senior Counsel
NAIFA	Roger Moore, Policy Director

## **COMPANY REPRESENTATIVES**

5 Star Life Insurance Company	Rita Klein, Compliance Manager
Brighthouse Financial	Norah Jones, AVP, Government Relations
Corebridge Financial	Ted Kennedy, Head State Government Affairs
Equitable	David Miceli, Director, Life Policy Forms and Compliance
Genworth	Robin Bennis, Senior Compliance Manager and Ombudsperson Warren Jaffe, Government and Industry Relations
Group 1001	Sarah Huffer, Director, Insurance Products & State Filings
Guardian Life Insurance Company	Peter J. Diggins, Head of Life and Annuity Filing
John Hancock	Amanda Weaver, AVP, Government Relations
MassMutual	Mike Goodwine, Lead Government Relations Advisor Eric Weinstein, Lead Government Relations Advisor
New York Life Insurance Company	Christine Galamb, Corporate Vice President Joseph Muratore, Associate General Counsel
Northwestern Mutual Life Insurance Company	Angela Schaaf, Assistant Director of Product Compliance
Protective Life Insurance Company	Beth Folts, Lead Associate, Compliance
Prudential Financial, Inc.	Tony Pereira, Director, Contracts

	Kyle Smith, Director, Government Affairs
Transamerica	Bill Schwegler, Senior Director, Financial Policy, Government & Policy Affairs
The Union Labor Life Insurance Company	Thomas Meagher, Policy Development Analyst
UNUM group	Matt Fuss, Assistant Vice President – Legal Counsel

**COMPACT STAFF**

Karen Schutter, Executive Director

Becky McElduff, Director of Product Operations & Counsel

Sara Dubsky, Assistant Director of Administrative Operations

Ed Charbonnier, Product Reviewer III

Rachael Morisseau, Project Coordinator

**NAIC STAFF**

Gary Anderson, CEO

Jeff Johnston, Chief Regulatory Affairs Officer



# 2024 D.C. Roundtable

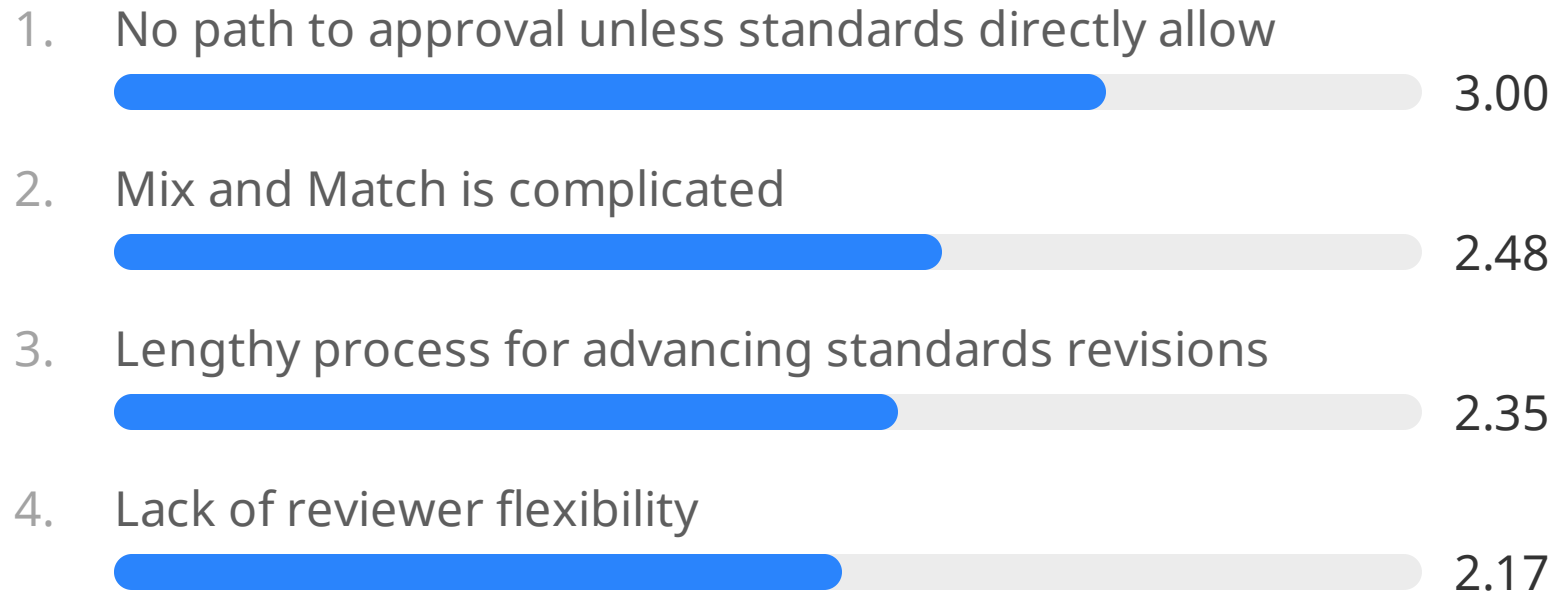
15 - 16 May 2024

Poll results

## Table of contents

- What is the most significant or common frustration(s) with the current Compact process? (Please rank 1-4).
- If you only had one word to describe the Insurance Compact, what would it be?
- What do you want the Compact to do more of? (Please rank 1-4.)
- What questions should we be asking to get feedback on enhancements to the Compact? (Please rank 1-4.)
- What products do you wish you could file through the Compact but cannot today?
- What is the one concept you suggest the Adjunct Service Committee should pilot in 2024? (Please rank 1-5.)
- If the Compact were to develop a product innovation review office or process, what characteristics should it include?

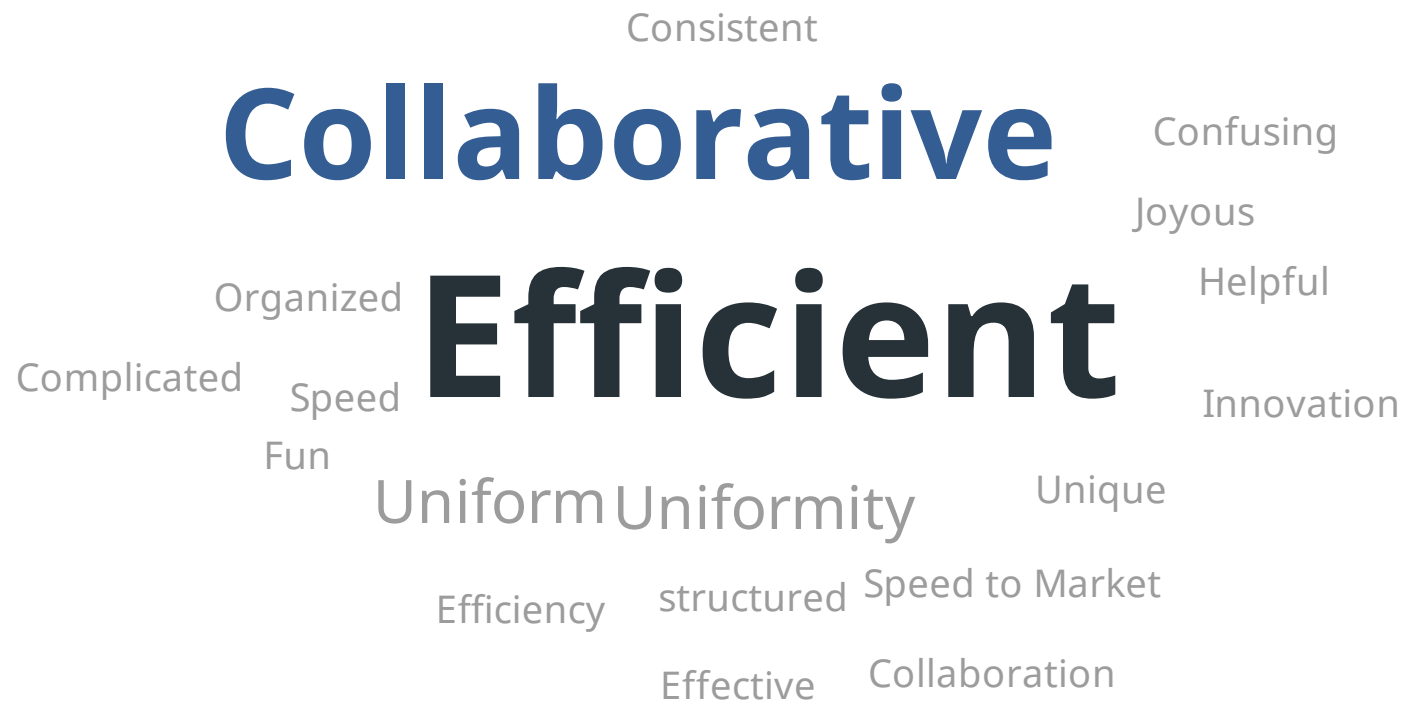
## What is the most significant or common frustration(s) with the current Compact process? (Please rank 1-4).





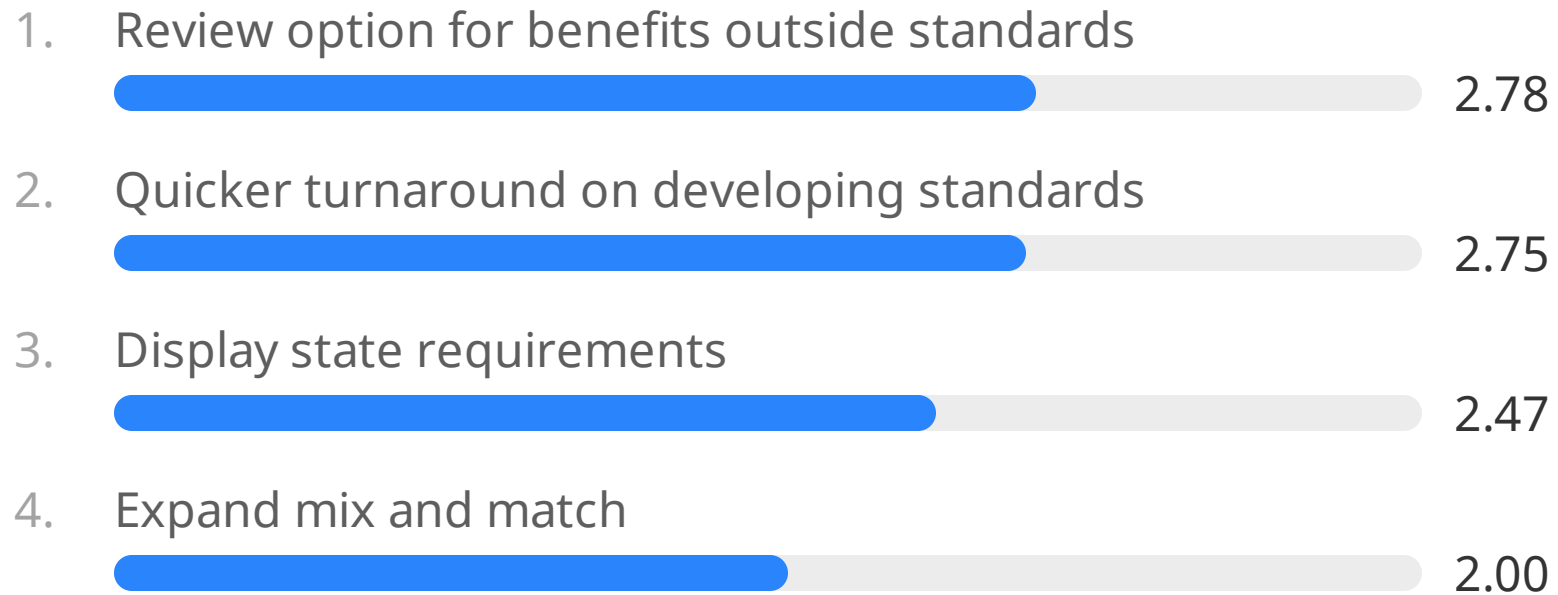
**If you only had one word to describe the Insurance Compact, what would it be?**

0 3 4







## What do you want the Compact to do more of? (Please rank 1-4.)

032



## What questions should we be asking to get feedback on enhancements to the Compact? (Please rank 1-4.)

033

1. What can be done to accelerate standards development to keep up with product development?  
 3.15
2. What can be done to leverage AI in reviewing Compact filings?  
 2.58
3. To what extent can the Insurance Compact leverage AI?  
 2.24
4. What can be done to get more states in the Compact?  
 2.03

## What products do you wish you could file through the Compact but cannot today? (1/2)

New qualifying event triggers for life and annuity benefits

0 %

Life and annuity advertising

6 %

Associated administrative forms (Adverse underwriting, illustrations, etc.)

24 %

Index-linked variable life

12 %

Value added non-insurance benefits

29 %

## What products do you wish you could file through the Compact but cannot today? (2/2)

0 1 7

Incidental/ancillary insurance benefits

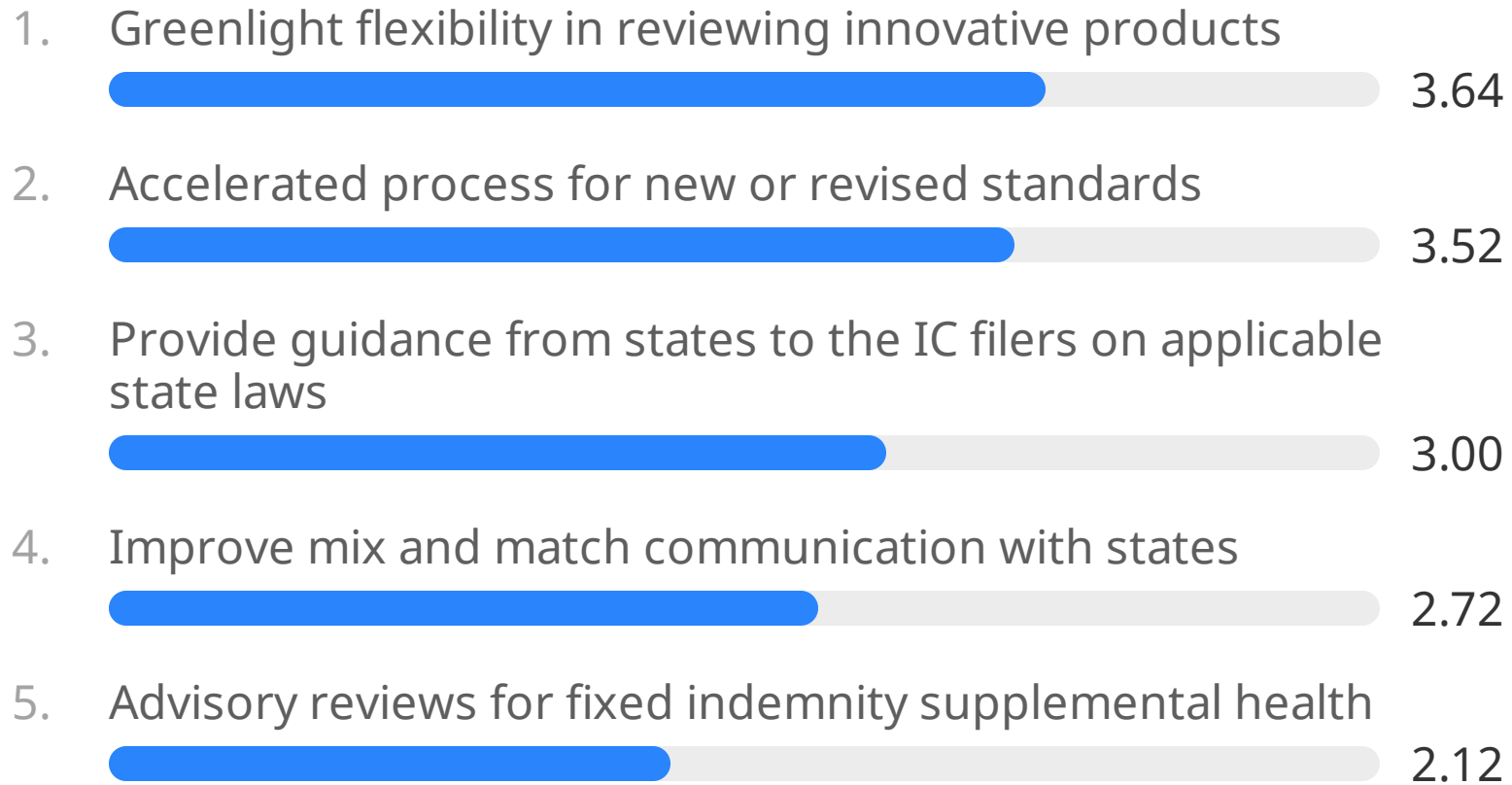


Other



## What is the one concept you suggest the Adjunct Service Committee should pilot in 2024? (Please rank 1-5.)

0 2 5



## If the Compact were to develop a product innovation review office or process, what characteristics should it include?

(1/2)

States opt in for collaborative environment and hear from companies



Basic guardrails for consumers used by regulators



Ascertain needs addressed by product



Study what is filed with states



Incorporate discussion with the entity making the proposal



## If the Compact were to develop a product innovation review office or process, what characteristics should it include?

(2/2)

Robust confidentiality throughout process

0 %

Recognize state regs do not reflect modern consumer needs/lifestyle

0 %

Defined turnaround time

14 %

Other

0 %