



INSURANCE
COMPACT
COMPASS

COMPASS 2.0

SETTING THE STRATEGIC DIRECTION FOR 2025 - 2028

Working Draft dated October 23, 2024



Table of Contents

Executive Summary2

Introduction4

First Strategic Plan Accomplishments.....5

Strategic Planning Process Overview8

Priority I: Uniform Standards States Support and Companies Willingly Use..9

 Priority I: Action Items9

Priority II: Nationally Recognized Regulatory Review Process.....12

 Priority II: Action Items.....13

Priority III: Resource for Compacting States, Regulated Entities and Consumers.....15

 Priority III: Action Items16

Conclusion18

DRAFT

EXECUTIVE SUMMARY

It has been five years since the Interstate Insurance Product Regulation Commission (Commission) set course on its first formal strategic plan, *Insurance Compact Compass: Strategic Plan 2020 - 2022 (Compass)*. The *Compass* centered on three key priorities:

- ⊗ Uniform standards states support and companies willingly use;
- ⊗ Nationally recognized regulatory review process; and,
- ⊗ Resource for Compacting States, regulated entities and consumers.

The Commission has fulfilled the objectives and goals set within the *Compass* and is ready to chart its route for the next three years and beyond. The *Compass* was focused on strengthening the organization's governance, communications, processes, and financial, and operational health. The *Insurance Compact Compass 2.0 (Compass 2.0)* will utilize the three overarching priorities listed above, to plot its action items for the next voyage of its strategic journey.

The *Compass* objectives remain constant as the Commission develops strategic action items for *Compass 2.0*. Uniform Standards are robust, responsive, and reasonable and deliver strong consumer protection. Its regulatory review process is responsive and reliable and fosters regulatory collaboration. As a resource, it is perceived as responsible, respected and ready.

Compass 2.0 identifies 26 member-driven strategic action items to guide the work of the Commission and its Compact Office over the next three years and beyond. This new strategic plan visits the accomplishments under the previous plan and overviews the process for wide input from members, regulators, state legislators, consumer representatives, and industry/company representatives.

These detailed action items are positioned under the ballast of their priorities and objectives. They are balanced and centered on fulfilling the Insurance Compact mission and purposes for and on behalf of its 48 Compacting States.

DRAFT

INTRODUCTION

The Interstate Insurance Product Regulation Commission (Commission) is setting its coordinates for the next three-year phase of the Insurance Compact's strategic journey. In December 2019, the Commission adopted its first formal strategic plan, *The Insurance Compact Compass (Compass)*. This initial plan proved a vital map to navigate uncharted waters including an impactful court opinion, repeal by a member state, and the need for emergency rulemaking -- all in the wake of a global pandemic and pressing societal and public policy issues affecting insurance regulation.

The priorities set forth in the first formal strategic plan kept the Commission pointed true north and focused on completion of its strategic action items. The *Compass* action items were aimed at fortifying key areas of the Insurance Compact including governance, processes, outreach, and operations. Through this multi-year effort, the Commission bolstered member-level engagement and ensured the Insurance Compact is strong, healthy, and viable for years to come.

The Commission has reaffirmed these priorities along with its associated objectives to use in refining, improving, and expanding the Insurance Compact's course-plotting route for the next three years and beyond. With respect to *Compass 2.0*, the tactical planning to identify specific action items to execute these strategic initiatives began in 2023 with member and stakeholder interviews.

The Compact roundtables have served as a barometer to forecast the current and future needs that the Insurance Compact can rise up to meet. With the successful implementation of the first strategic plan, the guidance from Compacting States, and the feedback from state legislators, consumer representatives, and industry/company representatives, the Commission is ready to launch a new strategic plan for the future.

FIRST STRATEGIC PLAN ACCOMPLISHMENTS

In December 2019, the Commission adopted the *Compass*, a member-driven strategic plan, organized by three overarching priorities supported by nine objectives and 28 detailed action items.

The Commission set sail on its strategic expedition as the moorings of society shifted with the wave of a global pandemic colliding with a tide of racial and civil unrest. During this time, the Insurance Compact experienced a rip current, as the Colorado Supreme Court issued an opinion that without congressional consent, its state constitution did not permit a provision in a Uniform Standard to conflict with a state law regarding the length of a suicide exclusion period. Fortuitously, the *Compass* proved a beacon in weathering stormy conditions.

The Commission undertook two key strategic projects in 2020 that involved outside independent reviews of key aspects of the organization. The governance review focused on the review of good governance practices, compact law issues, and the organization's tax-exempt status. The separate business assessment centered on the review of the organization's business model, financial management, member and customer support, and its internal operations. Both assessments included member and stakeholder outreach and both concluded the organization was healthy and viewed as satisfactorily fulfilling its mission. Both recommended process improvements and best practices which have served as a roadmap for strengthened governance, financial resilience, and operational efficiency.

The timing of these independent reviews coincided with the Colorado Supreme Court opinion issued in April 2020 on the delegation of authority to the Insurance Compact. These reviews concluded that first, the Insurance Compact has congressional consent; and, second, the Insurance Compact has wide recognition

from regulators, state legislators, and industry of its vital role for Compacting States and insurance product regulation. In 2022, the Commission adopted its first-ever position statement formally recognizing the Insurance Compact received implied congressional consent in 2006, a position which was not presented to or considered by the Colorado Supreme Court.

These pivotal projects braced the Insurance Compact to address this legal challenge as well as other headwinds. They not only buoyed the organization but launched successful completion of the action items within the first *Compass* strategic plan:

- ⊗ Restructured the repayment of debt with the NAIC.
- ⊗ Created a Governance Committee, adopted good governance practices, amended Bylaws, and developed governance training.
- ⊗ Opened committee drafting calls to all Compacting State regulators.
- ⊗ Published call summaries of both regulator-only and public calls.
- ⊗ Improved meeting materials, e.g., annotated and consent agendas, briefing sheets, and call summaries.
- ⊗ Conducted focus groups of Compacting State regulators, filers, consumers, and legislative representatives; issued report outlining information needs.
- ⊗ Launched a redesigned website.
- ⊗ Implemented a comprehensive professional development program including new employee orientation, cross-training, professional development, and succession planning.
- ⊗ Implemented annual identification and prioritization and guidelines for Uniform Standards development.
- ⊗ Adopted an Operating Procedure for the use of Compact-approved products for other than employer groups.

- ⊗ Enhanced member communications including monthly newsletter, value of services report, preview calls with states to prepare for Commission meetings, and new communication and outreach coordinator.
- ⊗ Implemented Compact roundtables to have wide engagement on issues and continuous improvements regarding the organization and its activities.
- ⊗ Implemented an expedited review service.
- ⊗ Created Adjunct Services Committee to explore other services Insurance Compact can provide to member states.
- ⊗ Embarked on SERFF modernization project using Insurance Compact platform as the first launch.

During this strategic plan period, the Commission welcomed Delaware, North Dakota, and South Dakota on board the Insurance Compact. The Commission also worked with South Carolina when it decided to repeal its membership in 2022. In many respects, the work with these new members and outgoing member hoisted the collective yet autonomous nature of the organization into the spotlight and emphasized the important work of the Insurance Compact for Compacting States and their marketplaces.

STRATEGIC PLANNING PROCESS OVERVIEW

In 2023, the Compact Office, at the request of the Compact Officers, interviewed Commissioners and designated representatives in Compacting States to assess the completion of the *Compass* action items and provide feedback for the next set of strategic goals. The Legislative Committee and the advisory committees provided feedback as well. The consensus was that the strategic plan implementation was a success, especially in the areas of enhanced communication, transparency and committee governance.

The Compact Officers started to host regular in-person Compact roundtables to solicit similar feedback on what the Insurance Compact is doing well and what improvements and opportunities should be sought. The consistent message was that the Insurance Compact has fulfilled its intended purposes and has drastically transformed the nature of how companies file and get products to market more uniformly, efficiently, and quickly.

With the *Compass* in port after its first voyage and this logbook of strategic input, the Commission reaffirmed its three priorities: 1) Uniform standards states support and companies willingly use; 2) Nationally recognized regulatory review process; and, 3) Resource for Compacting States, regulated entities and consumers. These priorities continue to shape the strategic direction of *Compass 2.0*.

The strategic action items presented herein are based on the perspectives and suggestions gathered from this concerted interview process as well as from Compact roundtable discussions.

PRIORITY I: UNIFORM STANDARDS STATES SUPPORT AND COMPANIES WILLINGLY USE

Strategic Synopsis

Uniform Standards that states support and companies willingly use is the core value proposition of the Insurance Compact and its Commission. The primacy of this foundational priority often results in a careful, and sometimes precarious, balancing process. Since 2020, the Insurance Compact has weathered turbulent times where this priority and the objectives, thereunder, have fared well and remained solid.

Colorado's Supreme Court opinion and South Carolina's repeal have highlighted that unyielding and unmitigated uniformity is not the goal of the Insurance Compact. Rather, the Insurance Compact works best for Compacting States, industry, and consumers when the Uniform Standards embrace not only consistent product requirements, but flexibility to respond to consequential state statutory conflicts and shifting needs and demands of insurance consumers.

For *Compass 2.0*, the action items center on refining certain existing programs and creating new processes. The goal is to make it easier for and more responsive to Compacting States and company filers. The desired result is an inclusive, expeditious, and straightforward path to developing, participating in, and using Uniform Standards consistently and efficiently, achieving speed-to-market approval for Compact-approved products.

Priority I: Action Items

The Commission has set forth the following action items to fulfill this priority and its objectives for this strategic plan period:

1. Strengthen policies and processes to address regulatory concerns with mix and match to confirm companies are using this process for legitimate reasons and to prevent the combination of state and Compact forms from being 1) non-compliant if wholly filed with the Insurance Compact or the state; or, 2) used to effectively amend forms approved by the Insurance Compact or the state, respectively.
2. Streamline the five-year review process of Uniform Standards to transparently recommend changes while ensuring ample opportunities for member and public input.
3. Develop an accelerated rulemaking process allowing Compacting States to amend existing Uniform Standards to better respond and adapt to regulatory changes and innovative product development available in the insurance marketplace.
4. Increase development capacity to fulfill requests for new Uniform Standards and updates to existing Uniform Standards by recommending new or realigned processes and approaches as well as possible tools and resources to facilitate multiple development workstreams.
5. Provide more flexibility for state insurance departments to exercise regulatory stays and opt outs to address conflicts between the Uniform Standards and state laws, especially when there is a later change to a model law/regulation, state statute, or Uniform Standard causing a conflict to arise.

6. Expand the applicability and types of Uniform Standards to apply to more parts of the regulatory review and approval process for Compact-authorized products including advertisements, point-of-sale disclosures, and administrative forms and processes.
7. Recommend options for common or consequential variations between Uniform Standards and applicable state statute where a Compacting State may petition to accommodate a statutory conflict within the Uniform Standards while keeping as much uniformity as possible.

DRAFT

PRIORITY II: NATIONALLY RECOGNIZED REGULATORY REVIEW PROCESS

Strategic Synopsis

The Insurance Compact's number one job is supporting state insurance regulators to protect consumers and ensure fair, competitive marketplaces. In this pursuit, the Commission has firmly established a nationally recognized regulatory review process. This priority encompasses both maintaining this important standing and leveraging what has been built.

Two key strategic deliverables in 2020 – the independent governance review and independent business assessment – led to vast improvements in the organization's committee, operational, and business processes. These improvements revealed the approachable, accessible, and transparent nature of the organization.

The Insurance Compact has always focused on reliably and responsively providing outstanding member service to Compacting States, exceptional customer service to company filers, and productive engagement with all stakeholders. Implementation of the *Compass* action items buttressed the standing and awareness of the Insurance Compact's regulatory experience, knowledge, and professionalism in performing its mission and purposes on behalf of Compacting States. This regulatory expertise is applied not only to assist in the development of Uniform Standards, but most markedly, in the consistent, impartial, and dependable application of these Uniform Standards.

For *Compass 2.0*, the action items focus on providing more services and efficiencies for Compacting States and their regulated entities. The regulatory expertise developed through the Insurance Compact's recognized standing has given wind to its sails that combine deep product knowledge with flexibility to quickly deploy new and improved services. The direction is to make further improvements to this process

and explore more opportunities for collaboration and economies of scale. The desired result is to make state-based product regulation even stronger and more efficient and consistent across Compacting States.

Priority II: Action Items

The Commission has set forth the following action items to fulfill this priority and objectives for this strategic plan period.

1. Create written procedures for filers to appeal product filing decisions including a level of review by a body of Compacting State regulators that provides a path for filers to challenge how the Uniform Standards and Operating Procedures are applied to product filings.
2. Complete the implementation of the Commission-adopted framework for the approval of group products for use by non-employer groups (i.e., other than employer groups) to enable a streamlined process for Compacting States and company filers that preserves compliance with applicable state filing and eligibility requirements.
3. Recommend a pilot process to implement new and enhanced services for Compacting States and their regulated entities that simplifies the multiple-state review and approval of products within the Compact-authorized product lines but outside the scope of the Uniform Standards.
4. Develop a center for product innovation that allows companies to leverage the Compact's product and actuarial expertise and incubate novel products and benefit features within the Compact's authorized product lines.

5. Create a simplified review process for forms that comply with a standard form template that the Insurance Compact deems consistent with the Uniform Standards.
6. Implement NAIC SERFF Appian for the Compact filing instance to employ superior tools and functionality for the submission, review, and approval of product filing submissions, explore the use of artificial intelligence to enhance filing compliance, and improve transparency and reporting for Compacting States.
7. Assess options for periodic audits or other peer reviews of Compact-approved product filings across product and filing types and companies to validate consistent, thorough, and quality reviews for compliance with the applicable Uniform Standards.
8. Conduct surveys to gather feedback and develop written filing guidance to clarify, where needed, the Insurance Compact's filing processes and procedures, including the application of Uniform Standards, and provisions therein, in the review of product filings.
9. Conduct surveys to gather feedback and develop a plan of action to modernize the statement of intent schedule in SERFF for better ease of use when inputting state form or filing information.
10. Carry out the comprehensive employee professional development program to ensure training in current best practices, development in respective professional fields, and ongoing succession planning.

PRIORITY III: RESOURCE FOR COMPACTING STATES, REGULATED ENTITIES AND CONSUMERS

Strategic Synopsis

The Insurance Compact is relied upon as a prominent resource for the content and requirements of products within its authorized lines. It strives to provide timely and trustworthy information and services to its Compacting States, company filers, and stakeholders. This priority focuses on utilizing the Insurance Compact's expertise and knowledge to provide training, reporting, tools, and opportunities for regulators, legislators, industry and consumer representatives, and company filers.

Over the last four years, the Insurance Compact has beefed up its communication and outreach efforts by creating an annual value of services report for each Compacting State, a monthly member newsletter, and a shared site for regulator-only information. It also solicited wide feedback that led to a redesign of its website making it easier to navigate and find relevant information.

The creation of twice-yearly Compact roundtables has been transformative in terms of honing the strategic direction for the Insurance Compact. The roundtables facilitate member dialogue not only with industry and company filers but with state legislators and consumer representatives in a face-to-face setting apart from the busy rulemaking schedule of a Commission meeting. The roundtables have explored the ability to capitalize on the resources and foundation of the Insurance Compact to do more.

For *Compass 2.0*, the action items focus on building education and training programs for Compacting States and filing companies in areas within the Insurance Compact's expertise. In addition, it is strategically important to the Commission to create pipelines to receive and share information about Insurance Compact activities. The desired result is to be a resource well known and respected for its openness, collaboration, responsiveness, and credibility.

Priority III: Action Items

The Commission has set forth the following action items to fulfill this priority and its objectives for this strategic plan period.

1. Enrich awareness of the Insurance Compact's capabilities through written materials and collaborative outreach with Compacting State regulators to expand their understanding of the role and relationship of the Insurance Compact and its mission within the broader spectrum of insurance regulation.
2. Develop and deliver training content for Compacting States and industry representatives on various aspects of insurance products and benefit features within the Insurance Compact's authorized product lines.
3. Explore partnership opportunities with the NAIC's designation program to provide, complement, or supplement curricula for regulators performing rate and form filing functions.
4. Conduct regular Compact roundtables of members, state legislators, and consumer and industry/company representatives to discuss continuous improvements, emerging products, and regulatory trends, and new opportunities for product regulation efficiencies.
5. Provide information, including periodic reports, to Compacting States regarding the pre-filing communications, filing review, and post-disposition activities of the Insurance Compact's product review operations and develop a method to exchange information from and between Compacting States on

state filings used with Compact-approved forms or state forms that could be filed within the adopted Uniform Standards.

6. Work cooperatively with national state government organizations and other state entities to provide regular updates, issue briefs, and other requested communications of the Insurance Compact at its meetings or through other forms of targeted communication.
7. Provide Compacting States access to a simple, unified electronic platform to access member-only content to communicate the Insurance Compact's regulatory activities and maintain timely, useful and easy-to-find information on the Insurance Compact's public website.
8. Work with the members of the Consumer Advisory Committee and interested consumer representatives to provide consumer-oriented material and website information to assist consumers of Compact-approved products in understanding the Insurance Compact and its role on behalf of Compacting States.
9. Survey filing companies to identify additional guidance or tools that the Insurance Compact could provide to ensure better compliance with Uniform Standards and filing requirements and report the findings and possible recommendations for suggested changes in processes, SERFF functionality, or Uniform Standards, as applicable.

CONCLUSION

Compass 2.0 serves as a member-driven strategic plan to follow over the next three years or more. At the helm, the Commission will work with its members, staff and stakeholders to pilot the Insurance Compact to stay its course. As it experienced with its first strategic plan, the Commission may face unexpected, choppy waters amid anticipated smooth sailing conditions. The good news is that the priorities, and action items within this plan further strengthen this collective initiative and organization.

Compass 2.0 launches from the well-built Insurance Compact platform. It offers expert and expanded services to Compacting States. It takes advantage of the deep-rooted product and actuarial expertise and the centralized, collaborative nature of the organization. It shores up meaningful and realistic uniformity, efficiency, and speed-to-market for the industry. It inspires further transparency, streamlined processes, and added services, tools, and technology. Most importantly, *Compass 2.0* is anchored on one of the core purpose of the Insurance Compact: to promote and protect the interest of consumers of the Compact-authorized product lines.