



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

**Friday, August 2, 2019**

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

**New York, NY**

1. Roll Call
2. Management Committee Consideration of Approval of Proposed Amendments to *RAUS 2019-1: Additional Standards for Overloan Protection Benefits*
3. Commission Consideration of Adoption of Amendments to *RAUS 2019-1: Additional Standards for Overloan Protection Benefits* as Approved by the Management Committee
4. Public Hearing on *RNUS 2019-1: Additional Standards for Return of Premium for Individual Disability Income Insurance Policies* and *RNUS 2019-2: Single Premium Group Fixed Annuity Contract Uniform Standards for Employer Groups*
5. 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
6. Report of the Finance Committee and Consideration by the Management Committee to Approve the Report of the Finance Committee
7. Report of the Rulemaking Committee and Consideration by the Management Committee to Approve the Report of the Management Committee
8. Update and Discussion of the Insurance Compact Strategic Planning Initiative
9. Management Committee and Commission Consideration of Adoption of Meeting Minutes of the June 17, 2019 Joint Meeting of the Management Committee and Commission
10. Operational Update
11. Any Other Matters
12. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance Product  
Regulation Commission  
Friday, August 2, 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  
Steve Ostlund as a designated representative for Commissioner Jim L. Ridling, Alabama  
Director Lori K. Wing-Heier, Alaska  
Mayumi Gabor, 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  
Mike Chrysler as a designated representative for Director Robert H. Muriel, Illinois  
Alexandria Peck as a designated representative for Commissioner Stephen W. Robertson, Indiana  
Mihir Nag, Indiana  
Commissioner Doug Ommen, Iowa  
Andria Seip, Iowa  
Malinda Shepherd as a designated representative for Commissioner Nancy G. Atkins, Kentucky  
Commissioner James J. Donelon, Louisiana  
Superintendent Eric A. Cioppa, Maine  
Erica Bailey as a designated representative for Commissioner Al Redmer, Jr., Maryland  
Sheri Cullen, Massachusetts  
Karen Dennis as a designated representative for Director Anita G. Fox, Michigan  
Kristi Bohn as a designated representative for Commissioner Steve Kelley, Minnesota  
Mary Mealer, Missouri  
Ashley Perez as a designated representative for Commissioner Matthew Rosendale, Montana  
Director Bruce R. Ramge, Nebraska  
Commissioner Barbara Richardson, Nevada  
Diana Lavoie, New Hampshire  
Commissioner Marlene Caride, New Jersey  
Philip Gennace, 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  
Tashia Sizemore, Oregon  
TK Keen, Oregon  
Glenda Villamar, Oregon  
Tracie Gray as a designated representative for Commissioner Jessica K. Altman, Pennsylvania  
Matthew Gendron, Rhode Island

Sarah Neil, Rhode Island  
Director Raymond G. Farmer, South Carolina  
Interim Commissioner Carter Lawrence, Tennessee  
Lorrie Brouse, Tennessee  
Doug Danzeiser as a designated representative for Commissioner Kent Sullivan, 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  
Rebecca Rebholz as a designated representative for Commissioner Mark Afable, Wisconsin  
Lisa Brandt, Wisconsin  
Sue Ezalarab, Wisconsin  
Peter Greff as a designated representative for Interim Commissioner Jeff Rude, Wyoming

**Members of the Legislative Committee in Attendance:**

Representative Matt Lehman, Chair, Indiana  
Senator Dan “Blade” Morrish, Vice Chair, Louisiana  
Representative Matt Dollar, Georgia  
Senator Laura Fine, Illinois  
Representative James Dunnigan, Utah

**Members of the Industry Advisory Committee in Attendance:**

Wayne Mehlman, American Council of Life Insurers  
Amanda Matthiesen, America’s Health Insurance Plans  
Chelsea Crucitti, Insured Retirement Institute

**Members of the Consumer Advisory Committee in Attendance:**

Brendan Bridgeland, Center for Insurance Research  
Yvonne Hunter, Consumer Liaison Representative  
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

Mindy Bradford, Product Reviewer  
Lucy Conley-Smoucha, Communications Coordinator  
Katie Campbell, Actuary  
Jeanne Daharsh, Actuary  
Karen Givens, Senior Product Reviewer  
Naomi Kloepersmith, Actuary  
Anne Marie Narcini, Regulatory Consultant  
Maureen Perry, Product Review Consultant

**Interested Parties in Attendance:**

Karen Adler, Guardian Life Insurance Company  
Lindsey Zimmerman, Guardian Life Insurance Company  
Shirley Grossman, Lincoln Heritage Life Insurance Company  
Craig Hopkins, Pacific Life Insurance Company  
Denise Koruba, Penn Mutual Life Insurance Company  
Hugh Barrett, Prudential  
Angela Acker-Fisher, Securian Financial Group  
Jon Brunner, State Farm

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 the members of the Legislative Committee, and Industry and Consumer Advisory Committees who attended in person and on the phone. Representative Lehman delivered brief remarks as the Chair of the Legislative Committee.

Director Froment proceeded to the first agenda item and asked Ms. Schutter to provide an overview of the rulemaking process for the proposed amendments to *RAUS 2019-1: Additional Standards for Overloan Protection Benefits* (RAUS 2019-1). Ms. Schutter stated that the proposed amendments would allow the benefit feature to be used with individual whole life insurance products, in addition to the individual variable or non-variable adjustable life insurance policies to which the Uniform Standards originally applied. Ms. Schutter stated that the Product Standards Committee (PSC) recommended these amendments to the Management Committee on February 25<sup>th</sup> after receiving comments during two public conference calls in 2018 and 2019. Ms. Schutter stated that the public comment period expired on May 13<sup>th</sup> and the Management Committee held a hearing on June 17<sup>th</sup>. No comments were submitted during this time. Ms. Schutter concluded her summary and there were no questions. Director Froment requested a motion from a member of the Management Committee to approve the amendments to RAUS 2019-1. Director Cameron moved and Superintendent Dwyer seconded. There were no further comments or discussion and the motion carried via roll call vote.

Director Froment proceeded to the next agenda item and requested a motion from a member of the Commission to adopt RAUS 2019-1 as approved by the Management Committee. Mr. Ostlund moved and Commissioner Caride seconded. There was no further discussion and the motion carried via roll call vote with none opposed. Director Froment stated that RAUS 2019-1 is expected to become effective for filing mid-November.

Director Froment proceeded to the next agenda item, a public hearing on *RNUS 2019-1: Additional Standards for Return of Premium for Individual Disability Income Insurance Policies* (RNUS 2019-1) and *RNUS 2019-2: Single Premium Group Fixed Annuity Contract Uniform Standards for Employer Groups* (RNUS 2019-2). Director Froment asked Ms. Schutter to provide background information on the proposed amendments.

Ms. Schutter stated that RNUS 2019-1 directly resulted from the Five-Year Review of Individual Disability Income Insurance Uniform Standards undertaken in 2018, in which the Management Committee agreed to adopt the Five-Year Review amendments and continue to work on new Uniform Standards for a new benefit feature that was requested during the Five-Year Review process. Ms. Schutter stated that return of premium riders for disability income insurance have been offered in the marketplace for more than twenty years, although the Insurance Compact has not previously had Uniform Standards for the benefit feature.

Ms. Schutter stated that RNUS 2019-2 is commonly referred to as the Pension Risk Transfer annuity as used by companies to transfer that liability into an annuity. Ms. Schutter reported that RNUS 2019-2 was first exposed in September 2018 and has been discussed during two public calls of the PSC.

Ms. Schutter stated that the PSC began consideration of RNUS 2019-1 and RNUS 2019-2 earlier in 2019, including a public comment period in May, and recommended both proposed Uniform Standards to the Management Committee on June 17<sup>th</sup>. The public comment period for these proposed Uniform Standards expires on August 23<sup>rd</sup>. Ms. Schutter concluded her summary and there were no questions.

Director Froment opened the public hearing on RNUS 2019-1 and RNUS 2019-2. There were no comments from members of the Commission, Legislative Committee, Consumer and Industry Advisory Committees, or from other interested parties. Director Froment concluded the public hearing.

Director Froment proceeded to the next agenda item and asked Ms. Mealer to provide the report and recommendation of the PSC. Ms. Mealer stated that the PSC recommends the Management Committee to commence the rulemaking procedure for the proposed draft *Group Annuity Certificate Uniform Standards for Employer Groups*. Ms. Mealer reported that the draft Uniform Standards are intended to apply to certificates that are used with any group annuity product filed with the Insurance Compact. Ms. Mealer stated the PSC exposed the first draft for public comment in November 2018 and exposed a revised draft in 2019. The PSC held two public calls to receive comments; comments were received and considered from the ACLI and a member state. Ms. Mealer noted that the PSC also discussed a request from insurers to lower the Flesch Score requirement to 40 and concluded that this change would be inconsistent with the other Uniform Standards and with the goal to make insurance documents easier to read. The PSC decided to maintain the minimum Flesch Score of 50. Additionally, the PSC discussed whether to consider the addition of requirements for calculating death benefit proceeds similar to those found in the individual life and annuity Uniform Standards. The PSC determined that these provisions would not be applicable for group annuity certificates following receipt of information from insurance carriers detailing the obligations under ERISA and the Internal Revenue Code for qualified retirement plans.

Ms. Mealer reported that the PSC held a second public call to receive comments on the revised draft of the last of the group annuity Uniform Standards currently under development, the *Uniform Standards for Group Guaranteed Interest Contracts for Non-Variable Annuities*, on July 23<sup>rd</sup>, and will work to finalize the recommendation this month. Ms. Mealer reported that the PSC has also exposed proposed amendments to the *Group Policyholder Application Uniform Standards* which would clarify the Uniform Standards applicability to group annuity products. The PSC plans to hold a public call at the end of the month to hear comment on these proposed amendments.

Ms. Mealer reported that the PSC is continuing work to fill the gaps for certain products and benefits currently in the marketplace, and has exposed first drafts of proposed amendments to the uniform standards for individual life benefit features, *Additional Standards for Waiver of Premium Benefit* and *Additional Standards for Waiver of Monthly Deductions Benefit*, and received comments during a public call on July 23<sup>rd</sup>. Ms. Mealer stated the proposed amendments would include additional benefit triggers, such as the inability to perform activities of daily living and unemployment.

Ms. Mealer reported that the Actuarial Working Group (AWG) is working on possible Uniform Standards for Index-Linked Variable Annuities for recommendation to the PSC, and has requested more detailed information from insurers that currently have these products in the marketplace. Ms. Mealer reminded Commission members and interested parties that PSC and AWG 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 requested a motion from a member of the Management Committee to approve the report and recommendation of the PSC. Commissioner Ommen moved and Mr. Hamby seconded. There were no further comments or 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 summarized Commission financials through the end of June 2019. Director Lindley-Myers reported that the Commission earned \$2,241,628, through the end of June, approximately 14% greater than budgeted revenue and approximately 43% greater than the revenue earned over the same period in 2018. Director Lindley-Myers reported that a record 230 companies have registered, generating \$1,288,350 in Annual Registration Fees, and product filing fee revenues are 47% greater than budgeted. Director Lindley-Myers stated that the Commission earned an additional \$83,250 from Expedited Review filing fees. Director Lindley-Myers reported that the Finance Committee is working on a draft budget to present to the Management Committee at a joint teleconference on September 30<sup>th</sup>. The Finance Committee is not planning on an increase in filing fees in 2020, and does expect to bring forth a proposal for a long-term Expedited Review Program, along with a possible new resource request focused on member communications and coordination. Director Lindley-Myers concluded her report and there were no questions.

Director Froment proceeded to the next agenda item and asked Mr. Beatty to provide the report of the Rulemaking Committee. Mr. Beatty reported that the Rulemaking Committee plans to meet in mid-August to begin discussions on the current meeting process for member-only committee drafting calls, particularly in regard to the PSC and Rulemaking Committee. Mr. Beatty stated that the Rulemaking Committee will be working towards making a recommendation to the Management Committee on potential changes to the current meeting process later this year. Mr. Beatty concluded his 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 and Rulemaking Committees. Commissioner Omen moved and Superintendent Dwyer seconded. The motion carried via voice vote.

Director Froment proceeded to the next agenda item, an update and discussion on the Insurance Compact Strategic Planning initiative. Director Froment reported that the draft *Compact Strategic Planning Framework* was presented to the Commission during the June 17<sup>th</sup> joint meeting and the Officers held a breakfast meeting during the mid-year Commissioners' Conference to receive Commissioner feedback on the proposed draft priorities. Director Froment reported that the feedback received was focused on the details under each priority, including opening drafting calls to all Compacting State regulators, providing more member education and communication, and expanding the Compact for uses where uniformity is the goal. Director Froment reported that the proposed framework was published on the Insurance Compact website and written comments were solicited through the end of July. Comments were received from regulators in Colorado and Pennsylvania, the ACLI, and Jackson National. Director Froment then presented the proposed *Compact Strategic Planning Framework* and solicited comments and feedback on each draft priority, objectives, and action items. There were no comments from Commission members, Legislative Committee, Consumer or Industry Advisory Committee members, or interested parties. Director Froment concluded the discussion and reported that the Strategic Planning Committee will meet soon to expand upon the proposed draft priorities in conjunction with all written comments and feedback

received during the listening phase of the process, with the goal of developing a draft strategic plan by late September or early October.

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 June 17<sup>th</sup> joint meeting of the Management Committee and Commission. Commissioner Ommen moved and Director Cameron seconded. There was no further discussion and the motion carried via voice vote.

Director Froment proceeded to the next agenda item and asked Ms. Schutter to provide an Operational Update. Ms. Schutter reported several recent promotions within the Insurance Compact Office. Becky McElduff was promoted to Director of Product Operations, Sara Dubsky was promoted to Assistant Director of Administrative Operations, Karen Givens was promoted to Senior Product Reviewer and Manager, and Aimee Lawson was promoted to Product Filing Specialist to spend half of her time in product review. Ms. Schutter reported that Insurance Compact Office has retained the two resources budgeted to begin on or after June 1, 2019. Naomi Kloppersmith began on July 22<sup>nd</sup> as the newest actuary with ten years of experience, and Yada Horace will begin on August 19<sup>th</sup> as the newest Product Reviewer.

Ms. Schutter summarized current product filing statistics and stated that product filing volume is heavy, 256 filings ahead of this time last year, with Mix and Match at an all-time low of 28% year to date. Ms. Schutter stated 80 filing submissions have been accepted under the Expedited Review Process Pilot, generating nearly \$95,000 in additional revenue. Ms. Schutter stated that the new resources are expected to allow the Compact to accommodate this process along with the regular queue, which has seen a five-day increase in average review days since the beginning of the year.

Ms. Schutter summarized recent outreach events and announced that the Insurance Compact Office will be conducting a webinar series for Compacting State regulators beginning in September. Ms. Schutter then provided an update on the *Amica v. Wertz* appeal, and stated that the case was appealed to the 10<sup>th</sup> Circuit Court of Appeals and has been fully briefed. Ms. Schutter reported that last week the 10<sup>th</sup> Circuit issued an order certifying this matter to the Colorado Supreme Court. Ms. Schutter reported that the Colorado Supreme Court is expected to respond to the request to certify in the next few weeks. Ms. Schutter stated that the next joint meeting of the Management Committee and Commission would likely be held on September 30<sup>th</sup>, and a meeting of the Management Committee would likely be held on October 28<sup>th</sup>. Ms. Schutter concluded her report and there were no further questions.

Director Froment then provided the Commission members an update on the outstanding line of credit from the NAIC which the Commission used between 2007 and 2012. Director Froment reported that the amount currently equals \$3.4 million and will likely be triggered by either a net positive revenue of \$250,000 or cash balance of \$500,000 to require the Compact to enter payment mode. Director Froment reported that the Compact Officers plan to ask the NAIC Officers and Executive Committee to consider whether the Compact should and is able to service this repayment on top of continuing to grow and fulfill its purpose to states, industry, and consumers, and to explore options available to put the Compact at even or positive in terms of net assets. Director Froment stated that the Insurance Compact Officers will provide regular updates on any developments in these discussions with the NAIC.

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