



SUMMARY OF NEW YORK CITY COMPACT ROUNDTABLE

Prepared by the Compact Office

On July 13th, Commissioners, regulators, state legislators, a consumer representative, company and industry representatives and NAIC and Compact Office staff gathered at the Beekman Hotel in New York City for a three-hour roundtable discussion.¹

Maryland Commissioner Kathleen Birrane, Chair of the Compact Commission, opened the meeting sharing her thoughts on the purpose of the meeting and views of the Compact for states and the industry. She explained the purpose of the session was to have a robust discussion between the policymakers, who are the Commissioners and legislators from the Compacting States, and the companies and industry organizations, who are the regulated entities and users of the Compact, on key aspects of the Compact activities and process.

Commissioner Birrane next turned it over to special guest, New York Superintendent Adrienne Harris. Superintendent Harris welcomed attendees to New York. She provided an overview of the defining issues for the New York Department of Financial Services and her views on the regulatory landscape.

Commissioner Birrane shared her view of the Compact as bringing states together to share limited resources in the development of strong standards that states can embrace, and companies can use to get their product approved expeditiously and proficiently in one stop.

Indiana Representative Matt Lehman, Chair of the Compact Legislative Committee and Immediate Past Chair of NCOIL, shared his perspectives on the essential role the Compact, as an arm of each state, plays in achieving efficiencies in state regulatory processes, not only to save time and money for state departments and budgets, but to make it more straightforward for companies to do business across state lines.

Representatives from Pacific Life Insurance Company, Jennifer Webb, Associate General Counsel and Head of State Government Affairs and Michael Hitchcock, Director of Retail Product Compliance, provided a filing company's perspective on the Compact. Ms. Webb explained how the uniformity and one-stop filing platform of the Compact has transformed their product development model to the benefit of consumers. Mr. Hitchcock commented on the efficiencies of working with the Compact Office in terms of the tools they provide to filers and their willingness to work with the company to get their filing to approval.

¹ The Compact Roundtable agenda and attendees are attached.

The attendees had discussion among the members at their table on questions focused on “Where is the Compact Now.” After this breakout discussion, a spokesperson at each table shared key takeaways.

The next breakout discussion among the members was about “Where is the Compact in the Future,” specifically, what is the next bold idea for the Compact. A spokesperson at each table shared their table’s ideas.

Commissioner Birrane then facilitated a more detailed discussion among all attendees on key themes from the breakout discussions.

Commissioner Birrane wrapped up the session and thanked the attendees for their participation.

What follows is a general summary of the discussion, with Appendix A outlining more detailed suggestions and examples as well as follow-up ideas and suggestions sent to the Compact Office by attendees after the Compact Roundtable:

One of the discussion questions was, has the Compact fulfilled its purpose? The consensus was yes: it has changed the way companies file their insurance products, allowing them to come to market more quickly, and it has allowed member states to more effectively allocate their resources.

Another point of discussion was two-fold: what does the Compact do well, and what can be improved? Participants agreed the Compact approves filings in a timely manner and utilizes its actuarial resources quite well, while acknowledging it struggles with integrating innovative product features into the Uniform Standard development process and adopting Uniform Standards in a timely manner. Company representatives identified expanded variability in product filings and expanding the types of products eligible for expedited review as other ways in which the Compact can improve.

Uniformity was a key point of discussion. Company representatives expressed concern over the allowance of state variations, likening it to “death of uniformity by a thousand cuts.” State insurance commissioners, on the other hand, expressed a need to be flexible to maintain the balance of being a member of the Compact and adherence to their own state statutes, when necessary. Defining “meaningful” when identifying the differences between Uniform Standards and state laws is a goal all respondents would like to achieve, as well as creating as much consistency as possible amidst accommodating optionality as necessary.

Other ideas were discussed, such as creating a consulting service where states could utilize the Compact for pre-review of filings that do not fall under any existing Uniform Standard. Respondents also suggested creating sub-Committees to work more swiftly on Uniform Standards development and a task force to develop a process allowing for innovation integration within the Uniform Standards. Expansion into other product types was suggested as well.

Appendix A outlines more specific ideas and comments as well as follow-up suggestions sent to the Compact Office by attendees after the Compact Roundtable.

Insurance Compact Roundtable New York City, NY

**Wednesday, July 13, 2022
12 pm – 3 pm ET
The Beekman Hotel
123 Nassau Street
Clinton Room**

Welcome Remarks

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

Welcome to New York City – Special Guest New York Superintendent Adrienne A. Harris

Perspectives on the Compact

Compacting State Commissioners	Commissioner Birrane
Compacting State Legislator	Indiana Representative Matt Lehman, Chair of Compact Legislative Committee
Company Representative	Jennifer M. Webb, AVP, Assistant General Counsel & Head of State Government Affairs, Pacific Life Michael Hitchcock, Director Product Compliance, Pacific Life

Breakout Sessions

Discuss key questions and issues for the Compact in a breakout setting and share feedback with full group. See Attachment A for thought-provoking questions for each topic.

Where is the Compact Now?

Where is the Insurance Compact in the Future?

Strategic Issues, Priorities and Action Items

More detailed discussion on strategic issues, priorities, and suggested action items

Wrap-Up and Closing Remarks

TOPICS FOR DISCUSSION AT THE COMPACT ROUNDTABLE

Advanced Questions to Provide Food for Thought

TOPIC: Where is the Compact Now?

- Has the Insurance Compact fulfilled its intended purposes (uniformity, national standards, centralized review, consumer protection, speed-to-market) for your State or your company or your members?
- What does the Insurance Compact do well? What could be improved?
- What are the most pressing priorities and challenges facing the Insurance Compact?
- How did the South Carolina repeal affect companies with Compact-approved products doing business in South Carolina?
- How are Compact-approved products being administered in states? Are companies following what is prescribed in the Uniform Standards or in state law? If state law, what is the rationale in administering insurance products differently than what is prescribed in the Uniform Standards?
- Would the Commission's adoption of the Position Statement strengthen reliance on the Uniform Standards including where there is a conflict of state law? What other steps could the Commission take to strengthen the acceptance of the validity of the Uniform Standards as the applicable state's requirements?
- What other barriers exist where companies do not use the Compact to file their products? Are there reasons other than availability of Uniform Standards?
- Are there enough opportunities to contribute to the Uniform Standard Development process? Why or why not?
- Are there examples of products or areas where the Insurance Compact or Uniform Standards have not kept up with market or regulatory changes? How could these situations have been handled differently with the benefit of hindsight?

TOPIC: Where is the Insurance Compact in the Future?

- What barriers or issues exist to promoting full utilization of the Insurance Compact by all states and participation in all Uniform Standards by all Compacting States? How can these barriers and issues be best addressed?
- What are your thoughts on the Insurance Compact's current business / governance model? What is working? What could be improved?
- Are there other services or expertise the Insurance Compact could provide to member states and regulated entities?
- What are ways to better integrate the work product of the Insurance Compact, including Uniform Standards and product approvals, into the regulatory process to make it more efficient and understandable for member states and regulated companies?
- Should there be ways, and what are they, to make the process to create or amend Uniform Standards more responsive to regulatory, market and technological changes?
- Is it more important to have uniformity in the substantive requirements or 100% state participation in the Uniform Standards?
- What is the impact of Uniform Standards provisions that require a product to be administered in accordance with state law?
- Should states have more flexibility to opt out when they have a state law that conflicts with a provision of the Uniform Standards?
- Should companies continue to have the flexibility to determine whether to file a product that is within the Uniform Standards directly with the Compacting State(s) when requirements in state law are not as stringent as the Uniform Standards or when their product must be changed to meet the Uniform Standards?
- What's the next bold idea for the Insurance Compact?

Insurance Compact Roundtable Attendee List

COMMISSIONERS AND REGULATORS

Connecticut	Commissioner Andrew N. Mais, NAIC Vice President
Delaware	Commissioner Trinidad Navarro Deputy Commissioner Tanisha L. Merced
Idaho	Director Dean L. Cameron, NAIC President
Maryland	Commissioner Kathleen A. Birrane, Compact Chair
New Jersey	Commissioner Marlene Caride
New York	Superintendent Adrienne A. Harris Valerie J. Gudino, Communications Asst.
Oklahoma	Commissioner Glen Mulready
Rhode Island	Superintendent Elizabeth Kelleher Dwyer, Compact Past Chair
Vermont	Commissioner Kevin Gaffney
West Virginia	Commissioner Allan L. McVey, Compact Treasurer

STATE LEGISLATORS

Arkansas	Representative Deborah Ferguson, NCOIL Secretary
Indiana	Representative Matt Lehman, NCOIL Immediate Past President
New Jersey	Assemblyman Roy Freiman
NCOIL	Tom Considine, CEO

CONSUMER ADVISORY COMMITTEE

Bruce Ramge, former Insurance Director

INDUSTRY ASSOCIATION REPRESENTATIVES

AHIP	Amanda Herrington, Senior Policy Director
American Council of Life Insurers	Wayne Mehlman, Senior Counsel Insurance Regulation
Insured Retirement Institute	Sarah Wood, Director of State Policy & Regulatory Affairs
NAIFA	Maeghan Gale, Policy Director, Government Relations

COMPANY REPRESENTATIVES

AIG	Ted Kennedy, VP State Government Affairs
Allianz Life Insurance Company of NA	Angela Hollan, Vice President & Head of Government Affairs
Athene USA	Andrea Davey, Senior Manager of Compliance
Equitable Financial Life Insurance Company	Yolanda Chow, Annuity Actuary Austin Lewis, Life Actuary
The Guardian Life Insurance Company of America	Peter Diggins, Head of Life & Annuity Filing
John Hancock Life Insurance Company USA	Amanda Weaver, AVP Government Relations
New York Life Insurance Company	Joseph Muratore, Associate General Counsel Doug Wheeler, Senior Vice President
Northwestern Mutual Life Insurance Company	Angela Schaaf, Assistant Director of Product Compliance
Massachusetts Mutual Life Insurance Company	Eric Weinstein, Lead Government Relations Advisor Dominick Ianno, Head of State Government Relations
Pacific Life Insurance Company	Michael Hitchcock, Director OGC Retail Product Compliance Jennifer Webb, AVP, Assistant General Counsel & Head of State Government Affairs
Prudential Financial	John Feeney, Vice President External Affairs
Transamerica Life Insurance Company	Michael Gugig, VP Sr. Director State Government Affairs & Assoc. General Counsel

COMPACT STAFF

Karen Schutter, Executive Director

Sarah Neil, Communications & Outreach Coordinator

NAIC STAFF

Andrew J. Beal, Chief Operating Officer & Chief Legal Officer

Kay Noonan, General Counsel

Holly Weatherford, Senior Legislative Affairs Counsel

APPENDIX A

Detailed ideas, concepts and suggestions provided during the Roundtable
and as follow-up to the Roundtable

COMPACT ROUNDTABLE DISCUSSION

Where is the Compact Now?

Attendees agreed the Compact has fulfilled its intended purposes. The phrase “mission critical” was used by the companies to describe the Compact. There was mention that the Compact is a valuable mechanism for companies and its consumers especially considering the portable nature of these products. A common comment was it has changed the nature of how companies file and get products to market more uniformly, efficiently and quicker. Companies appreciate the one stop comprehensive review and the ease of working with the Compact Office and filing process. Regulators commented the Compact benefits them in terms of having form and actuarial expertise performing prior review under detailed standards while allowing departments to allocate staff more effectively. Attendees commented the Uniform Standards have embraced a high degree of consumer protections in a detailed and comprehensive manner.

Attendees agreed the challenges to the Compact today and in the future are retaining a high degree of uniformity in the Uniform Standards and by extension, Compact-approved products and the inability to have the Uniform Standards keep up with the pace of innovative products or features. Companies asked for quicker Uniform Standards development outside of five-year review for emerging products.

Attendees had several suggestions with what can be improved. An attendee suggested expanding the types of filings (other than individual life and annuities and iLTC advertising) eligible for expedited review. Companies continued to ask for quicker turnaround times. Another suggestion was to allow more variability within the Uniform Standards to accommodate flexibility in product development. Attendees suggested more legislator education about the important need for the Compact. Others suggested having states use the Compact as a resource for these products. Others suggested more streamlined communications from the Compact Office.

With respect to the repeal of South Carolina, a couple of companies indicated that while it is more work to administer a product in South Carolina, the decision to not revoke approval of existing Compact product approvals and allow mix-and-match between approved Compact filings and new filings in South Carolina has minimized the amount of disruption anticipated. The consensus among attendees is they hope South Carolina will re-enact the Compact in the coming legislative session and opt out of long-term care, which is the state’s area of concern with respect to Compact approval of certain in-force rate increases.

Where is the Compact in the Future?

The attendees agreed to focus on the question of the next bold idea for the Compact in their second breakout discussion.

Attendees discussed the need to continue a high degree of uniformity in the Uniform Standards and Compact products. There was general agreement that while uniformity is foundational, the Compact must address meaningful conflicts with certain state laws like the one-year versus two-year suicide exclusion.

Several suggestions were made to improve the process for uniform standards to make it nimbler. Suggestions for utilizing the stakeholder committees, like the Industry Advisory Committee, in a more active way to let them provide regular feedback to Officers and other Compact members on areas for standards development or process improvements. Another suggestion was creating a subcommittee of members, industry and others to regularly discuss product development so that the Uniform Standards can be drafted or amended in a precise, surgical and structured manner.

There were suggestions for expanding lines to fall within the Compact including dental and other supplemental products with the recognition the statute may need to be amended.

Attendees discussed creating an innovative gateway or regulatory sandbox to assist states in vetting new product development that could then lead to uniform standards development. Attendees discussed suggestions for the Compact to provide services to states for products that do not have or fit a Uniform Standard. Suggestion was made to provide actuarial assistance to the long-term care multi-state actuarial group. Another suggestion was to provide a platform or expertise for the review of underwriting and pricing inputs for the products within the Compact's jurisdiction.

Comments were offered that it would be desirable to have New York, California and Florida as well as North and South Dakotas join.

Uniformity in More Detail

Regulators heard from companies the need for uniformity is in the policy and contract provisions because of the portable nature of these products – life, annuities, long-term care and disability income. It was noted the uniformity brought by the Compact is not only a benefit to the companies but is a benefit to consumers in terms of the fairness to the consumer in having the same product offerings as they move from state to state.

Companies heard from regulators of the political and legal necessity of accommodating certain state conflicts in the Uniform Standards. All agreed it is better to address meaningful conflicts rather than have a state repeal the Compact. Attendees agreed it was important to resolve the issues raised in the Colorado litigation and be on the lookout for future litigation to obtain solid case law on the Compact. The group discussion recognized the need to manage meaningful conflicts

between provisions of the Uniform Standards and state law. Attendees discussed having optionality in some of the provisions provided there is certainty in the required standard when a Compact-approved product is approved and issued. Attendees agreed transparency is a necessity in terms of the applicable standards for the provisions in a Compact-approved product.

Uniform Standards Development

Attendees agreed Uniform Standards need to be reviewed sooner than every five years, and both regulators and non-regulators should have the opportunity to ask for changes or new standards. Attendees suggested the Management Committee should be able to open the Uniform Standards at any time. Attendees agreed there should be a forum for regular dialogue between the companies/industry and Commissioners/regulators about product development and changes or additions to the Uniform Standards.

Innovation

Attendees asked where the elasticity in the Uniform Standards is to permit reasonable innovation. A suggestion was made to develop a process where a company could petition the Compact for inclusion of a provision that is not in the Uniform Standards when the rest of the product is compliant with the Uniform Standards. They discussed whether leeway can be built into the Uniform Standards or a process developed to permit products that have slight deviations from the Uniform Standards. Attendees agreed it was a good idea to form a task force to outline the parameters of an adjunct services office within the Compact that could be the facilitator between states and companies with regards products within the scope of the Compact but not yet within the scope of the Uniform Standards.

Post-Compact Roundtable Submissions

1. Commissioner attendee responding to comments that sometimes product cannot be filed with the Compact not because of scope but because a feature or policy provision may not be accommodated by the existing Uniform Standards -- Form a new committee or other process for the Compact Office to share with Officers or a committee when a product cannot be filed or cannot be approved based on not meeting certain provisions in the Uniform Standards. This may lead to making changes to Uniform Standards in a timelier manner.
2. Company attendee responding to request for next bold idea - Develop Compact standards for marketing materials and for products not sold via prospectus standards for disclosure statements that are used at the point of sale in lieu of a prospectus. Currently, these are required to be filed in limited states; however, they are used countrywide with these products. It would be great to know that there are standards to ensure we are providing complete information upfront prior to sales.