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If 2021 was the year of resilience, we think the theme of 2022 is moving forward. We spent much of the year discussing what “Compact 2.0” may look like while continuing to be the instrumentality of its member states. The discussions and work performed in 2022 will set the stage for growing the Compact in the years to come.

A notable achievement from 2022 is the inaugural Compact Roundtables. Two sessions were held, one in the summer and the other last fall. These sessions gave members an opportunity to hear directly from the Compact’s various stakeholders, namely industry filers, consumer representatives, and legislative partners. Participants discussed where the Compact is now and where it is going in the future, and common themes such as uniformity, innovation, and expansion of services the Compact offers to member states.

Another theme that proved constant throughout 2022 is the need to provide flexibility for states with meaningful conflicts between their state laws and Uniform Standards. We resolved one such conflict with the adoption of amendments for the suicide exclusion period in life insurance Uniform Standards. The amendments maintain a maximum suicide exclusion period of up to two years and include an exception requiring a shorter maximum suicide exclusion period where required by state law.

The Commission also adopted Position Statement 2022-1, which recognizes the Insurance Compact received implied congressional consent in 2006. Position Statement 2022-1 was adopted in light of the opinion of the Colorado Supreme Court that contemplated whether a state statute conflicting with a Uniform Standard provision is applicable to a Compact-approved product. The Court ruled that without congressional consent, a state legislature may not delegate its power to an interstate compact to apply a product requirement that conflicts with a state statute.

Another achievement borne from the Compact Roundtable sessions is the implementation of drafting subgroups under the Product Standards Committee (PSC). One such subgroup commenced the drafting of Group Whole Life Uniform Standards at the end of the 2022, and regulators from member states have volunteered their time to meet weekly with the goal of moving this Uniform Standard through the drafting process more quickly. With their commitment, this group is on pace to finish its work in early 2023 so it can be considered by the full PSC. Work on the Uniform Standard for index-linked variable annuities and amendments to accommodate non-employer group products continues in 2023.

We want to recognize the stakeholders for all their work and support in 2022: state insurance commissioners and their staff, members of the Legislative Committee, Consumer and Industry Advisory Committees, and company filers. We could not have accomplished these achievements without your valuable input. There is much work to be done in 2023, with your continued commitment and engagement, we will surely have another resilient, productive, and collaborative year.
LETTER FROM THE EXECUTIVE DIRECTOR

The Compact Office was proud to support another year of firsts and milestones for the Compact and its members in 2022. Through active engagement of the Compact Officers and members, the organization navigated a member withdrawal, formally recognized congressional consent, had constructive dialogue during two well-attended Compact Roundtables, and delivered on more strategic plan action items and good governance recommendations.

Last year, South Carolina enacted legislation to repeal the Compact. The Compact members worked with South Carolina to address their concerns and pave the way for South Carolina to rejoin in the future. The Compact Office provided support to the Department to achieve a smooth transition which also allowed companies to continue issuing Compact products approved before the effective date of the repeal.

In 2022, the members took an important step in responding to the Colorado Supreme Court opinion from 2020 by adopting Position Statement 2022-1. The Compact Office provided legal and outreach support to the members and state legislators in this effort to formally acknowledge the Insurance Compact received a form of congressional consent before it became operational in 2006. Special thanks to the National Council of Insurance Legislators (NCOIL) and National Conference of State Legislatures (NCSL) who reiterated their support for the Compact as the state-based solution to national standards and filing efficiencies and issued resolutions in support of the Position Statement.

The Compact Office also facilitated an open dialogue between commissioners, regulators, state legislators, company filers and industry and consumer representatives. In 2022, Compact Roundtables were held in New York City and Omaha and participation included 20 commissioners, four state legislators, 37 companies, and others. The Compact sponsored several networking opportunities at the NAIC, NCSL, and NCOIL events. These were valuable forums for the exchange of perspectives and innovative ideas about the Compact today and in the future.

Several items from the Insurance Compact Compass: Strategic Plan 2020 – 2022 also crossed the finish line. In 2022, Compact Roundtables were held in New York City and Omaha with participation from 20 commissioners, four state legislators, 37 companies, and others. The Compact sponsored several networking opportunities at the NAIC, NCSL, and NCOIL events. These were valuable forums for the exchange of perspectives and innovative ideas about the Compact today and in the future.

On behalf of the Compact Office team, we are grateful to the Compact Officers, Members, and their staff for moving forward the critical work of their organization. Appreciation also goes to the state legislators, consumer representatives, industry representatives and company filers who lend their perspectives and expertise to help the Compact continually achieve its purposes and mission. We look forward to working with you on what’s ahead in 2023 and beyond.

Karen Z. Schutter
Executive Director

THE INSURANCE COMPACT TODAY

https://www.insurancecompact.org

UNIFORM PRODUCT STANDARDS AND APPROVAL

The Interstate Insurance Product Regulation Compact (Insurance Compact) is an innovative, state-based agreement to modernize the regulatory approval of asset-based insurance products. Through the collective efforts of 46 Compacting States, the Insurance Compact develops and detailed and comprehensive uniform product standards containing balanced and strong consumer protections. Companies submit one product for thorough review by an experienced regulatory team of reviewers and actuaries.

The Insurance Compact serves the need for uniformity, speed-to-market, and regulatory compliance in a national state-regulated insurance marketplace.

MULTI-STATE PUBLIC BODY

The Insurance Compact established a multi-state public body, the Commission, which serves as an instrumentality of the Compacting States. Each Compacting State is an official member – usually the Insurance Commissioner – of the Commission.

CURRENT PRODUCT LINES:

★ Individual Life
★ Individual Annuity
★ Individual Long-Term Care
★ Individual Disability Income
★ Employer Group Term Life
★ Employer Group Disability Income
★ Employer Group Annuity

COMPACT STATES

44 States, plus the District of Columbia and Puerto Rico have adopted the Insurance Compact legislation to date, representing 75% of the premium volume nationwide.

COMPACT BENEFITS

The Insurance Compact has defined speed-to-market by providing product approval in less than 60 days, with a thorough and transparent upfront review process.

Compact States retain sovereign authority over their insurance marketplace and actively participate in ensuring uniform standards provide insurance consumers with strong and established protections.

Consumers benefit from ensuring these mobile-borne products are subject to thorough prior review using consistent, detailed standards.

Companies benefit from getting a form/product to market in a competitive, efficient, cost-effective, and streamlined manner across the Compacting States.
**2022 ANNUAL REPORT**

**MEMBERSHIP (AS OF DECEMBER 31, 2022)**

- **Mark Fowler**  
  Acting Commissioner, Alabama Department of Insurance
- **Lori K. Wing-Heier**  
  Director, Alaska Division of Insurance
- **Evan Daniels**  
  Director, Arizona Department of Insurance
- **Alan McClain**  
  Commissioner, Arkansas Insurance Department
- **Michael Conway**  
  Commissioner, Colorado Division of Insurance
- **Andrew N. Mais**  
  Commissioner, Connecticut Insurance Department
- **Karima M. Woods**  
  Commissioner, District of Columbia Insurance, Department of Securities & Insurance
- **Trinidad Navarro**  
  Commissioner, Delaware Department of Insurance
- **John F. King**  
  Commissioner, Georgia Office of Insurance & Safety Fire Commissioner
- **Gordon I. Ito**  
  Commissioner, Hawaii Insurance Division
- **Dean L. Cameron**  
  Director, Idaho Department of Insurance
- **Dana Popish Severinghaus**  
  Director, Illinois Department of Insurance
- **Amy Beard**  
  Commissioner, Indiana Department of Insurance
- **Doug Ommen**  
  Commissioner, Iowa Insurance Division
- **Vicki Schmidt**  
  Commissioner, Kansas Insurance Department
- **Sharon P. Clark**  
  Commissioner, Kentucky Department of Insurance
- **James J. Donelon**  
  Commissioner, Louisiana Department of Insurance
- **Timothy N. Schott**  
  Acting Superintendent, Maine Bureau of Insurance
- **Kathleen A. Birrane**  
  Commissioner, Maryland Insurance Administration
- **Gary D. Anderson**  
  Commissioner, Massachusetts Division of Insurance
- **Anita G. Fox**  
  Director, Michigan Department of Insurance & Financial Services
- **Grace Arnold**  
  Commissioner, Minnesota Department of Commerce
- **Mike Chaney**  
  Commissioner, Mississippi Insurance Department
- **Chloa Lindley-Myers**  
  Director, Missouri Department of Commerce & Insurance
- **Troy Downing**  
  Commissioner, Montana Office of the Commissioner of Securities & Insurance
- **Eric Dunning**  
  Director, Nebraska Department of Insurance
- **Barbara D. Richardson**  
  Commissioner, Nevada Division of Insurance
- **Chris Nicopoulos**  
  Commissioner, New Hampshire Insurance Department
- **Marlene Caride**  
  Commissioner, New Jersey Department of Banking & Insurance
- **Russell Toal**  
  Superintendent, New Mexico Office of Superintendent of Insurance
- **Mike Causey**  
  Commissioner, North Carolina Department of Insurance
- **Judith French**  
  Director, Ohio Department of Insurance
- **Glen Mulready**  
  Commissioner, Oklahoma Insurance Department
- **Andrew R. Stolfi**  
  Commissioner, Oregon Division of Financial Regulation
- **Grace Arnold**  
  Commissioner, Pennsylvania Department of Insurance
- **Alexander S. Adams Vega**  
  Commissioner, Puerto Rico Office of the Commissioner of Insurance
- **Kevin Gaffney**  
  Commissioner, Vermont Department of Financial Regulation
- **Carter Lawrence**  
  Commissioner, Tennessee Department of Commerce and Insurance
- **Cassie Brown**  
  Commissioner, Texas Department of Insurance
- **Jon Pike**  
  Commissioner, Utah Insurance Department
- **Alexander S. Adams Vega**  
  Commissioner, Puerto Rico Office of the Commissioner of Insurance
- **Elizabeth Kelleher Dwyer**  
  Superintendent, Rhode Island Department of Insurance
- **Mike Kreidler**  
  Commissioner, Washington Office of the Insurance Commissioner
- **Allan L. McVey**  
  Commissioner, West Virginia Office of the Insurance Commissioner
- **Nathan Houdek**  
  Commissioner, Wisconsin Office of the Commissioner of Insurance
- **Jeff Rude**  
  Commissioner, Wyoming Insurance Department

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**2022 Past Members Who Served**

- Jim Ridling, Alabama
- Colin Hayashida, Hawaii
- Eric Cioppa, Maine
- Jessica Altman, Pennsylvania
- Michael Wise, South Carolina (Repealed)
- Michael Pieciak, Vermont

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**Enacted**  
**Pending or Introduced**  
**Withdrawn**

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**INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION**
The Insurance Compact arranged two first of its kind Roundtable sessions last year: the first one took place in New York City during the summer, and the second was held in Omaha during the fall. Both sessions gave members, legislators, industry filers, and consumer representatives alike the opportunity to discuss key strategic questions and issues facing the Insurance Compact.

One of the discussion questions from both sessions was, has the Compact fulfilled its purposes? The consensus was yes: it has changed the way companies file their insurance products and has allowed member states to more effectively allocate their resources. The overall consensus is the Compact has met the speed to market goals and provides one-stop for a comprehensive and thorough compliance review for filers. One company provided comment that filing with the Compact provides for more efficient processing of claims, as it provides uniformity.

Uniformity was a key point of discussion for both sessions. 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 for flexibility to maintain the balance of being a member of the Compact while also paying attention to public policy set through their own state laws. 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 optimal consistency and accommodating optionality, where necessary.

Discussion took place during the Omaha session around how to provide a mechanism for states to leverage the Compact framework and expertise to facilitate innovation within and beyond the current Uniform Standards. Some of the contributions included the creation of a tiered process to address innovative ideas and consider integrating the results in the Uniform Standards as well as development of an appeals process to address scope issues during product review. The group also talked about additional flexibility and options for states that have concerns about conflicts between their state law and a provision in the Uniform Standards. There was also discussion on leveraging technology through the Compact to marry the product development cycle as well as adding supplemental lines to the Compact.

Finally, there was broad agreement around the Compact providing advisory services to member state regulators. Many offered the idea of the Compact providing advisory services for products that currently do not have a Uniform Standard as well as other product lines, such as Medicare Supplements and LTC in-force rate increases. The Compact could serve as a place to address innovation using a voluntary, consensus-building approach. There was a discussion of whether states could opt in for Compact advisory reviews. Another idea was companies could request an advisory opinion on compliance to clarify what parts of the product are outside current Uniform Standards. An Ad Hoc Committee of members was created in late 2022 to consider next steps on these important proposals.
 MANAGEMENT COMMITTEE

The Management Committee is formed annually during the Annual Meeting and is comprised of fourteen members representing three tiers of the premium volume. The Compact State’s premium volume, as calculated by the National Association of Insurance Commissioners (NAIC) based on the records of the preceding year, determines which tier a member may represent. The first-tier members are from the six Compacting States with the largest premium volume. The second tier is comprised of four members from Compacting States with at least 2% of the market share based on the premium volume. These four members are selected on a rotating basis. The third tier is four members elected from each of the four NAIC Zones and represent Compacting States with less than 2% of the premium volume. The Officers are selected by the Commission from the membership of the Management Committee during the Annual Meeting to serve in the following calendar year. In 2022, the members amended the Bylaws to create a Past Chair position.

Management Committee, 2022 - 2023

Kathleen A. Birrane, Maryland, Chair
Eric Dunning, Nebraska, Vice Chair
Allan L. McVey, West Virginia, Treasurer
Elizabeth Kelleher Dwyer, Rhode Island*
Evan Daniels, Arizona
John F. King, Georgia
Dana Popish Severinghaus, Illinois
Anita G. Fox, Michigan
Grace Arnold, Minnesota
Marlene Caride, New Jersey
Mike Causey, North Carolina
Judith French, Ohio
Michael Humphreys, Pennsylvania
Cassie Brown, Texas
Jeff Rude, Wyoming

* Ex Officio

Management Committee, 2021 - 2022

Kathleen A. Birrane, Maryland, Chair
Eric Dunning, Nebraska, Vice Chair
Allan L. McVey, West Virginia, Treasurer
Elizabeth Kelleher Dwyer, Rhode Island, Past Chair
Dana Popish Severinghaus, Illinois
Gary D. Anderson, Massachusetts
Anita G. Fox, Michigan
Grace Arnold, Minnesota
Marlene Caride, New Jersey
Judith French, Ohio
Michael Humphreys, Pennsylvania
Cassie Brown, Texas
Scott A. White, Virginia
Jeff Rude, Wyoming

COMMITTEE ACTIVITIES

The Insurance Compact relies upon the regulatory expertise in the member states to develop, adopt, and oversee implementation of Uniform Standards, Rules, and Operating Procedures, as well as the budget, technology platform, and the Insurance Compact’s outreach efforts. The Management Committee is charged with managing the affairs of the Commission and looks to the following Insurance Compact committees to formulate recommendations and solicit public comments on a variety of rulemaking and operational matters.

The Audit Committee regularly reviews the Insurance Compact’s financial accounts and reports and oversees the independent audit process, including retaining and working with the independent auditors. In 2022, the Audit Committee selected a new independent audit firm for the next three to five years.

2022: Barbara Richardson (NV), Chair; Sharon Clark (KY), Vice Chair

The Governance Committee promotes best practices for overall good governance and encourages effective leadership through the integration of planning, management, and quality improvement. In 2022, the Governance Committee put forth the Position Statement 2022-1 and amendments to the Compact Bylaws, which were both adopted by the Commission.

2022: Eric Dunning (WI), Chair; Nathan Houdek (WI), Vice Chair

The Finance Committee monitors the finances of the Insurance Compact. In 2022, the Finance Committee prepared the annual budget, including monitoring the actual and projected revenues and expenses, as well as an increase in the Schedule of Fees.

2022: Allan McVey (WV), Chair; Timothy Schott (ME), Vice Chair

The Product Standards Committee reviews and recommends uniform standards to the Management Committee. In 2022, the Product Standards Committee finalized its amendments to life insurance Uniform Standards to accommodate Colorado’s suicide exclusion period. The Product Standards committee also drafted new Disability Income Buy-Sell and Key-Person Uniform Standards and commenced a first-of-its-kind drafting group to work on Group Whole Life Uniform Standards.

2022: Michael Coneway (CO), Chair; Doug Ommen (IA), Vice Chair

The Rulemaking Committee develops and recommends to the Management Committee the rules and operating procedures, and any amendments thereto. In 2022, the Rulemaking Committee finalized its work regarding the expansion of group products into other groups beside employer/employee groups, which was adopted by the Commission. The Committee surveyed states and filers and laid out a project plan for addressing changes to the mix-and-match process.

2022: Andrew Stolfi (OR), Chair; Scott A. White (VA), Vice Chair
ADVISORY COMMITTEES

Consumer Advisory Committee
- American Cancer Society Cancer Action Network
  Anna Schwamlein Howard
- Center for Insurance Research
  Brendan Bridgeland
- Consumer Liaison Representative
  Yvonne Hunter
- Consumer Liaison Representative
  Fred Nepple
- Retired Insurance Commissioner
  Jane Cline
- Retired Insurance Commissioner
  Bruce Range

Legislative Committee
- Representative Matt Lehman, Chair
  State of Indiana
- Speaker Pro Tempore Brian Patrick Kennedy,
  Vice Chair
  State of Rhode Island
- Representative Deborah Ferguson
  State of Arkansas
- Senator Laura Fine
  State of Illinois
- Representative Adam Koenig
  State of Kentucky
- Assemblyman Roy Freiman
  State of New Jersey
- Representative Tom Oliverson
  State of Texas
- Representative James Dunnigan
  State of Utah

Industry Advisory Committee
- American Council of Life Insurers (ACLI)
  Wayne Mehlman
- America’s Health Insurance Plans (AHIP)
  Amanda Herrington
- Insured Retirement Institute (IRI)
  Sarah Wood, Director
- National Association of Insurance and Financial Advisors (NAIFA)
  Maeghan Gale
- Allianz Life Insurance Company of North America
  Anne Correa
- Athene Annuity and Life Company
  Megan Phillips
- Northwestern Mutual Life Insurance Company
  Angela Schaaf
- New York Life Insurance Company
  Joseph Muratore

Consumer Advisory Committee
- American Cancer Society Cancer Action Network
  Anna Schwamlein Howard
- Center for Insurance Research
  Brendan Bridgeland
- Consumer Liaison Representative
  Yvonne Hunter
- Consumer Liaison Representative
  Fred Nepple
- Retired Insurance Commissioner
  Jane Cline
- Retired Insurance Commissioner
  Bruce Range

Legislative Committee
- Representative Matt Lehman, Chair
  State of Indiana
- Speaker Pro Tempore Brian Patrick Kennedy,
  Vice Chair
  State of Rhode Island
- Representative Deborah Ferguson
  State of Arkansas
- Senator Laura Fine
  State of Illinois
- Representative Adam Koenig
  State of Kentucky
- Assemblyman Roy Freiman
  State of New Jersey
- Representative Tom Oliverson
  State of Texas
- Representative James Dunnigan
  State of Utah

Industry Advisory Committee
- American Council of Life Insurers (ACLI)
  Wayne Mehlman
- America’s Health Insurance Plans (AHIP)
  Amanda Herrington
- Insured Retirement Institute (IRI)
  Sarah Wood, Director
- National Association of Insurance and Financial Advisors (NAIFA)
  Maeghan Gale
- Allianz Life Insurance Company of North America
  Anne Correa
- Athene Annuity and Life Company
  Megan Phillips
- Northwestern Mutual Life Insurance Company
  Angela Schaaf
- New York Life Insurance Company
  Joseph Muratore

ORGANIZATIONAL CHART

Commission
- Legislative Committee
- Consumer Advisory Committee
- Industry Advisory Committee

Management Committee
- Audit Committee
- Governance Committee
- Finance Committee
- Product Standards Committee
- Rulemaking Committee
- Actuarial Working Group

COMPACT OFFICE
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COMPACT TEAM
Karen Z. Schutter
Executive Director

Becky McElduff
Director of Product Operations & Counsel

Sara Dubsky
Assistant Director, Administrative Operations

Karen Givens
Assistant Director, Product Review Operations

Joseph Bonfitto
Product Reviewer

Mindy Bradford
Product Reviewer

Katie Campbell
Actuary

Ed Charbonnier
Product Reviewer

Jeanne Daharsh
Actuary

Susan Ezalarab
Regulatory Coordinator Consultant

Mari Jackson
Administrative Assistant

Naomi Kloepersmith
Actuary

Aimee Lawson
Product Filing Specialist

Sarah Neil
Communications and Outreach Coordinator

Alisha Williams
Intake Coordinator
INSURANCE COMPACT MILESTONES

2022
- Adopted Position Statement 2022-1, Amendments to the Compact Bylaws
- Amended the Suicide Exclusion Provision in 22 Group and Individual Life Uniform Standards; Recommended 2 New IDI Uniform Standards
- 46 Compacting States with Mix and Match percentage = 23%
- 277 Companies registered; 993 products submitted and 890 products approved with an average review time of 27 days
- Reviewed 143 products in Expedited Review Program

2021
- Adopted two new Uniform Standards and amended 9 Uniform Standards
- 47 Compacting States with Mix and Match percentage = 15%
- 286 companies registered; 1,673 products submitted and 1,290 products approved with an average review time of 27 days
- 157 filings amended
- Reviewed 178 products in Expedited Review Program

2020
- Implemented and completed several Insurance Compact Compass Strategic Plan Action Items
- 46 Compacting States with Mix and Match percentage = 22%
- 249 companies registered; 1,373 products submitted and 1,290 products approved with an average review time of 21 days
- 72 filings amended
- Reviewed 190 products in Expedited Review Program

2019
- Adopted first Group Annuity Standards, adopted ROP Standards for IDI products, and amended 2 Uniform Standards
- 46 Compacting States with Mix and Match percentage = 27%
- 266 companies registered; 1,639 products submitted and 1,617 products approved with an average review time of 33 days
- 80 filings amended
- Employed the Expedited Review Pilot Program

2018
- Completed the Five-Year Review on the Individual Disability Income Uniform Standards and began the review of Group Annuity Uniform Standards with Mix and Match percentage = 34%
- Washington, DC enacted the Compact legislation making it the 46th Compacting State
- 233 companies registered, 1,439 products submitted and 1,226 products approved with an average review time of 25 days
- 109 filings amended

2017
- Completed the Five-Year Review of the Individual LTC Uniform Standards and began the Five-Year Review process on the adopted Individual Disability Income Uniform Standards with Mix and Match percentage = 42%
- Connecticut became the 45th Compacting State effective for filing
- 228 companies registered; 1,132 products submitted and 1,159 products approved with an average review time of 20 days
- 137 filings amended

2016
- Adopted Group Disability Income Uniform Standards; 100 Uniform Standards adopted
- 45 Compacting States with Mix and Match percentage = 50%
- 226 companies registered; 1,059 products submitted and 981 products approved with an average review time of 30 days
- 229 filings amended

PRODUCT FILING STATISTICS
January 1, 2018 through December 31, 2022
*Please note for the current year calculations are based on submissions year to date*

Overview
- There are 46 Compacting States including Puerto Rico and the District of Columbia.
- There are 22+ Types of Insurance (TOI) available for filing with 102 adopted Uniform Standards and 130 various sub-TOIs available.

From June 2007 - December 2021:
- Over 12,555 products have been approved by the Insurance Compact; which equates to over 436,070 SERFF transactions.
- 38,835 forms have been submitted for review.
- $31,500,376 in filing fees have been collected and remitted to the fee collecting member states.

Submissions Received

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<thead>
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<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
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Mix & Match Percentage

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<tr>
<td>Total</td>
<td>34%</td>
<td>27%</td>
<td>22%</td>
<td>15%</td>
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</table>

Registered Companies

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<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
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<tr>
<td>Total</td>
<td>211</td>
<td>249</td>
<td>266</td>
<td>266</td>
<td>276</td>
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</table>

State Filing Fees Collected and Remitted

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<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$3,142,679</td>
<td>$3,441,481</td>
<td>$3,022,993</td>
<td>$3,658,133</td>
<td>$2,750,69</td>
</tr>
</tbody>
</table>

**ANNUAL REPORT 2022**
**MANAGEMENT’S DISCUSSION & ANALYSIS**

Please Note: The Interstate Insurance Product Regulation Commission’s management discussion and analysis is separate from and not a part of its basic financial statement nor included in its Independent Auditors’ Report. Rubin Rawn has not audited this information and expresses no opinion on the information contained herein.

**Introduction**

The Interstate Insurance Product Regulation Commission (Insurance Compact) is a public entity and instrumentality of its member states charged with carrying out regulatory insurance product reviews for asset-based insurance products under Uniform Standards adopted by its membership. The Insurance Compact marked its fifteen full year of revenue-generating operations in 2022. The Insurance Compact’s 2022 Annual Report includes the independent auditors’ report with information on the actual financial results of the organization. This Management Discussion & Analysis report is not a part of the annual external audit examination and is included to provide management’s analysis of the organization’s financial performance in 2022 and 2021.

**Financial Highlights**

The Insurance Compact’s financial statements are prepared using the accrual basis of accounting. Revenues, expenses, assets, and liabilities are recognized during the period in which the activity occurs rather than when it is received or paid.

**Balance Sheet**

Normal operating activities have resulted in cash and cash equivalents balance of $1,827,091 as of December 31, 2022. This is a decrease of $498,846 compared to 2021 due in part to servicing the NAIC line of credit and performing below budget especially in filing fee transactions.

Accounts receivables were $21,350 in 2022 and $9,787 in 2021; a difference of $11,563. Prepaid expenses $9,086 in 2022 and $9,569 in 2021 and were largely unchanged.

Total current liabilities are $1,519,530, or $43,119, over 2021; accrued expenses were slightly higher in 2022 than 2021 - $312,760 in 2022 compared to $266,260 in 2021. In 2022, the Insurance Compact received $872,875 in deferred revenue, which was $57,350 more than in 2021. Deferred revenue represents the annual registration fee paid in the previous year for the upcoming annual period in the subsequent year. This increase means more companies, especially in a higher fee-paying category, submitted their 2023 annual registrations by December 31, 2022 than year-end 2021. In 2022, the Insurance Compact made the third consecutive annual payment on the note payable to the NAIC in the amount of $274,013. The amounts for accounts payable and accrued expenses were due to the timing of payments to vendors, employees, and consultants and fluctuates each year.

The Insurance Compact collected and remitted $2,750,694 to states in applicable state filing fees, which was a decrease of $917,439 compared to the amount of state filing fees remitted in 2021 due in part to servicing the NAIC line of credit and performing below budget especially in filing fee transactions.

**Statement of Revenues, Expenses, and Changes in Net Assets**

**Revenue**

Revenue is earned when an insurance company registers with the Insurance Compact and submits product filings to the Insurance Compact through the NAIC’s System for Electronic Rate and Form Filing (SERFF). The IIPRC Terms and Procedures for IIPRC Filing Fees provides that the Insurance Compact adopted its Schedule of Fees in conjunction with the adoption of its annual budget. In 2022, there were no changes to the Schedule of Fees, which were previously amended in 2019. Effective January 1, 2023, the Commission approved increases to the product filing fees. The Insurance Compact is revenue neutral to Compacting States in that fillers continue to pay the applicable state filing fees for Compact submissions in addition to the Insurance Compact fees.

The Insurance Compact requires an annual registration fee which provides access to the filing platform. There are eight main categories of filing fees for companies based on the reported premium volume and the number of states the company is currently licensed in. A company’s asset-based premium volume is based on the Schedule T Part 2 of the Annual Statement filed with the NAIC for the reporting year prior to the current annual registration period. As of October 1, all companies are eligible to register at the pro-rated rate of 50% of their applicable registration fee for the remainder of the annual period.

There are two main categories of product filing fees based on whether an actuarial review is required and within those two categories, there are five sub-categories based on the reported premium volume. Companies making submissions without an actuarial review pay less per submission than those requiring an actuarial review. Submissions inclusive of a rate review have a higher product filing fee due to the time and resources required to review the submissions. Regional companies licensed to do business in 12 or fewer Compacting States pay a reduced registration and per-filing fee.

Product filing fees were $1,101,854 in 2022, compared to $1,941,731 in 2021, a decrease of $839,877. In 2021, the Insurance Compact experienced record filing volume activity where revenue from product filing fees were $329,778 higher than in 2020. These large over and under fluctuations in product filing fee revenue are primarily driven by regulatory requirements that caused companies to file or update their life insurance product portfolio by the end of 2021. This means that companies fulfilled their filing requirements by the end of 2021 and therefore did not have that same obligation in 2022.

In 2022, the Insurance Compact saw a decrease in the number of submissions requiring an actuarial review. In fact, volume was 43% below budget for these submissions. Companies reported their filing activity is significantly driven from the previous annual period in the subsequent year. This increase means more companies, especially in a higher fee-paying category, submitted their 2023 annual registrations by December 31, 2022 than year-end 2021. In 2022, the Insurance Compact made the third consecutive annual payment on the note payable to the NAIC in the amount of $274,013. The amounts for accounts payable and accrued expenses were due to the timing of payments to vendors, employees, and consultants and fluctuates each year.

The increase in state filing fees follows a similar trend with the Insurance Compact's filing fee revenues for 2022 as explained below.
The compact is revenue neutral to the compacting states, as there are no monies due from the member states, and the compact continues to collect and remit applicable state file fees for the filings submitted to the compact. The dramatic 2022 decline in filing activity was not only reflected in the below budget revenues for the compact’s filing fees, but state filing fees to the compacting states declined from $3,668,133 in 2021 to $2,750,694 in 2022.

The compact generally budgets for revenues to meet or exceed actual revenues in the previous year.

For 2022, the compact lowered its budget expectations when compared to the actual revenues for 2021, though anticipated its revenues would exceed the budget levels set for 2021.

The compact received 277 company registrations from large, medium, and small insurance companies and fraternals, representing over $456 billion, or 91%, of the nationwide premium written for asset-based insurance products. Companies demonstrated their continued commitment to the insurance compact with 94% of filers registering as repeat filers in 2022. Further, 97% of the 2022 registered companies did so before the prorated date of October 1, 2021. The insurance compact’s annual registration actual-to-budget revenue ratio for 2022 was 97%. This strong performance in the registration revenue line demonstrates strong commitment to use the insurance compact, even when product filing activity is not as robust as in previous years.

The compact received 993 products for 2022 which was a 37% decrease compared to the 1,673 product filings received in 2021. In terms of budget, the actual number of product filings was 65.5% of the budgeted volume with product filing fees $625,259 under budget. Some of the variance in revenue is due to the difference in the filing fee category utilization, as the insurance compact met budget expectations in certain categories while substantially underperforming in others.

In 2022, the insurance compact continued to deliver on speed-to-market with an average turnaround time of 30 review days. In 2019, the insurance compact created an expedited review service on a pilot basis, which was adopted on a permanent basis in 2020. The purpose of the filing option is to address the demand from some, not all, companies requesting approval sooner than the prescribed 60-day turnaround time required under the insurance compact’s product filing rule. Companies that focus on quicker-than-average turnaround times have shown their willingness to pay more to support such a process, which involves dedication of form reviewers and actuaries to continue to ensure thorough compliance review within tight service level time frames. The insurance compact earned $143,325 in expedited fees for 2022.

The operating expenses of the insurance compact in 2022 were over 2021 operating expenses by 6%. In 2021, the insurance compact still observed limited travel due to COVID-19 restrictions. In 2022, with the COVID-19 restrictions lessened, the insurance compact conducted two compact roundtables, bringing together commission members and their staff along with state legislators, consumer advocates, and industry representatives and company filers. These two roundtables were held in conjunction with other events to minimize expenses, but additional travel and in-person meetings expenses were incurred.

Contacting the insurance compact’s financial management

This financial report is designed to provide a general overview of the insurance compact’s finances and to show accountability for the funds received in 2022 and 2021. Questions about this report and requests for additional financial information should be directed to Karen Schutter, insurance compact executive director, at kschutter@insurancecompact.org or (816) 783-8024.

The loss of budgeted revenues in 2022 was not only reflected in the below budget revenues for the compact’s filing fees, but state filing fees to the compacting states declined from $3,668,133 in 2021 to $2,750,694 in 2022.

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AUDIT REPORT

INDEPENDENT AUDITOR’S REPORT

RubinBrown

Audit Committee
Interstate Insurance Product Regulation Commission
Washington, DC

Opinion
We have audited the financial statements of Interstate Insurance Product Regulation Commission (the Insurance Compact), which comprise the statement of financial position as of December 31, 2022, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Insurance Compact as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements
The financial statements of the Insurance Compact as of December 31, 2021 were audited by other auditors, whose report dated February 18, 2022, expressed an unmodified opinion on those statements.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors’ Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of the Insurance Compact and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Insurance Compact’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

• Exercise professional judgment and maintain professional skepticism throughout the audit.
• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Insurance Compact’s internal control. Accordingly, no such opinion is expressed.
• Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
• Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Insurance Compact’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

RubinBrown LLP
March 7, 2023
### AUDIT REPORT
### INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION

#### STATEMENTS OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>Assets</th>
<th>December 31, 2022</th>
<th>December 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,827,091</td>
<td>$2,325,937</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>21,350</td>
<td>9,787</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>9,086</td>
<td>9,599</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$1,857,527</strong></td>
<td><strong>$2,345,293</strong></td>
</tr>
</tbody>
</table>

#### Liabilities And Net Deficit

<table>
<thead>
<tr>
<th>Current Liabilities</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$59,882</td>
<td>$120,613</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>312,760</td>
<td>266,260</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>872,875</td>
<td>815,525</td>
</tr>
<tr>
<td>Current portion of note payable to the NAIC</td>
<td>274,013</td>
<td>274,013</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>$1,519,530</strong></td>
<td><strong>$1,476,411</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Long-Term Liabilities</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note payable to the NAIC</td>
<td>2,356,815</td>
<td>2,630,828</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>3,876,345</strong></td>
<td><strong>4,107,239</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Deficit</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without donor restrictions</td>
<td>(2,018,818)</td>
<td>(1,761,946)</td>
</tr>
<tr>
<td><strong>Total Liabilities And Net Deficit</strong></td>
<td><strong>$1,857,527</strong></td>
<td><strong>$2,345,293</strong></td>
</tr>
</tbody>
</table>

### AUDIT REPORT
### INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION

#### STATEMENTS OF ACTIVITIES

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual registrations</td>
<td>$1,424,038</td>
<td>$1,464,388</td>
</tr>
<tr>
<td>Product filing fees</td>
<td>1,101,854</td>
<td>1,941,731</td>
</tr>
<tr>
<td>Interest income</td>
<td>21,308</td>
<td>205</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>2,547,200</strong></td>
<td><strong>3,426,524</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>1,725,064</td>
<td>1,618,959</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>487,716</td>
<td>423,977</td>
</tr>
<tr>
<td>Professional services</td>
<td>396,703</td>
<td>509,754</td>
</tr>
<tr>
<td>Travel</td>
<td>127,723</td>
<td>42,624</td>
</tr>
<tr>
<td>Rental and maintenance</td>
<td>5,047</td>
<td>4,739</td>
</tr>
<tr>
<td>Insurance</td>
<td>18,890</td>
<td>17,274</td>
</tr>
<tr>
<td>Office services Meeting expenses</td>
<td>10,503</td>
<td>10,583</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>2,804,072</strong></td>
<td><strong>2,636,308</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Change In Net Deficit Without Donor Restrictions Net</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(256,872)</td>
<td>792,016</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deficit - Beginning Of Year</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1,761,946)</td>
<td>(2,551,962)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Deficit - End Of Year</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$(2,018,818)</td>
<td>$(1,761,946)</td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 And 2021

1. Summary Of Significant Accounting Policies
Nature of Operations
The Insurance Compact formed in June 2006, is a multistate commission creating a central point of electronic filing for certain insurance products, including life insurance, annuities, disability income and long-term care insurance. The Insurance Compact provides its member states with the ability to collectively use its expertise to develop uniform national product standards, affording a high level of protection to purchasers of asset protection insurance products. The Insurance Compact had 46 member states as of December 31, 2022 and 47 member states as of December 31, 2021.

Basis of Accounting
The accompanying financial statements of the Insurance Compact have been prepared on the accrual basis of accounting.

Basis Of Presentation
The financial statement presentation follows the requirements of accounting principles generally accepted in the United States of America by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity and financial flexibility. As a result, the Insurance Compact is required to report information regarding its financial position and activities according to the following classes of net assets:

Net Assets Without Donor Restrictions
- Net assets that are not subject to donor-imposed restrictions but may be subject to board designations. At December 31, 2022 and 2021, net deficit consisted entirely of net deficit without donor restrictions.

Net Assets With Donor Restrictions
- Net assets are subject to donor-imposed restrictions that may or will be met either by actions of the Insurance Compact and/or the passage of time. Also included within this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Insurance Compact. Generally, the donors of these assets permit the Insurance Compact to use all or part of the income earned on related investments for general or specific purposes. At December 31, 2022 and 2021, the Insurance Compact does not have any net assets with donor restrictions. Estimates And Assumptions.

Cash And Cash Equivalents
The Insurance Compact considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2022 and 2021, cash and cash equivalents consisted of a checking account and a money market account. The Insurance Compact, at times, maintains deposits with banks in excess of the insured limits, but has not experienced any losses in such accounts.
1. Summary Of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are stated at the amounts billed. Delinquent and/or uncollectible receivables are written off based on individual evaluation and specific circumstances. As of December 31, 2022 and 2021, there was no recorded allowance for uncollectible accounts.

Revenues

Revenue from contracts with customers is derived primarily from annual registration fees and product filing fees.

The Insurance Compact’s annual registration revenue arrangements are recognized over time and consist of performance obligations that are satisfied ratably over a period of no more than one year. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. For the years ended December 31, 2022 and 2021, annual registration revenue was $1,424,038 and $1,484,388, respectively.

The Insurance Compact’s product filing fees revenue is recognized at a point in time and consist of performance obligations that are satisfied when insurance companies process filings through the National Association of Insurance Commissioners’ (the NAIC) System for Electronic Rates and Forms Filing (SERFF) and in accordance with the standards established by the Insurance Compact for its member states. The SERFF system provides a cost-effective method of handling insurance policy rate and form filings between regulators and insurance companies. Prices are distinct to a performance obligation. For the years ended December 31, 2022 and 2021, product filing fees revenue was $1,101,854 and $1,941,731, respectively.

The Insurance Compact records deferred revenue in situations when amounts are invoiced but the revenue recognition criteria has not been met. Such revenue is recognized when all criteria are subsequently met. Deferred revenues for revenue from contracts are classified as current liabilities on the statement of financial position and as of December 31, 2022 and 2021, deferred revenues for revenue from contracts were $872,875 and $815,525, respectively. As of January 1, 2021, deferred revenues were $929,950. Associated with this, deferred revenues for revenue from contracts were $30,678. There were no changes in annual registrations and product filing fees that would affect economic seasonality of the statement of financial position.

The Insurance Compact did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in judgments affecting the determination of the amount and timing of revenue from contracts with customers.

2. Line Of Credit From And Notes Payable To The NAIC

The Insurance Compact used lines of credit from the NAIC to fund operational needs from 2007 to 2012. Interest accrued throughout this period at a rate of 2.25%. Interest does not accrue during the repayment period. Payment on these borrowings was triggered on December 31, 2019. Terms from the 2020 renegotiation of this agreement include a 10-year repayment period with the first payment due in 2020 and the final payment due in 2029. Repayment will be on the principal balance of $2,740,134, with payments of $274,013 made no later than March 31 of each year unless extended by mutual agreement between the Insurance Compact and the NAIC. If during the 10-year repayment period the Insurance Compact’s cash balance is less than $250,000 as of March 31 of any year, the repayment period will be extended for additional years. The repayment period extended accordingly. Upon the final payment fully repaying the principal balance, the imputed interest balance of $1,757,503 will be treated as a contribution to the Insurance Compact. As of December 31, 2022 and 2021, the outstanding principal and interest balance was $2,740,134 and $2,467,020, respectively.

Aggregate maturities of long-term debt as of December 31, 2022, are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$274,013</td>
</tr>
<tr>
<td>2024</td>
<td>$274,013</td>
</tr>
<tr>
<td>2025</td>
<td>$274,013</td>
</tr>
<tr>
<td>2026</td>
<td>$274,013</td>
</tr>
<tr>
<td>2027</td>
<td>$274,013</td>
</tr>
<tr>
<td>Thereafter</td>
<td>1,260,763</td>
</tr>
<tr>
<td>Total</td>
<td>$2,630,828</td>
</tr>
</tbody>
</table>
3. Related-Party Transactions

Effective June 2007, the Insurance Compact entered into a service agreement with the NAIC, whereby the NAIC provides certain administrative services to the Insurance Compact. The NAIC is also providing a nonexclusive license to the SERFF system. The Insurance Compact has assumed the cost of upgrades and enhancements to the SERFF system to meet the Insurance Compact requirements (such as the collection and remission of state filing fees) in excess of the annual 250 hours of SERFF development provided under the service agreement. The NAIC received an administrative fee of $125,000 and an annual license and maintenance fee in the amount of $25,000 for the use of SERFF. The Insurance Compact also pays an administratively functional fee of every $25,000 of net revenue in excess of expenses. This fee was 7.5% for the year ended December 31, 2021. No adjustable administrative fee was due in 2022. The administratively functional fees and adjustable administrative fees are included in professional services in the statement of activities. Additionally, certain expenses are paid on behalf of, and reimbursed by, the Insurance Compact.

Amounts charged during the year and amounts owed at year-end for the Insurance Compact are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative services provided by and paid to the NAIC</td>
<td>$125,000</td>
<td>$125,000</td>
</tr>
<tr>
<td>License fee paid to the NAIC</td>
<td>$25,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>Adjustable administrative fee</td>
<td>—</td>
<td>$63,750</td>
</tr>
<tr>
<td>Amounts owed to the NAIC included in accounts payable</td>
<td>$51,312</td>
<td>$111,684</td>
</tr>
</tbody>
</table>

4. Defined Contribution Plan

The Insurance Compact has a 401(a) defined contribution plan, which covers substantially all employees who have completed one year or more of service. Each year the Management Committee determines the contribution for the next year. For the years ended December 31, 2022 and 2021, the Insurance Compact agreed to match up to 3.5% of compensation of employees who contribute to the plan and contributed 2.0% of all employees’ annual compensation. The Insurance Compact made contributions of $84,349 and $79,638 for the years ended December 31, 2022 and 2021, respectively.

5. Liquidity And Availability Of Resources

The Insurance Compact regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of December 31, 2022 and 2021, the following financial assets are available to meet general operating expenditures of the subsequent fiscal year:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets at year end:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,827,091</td>
<td>$2,325,937</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>21,350</td>
<td>9,787</td>
</tr>
<tr>
<td></td>
<td>$1,848,441</td>
<td>$2,335,724</td>
</tr>
</tbody>
</table>

6. Statement Of Functional Expenses

Expenses for the years ending December 31, 2022 and 2021 are presented in the following tables according to both functional and natural classifications. Certain expenses including salaries, benefits and payroll taxes are allocated on the basis of time and effort. Expenses including professional services and travel are split based upon the review of the underlying nature of the expense.

The following table provides both functional and natural classifications for the year ending December 31, 2022:

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management And General</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, benefits and payroll taxes</td>
<td>$1,918,479</td>
<td>$294,300</td>
<td>$2,212,779</td>
</tr>
<tr>
<td>Professional services</td>
<td>245,226</td>
<td>150,477</td>
<td>395,703</td>
</tr>
<tr>
<td>Travel</td>
<td>127,816</td>
<td>20,197</td>
<td>147,713</td>
</tr>
<tr>
<td>Rental and maintenance insurance</td>
<td>—</td>
<td>5,047</td>
<td>5,047</td>
</tr>
<tr>
<td>Office services</td>
<td>15,490</td>
<td>5,400</td>
<td>18,890</td>
</tr>
<tr>
<td>Meeting expenses</td>
<td>33,427</td>
<td>—</td>
<td>33,427</td>
</tr>
<tr>
<td></td>
<td>$2,320,238</td>
<td>$483,834</td>
<td>$2,804,072</td>
</tr>
</tbody>
</table>

The following table provides both functional and natural classifications for the year ending December 31, 2021:

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management And General</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, benefits and payroll taxes</td>
<td>$1,875,619</td>
<td>$167,317</td>
<td>$2,042,936</td>
</tr>
<tr>
<td>Professional services</td>
<td>361,347</td>
<td>146,407</td>
<td>507,754</td>
</tr>
<tr>
<td>Travel</td>
<td>42,771</td>
<td>353</td>
<td>43,124</td>
</tr>
<tr>
<td>Rental and maintenance insurance</td>
<td>4,439</td>
<td>300</td>
<td>4,739</td>
</tr>
<tr>
<td>Office services</td>
<td>15,317</td>
<td>1,957</td>
<td>17,274</td>
</tr>
<tr>
<td>Meeting expenses</td>
<td>8,398</td>
<td>—</td>
<td>8,398</td>
</tr>
<tr>
<td></td>
<td>$2,307,391</td>
<td>$328,917</td>
<td>$2,636,308</td>
</tr>
</tbody>
</table>