LETTER FROM KAREN SCHUTTER, EXECUTIVE DIRECTOR

Greetings from the Compact! With non-stop meetings and calls, I hope you take the time to slow down and appreciate the sun and fun that summer brings.

We are getting ready for the Joint Meeting of the Management Committee and Commission in Seattle, WA next month. It is a hybrid meeting scheduled for August 15, 2023, at 8:00 am PT. We hope to see each Compacting State in person and will also provide a WebEx link to those attending virtually on our Events page.

We will also be holding regulator-only prep calls in advance of the Seattle meeting. The purpose of these calls is to go over the agenda and offer an opportunity to ask questions. These will take place during the week of July 31st in lieu of the one-on-one outreach calls. They will be offered by NAIC zone, with two catch-up options available. If there is a call outside your zone that works better with your schedule, feel free to register! The calls are approximately 30 minutes and notice for these calls was sent via email on July 24. You can register through the links provided in the notice, or you can go to the Events page.

We appreciate those of you who were interviewed by Sara Dubsky and Sarah Neil on what the Compact has accomplished. This effort will assist the members in building a strategic plan for the next three years and beyond. If you’re a member or a designated representative of a Compacting State who wants to share your ideas, please contact the Compact Office.

As many of you have heard, Don Beatty is retiring this fall, and the Seattle meeting is the last he will attend in person. Don has made tremendous contributions to the Compact from day one of its existence. We will hold a cupcake reception to toast Don’s retirement in the lobby immediately after our meeting. I hope you will join us as we celebrate Don’s storied career.

We are grateful for the opportunity to serve our members, and we are here to provide whatever support they need.

For this edition, we profile Louisiana Insurance Commissioner Donelon! Jim Donelon has served as Commissioner of Insurance for the state of Louisiana for more than 15 years. He was first appointed as Insurance Commissioner in February 2006 when the seat was vacated by the incumbent. He was later elected to fill the unexpired term in 2006 and has been re-elected to four consecutive full terms in 2007, 2011, 2015 and 2019. His current term will expire in 2023.

Jim was elected as the President of the NAIC in 2013 and currently serves as Chairman of the Surplus Lines Task Force of the NAIC and on its Executive Committee. Jim has served the state of Louisiana for decades.

A native of New Orleans, Jim graduated from Jesuit High School, the University of New Orleans, and Loyola School of Law. Jim and his wife Merilynn reside in Jefferson Parish. They are the parents of four daughters and grandparents of eight grandchildren.

MEMBER CORNER

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SEATTLE MEETING PREVIEW

Agenda Item #2, Report on Development of Indexed-Linked Variable Annuity (ILVA) Uniform Standards - The Product Standards Committee (PSC) ILVA Subgroup is working on a draft of a new Uniform Standard for index-linked variable annuities. A key requirement is the approach for determination of interim annuity contract values. Highlighting this important public policy issue for the members will help the PSC ILVA subgroup move its work forward. No action at this meeting is contemplated.

Agenda Item #3, Report from the Adjunct Services Committee and Discussion on 2023 Strategic Plan Development - The newly formed Adjunct Services Committee will report on its activities and work plan. The Compact Office will provide an update on the development process for the Compact's 2023 Strategic Plan and appreciates the time of several regulators to provide feedback on the Compact's activities and member services.

Agenda Item #4, Public Hearing on Proposed Amendments to the Group Annuity Contract Standards - The Management will conduct a public hearing regarding proposed amendments to the Single Premium Group Fixed Annuity Contract Standards for Employer Groups to expand the Scope to other types of contracts beyond those used in pension risk transfers. The proposed amendments are published on the Docket page of the Compact website. Written comments will be accepted on these amendments until August 29, 2023.

Agenda Item #5, Report and Recommendation of the Product Standards Committee and Management Committee Consideration to Adopt the Report and Commence Rulemaking on the PSC Recommendation - This is a Management Committee action item. The PSC is bringing forth a recommendation to publish the full suite of group whole life uniform standards for employer groups. The Management Committee will consider action to initiate the rulemaking process for these new Uniform Standards and expose these new Uniform Standards for public comment.

Agenda Item #6, Report and Recommendation of the Rulemaking Committee and Management Committee Consideration to Adopt the Report and Commence Rulemaking on the Rulemaking Committee Recommendation - This is a Management Committee action item. The Rulemaking Committee is expecting to recommend amendments to the Rulemaking Rule - Rule for Adoption, Amendment and Repeal of Rules for the Interstate Insurance Product Regulation Commission – to address incorporation by reference. The Management Committee will consider action to initiate the rulemaking process for these amendments.

Agenda Item #7, Consent Agenda - Joint Action Item by the Management Committee and Commission to Adopt the Report of the Finance Committee, Governance Committee the Operational Report of the Executive Director and Minutes of the June 27, 2023, Joint Meeting of the Management Committee and the Commission.

INCORPORATION BY REFERENCE

Earlier this year, the Rulemaking Committee asked the Compact Office to draft a suggested provision to the Compact's Rulemaking Rule to address incorporation by reference. Committee members reviewed the model language from the Model State Administrative Procedures Act (MSAPA) with regards to this provision.

Rulemaking Committee chair Commissioner Pike described this provision as a "clean-up" matter to address situations when a provision of a model law or actuarial guideline, which is incorporated by reference in a Uniform Standard, is amended. By having a provision to address these situations, the Commission would not have had to commence emergency rulemaking in 2021 to address changes to the nonforfeiture rate made by the NAIC to the Standard Nonforfeiture Law for Individual Deferred Non-Variable Annuities, which was incorporated by reference in certain Uniform Standards.

The proposed revision is based off the model MSAPA provision and conformed to the operation of the Commission. The proposed provision requires the initiation of the rulemaking process expected to occur after the Seattle meeting.
**MEET REPRESENTATIVE DEBORAH FERGUSON!**

Representative Deborah Ferguson is serving a sixth term in the Arkansas Legislature and was recently elected President of the National Council of Insurance Legislators. She has served on the Executive Committee of NCOIL since 2014 and acted as chair of several NCOIL committees. First elected in 2012, Representative Ferguson has made a significant impact on improving the quality of life for all Arkansans, garnering her numerous awards for her legislative work. The Municipal League, the Banker's Association, the Chamber of Commerce, the Arkansas Medical Society, and the Arkansas Dental Association have all named her as an Outstanding Legislator. She was additionally honored by The Community Health Centers of Arkansas who recognized her with the Legislative Advocacy Award.

Representative Ferguson lives in West Memphis with her husband, Dr. Scott Ferguson. They are the proud parents of three children and two grandchildren.