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

Friday, March 24, 2023
9 am ET / 8 am CT / 7 am MT / 6 am PT
Louisville, KY

AGENDA

1. Roll Call

2. Commission Consideration of Adoption of Uniform Standards
   a. Individual Disability Income Key Person Replacement Insurance Uniform Standards
   b. Individual Disability Income Buy Sell Insurance Uniform Standard

   EXPLANATION: The action item is to consider for adoption the proposed Uniform Standards published for public comment on November 28, 2022. The Management Committee held a public hearing on the proposed Uniform Standards on February 23rd. These are new Uniform Standard for two types of products in the individual disability income product line.

3. Commission Consideration of the Uniform Standards Development Guidelines

   EXPLANATION: The Commission will consider action on the recommended USD Guidelines. Information may be found on the Docket page of the Compact’s website.


   EXPLANATION: The Audit Committee will provide a report of its activities and present to the Commission the 2022 Annual Report which includes the Independent Audit Report.

5. Report and Recommendation of the Governance Committee and Consideration by the Commission to Adopt the Report and Recommendation of the Governance Committee

   EXPLANATION: The Governance Committee will provide a report of its activities and bring forth the charters of all the committees.

6. Report and Recommendation of the Ad Hoc Committee to Consider Enhancement of Member Services

   EXPLANATION: An Ad Hoc Committee of Compacting States will bring forward a recommendation on whether to pursue certain suggestions and proposals raised during the two Compact Roundtables in 2022. The Ad Hoc Committee has received input from the Legislative Committee and Advisory
Committees on what additional services the Compact could possibly provide to its member states. For background information on this item, please see the summaries of Compact Roundtables and Ad Hoc meeting under the Reference Materials section of the website.

7. Consent Agenda: Joint Action Item by the Management Committee and Commission to Adopt the Reports of the Committees, and Minutes of the December 15, 2022 Joint Meeting of the Management Committee and the Commission.

EXPLANATION: The action item is to consider adoption by consent of the written reports of the Finance, Product Standards, and Rulemaking Committees; and the Minutes of the December 15, 2022 Joint Meeting and February, 23, 2023 Management Committee meeting.

8. Executive Director’s Operational Report

EXPLANATION: The Executive Director will provide an update on the financial and operational activities of the organization to include a brief overview of the documentation of the service agreement and an update on the Insurance Compact Compass Strategic Plan.

9. Any Other Matters

10. Adjourn
Members of the Commission and Department Staff in Attendance:
Commissioner Kathleen A. Birrane, Chair, Maryland
Director Eric Dunning, Vice Chair, Nebraska
Commissioner Allan McVey, Treasurer, West Virginia
Superintendent Elizabeth Kelleher Dwyer, Past President, Rhode Island
Director Lori Wing-Heier, Alaska
Director Barbara Richardson, Arizona
Commissioner Alan McClain, Arkansas
Peg Brown as a designated representative for Commissioner Michael Conway, Colorado
Paul Lombardo as a designated representative for Commissioner Andrew Mais, Connecticut
Howard Liebers as a designated representative for Commissioner Karima Woods, District of Columbia
Kathleen Nakasone as a designated representative for Commissioner Gordon Ito, Hawaii
Shannon Hohl as a designated representative for Director Dean Cameron, Idaho
Jeff Varga as a designated representative for Director Dana Popish Severinghaus, Illinois
Commissioner Doug Ommen, Iowa
Andria Seip, Iowa
Julie Holmes as a designated representative for Commissioner Vicki Schmidt, Kansas
Commissioner Sharon P. Clark, Kentucky
Tom Travis as a designated representative for Commissioner James Donelon, Louisiana
Acting Superintendent Tim Schott, Maine
Nour Benchaaboun, Maryland
Alex Borkowski, Maryland
Sheri Cullen as a designated representative for Commissioner Gary Anderson, Massachusetts
Karen Dennis as a designated representative for Director Anita G. Fox, Michigan
Tammy Lohman as a designated representative for Commissioner Grace Arnold, Minnesota
Jo LeDuc as a designated representative for Director Chlora Lindley-Myers, Missouri
Commissioner Scott Kipper, Nevada
Jason Dexter as a designated representative for Commissioner Chris Nicolopoulos, New Hampshire
Commissioner Marlene Caride, New Jersey
Interim Superintendent Jennifer Catechis, New Mexico
Ted Hamby as a designated representative for Commissioner Mike Causey, North Carolina
Director Judith French, Ohio
Daniel Bradford, Ohio
Commissioner Glen Mulready, Oklahoma
Alex Cheng as a designated representative for Director Andrew Stolfi, Oregon
Commissioner Michael Humphreys, Pennsylvania
Shannen Logue, Pennsylvania
Brian Hoffmeister as a designated representative for Commissioner Carter Lawrence, Tennessee
Debra Diaz-Lara as a designated representative for Commissioner Cassie Brown, Texas
Commissioner Jonathan Pike, Utah
Tanji Northrup, Utah
Commissioner Kevin Gaffney, Vermont
Don Beatty as a designated representative for Commissioner Scott A. White, Virginia
Molly Nollette as a designated representative for Commissioner Mike Kreidler, Washington
Erin Hunter, West Virginia
Commissioner Nathan Houdek, Wisconsin
Rebecca Rebholz, Wisconsin
Commissioner Jeff Rude, Wyoming
Commissioner Birrane called to order the meeting of the Joint Management Committee. Ms. Schutter took the roll call of the Management Committee, the members of the Commission, Legislative Committee, and Industry and Consumer Advisory Committees.

Commissioner Birrane welcomed the new members. Director Richardson was welcomed as the Director of the Arizona Department of Insurance and Financial Institutions. It was noted Commissioner Fowler was confirmed as Alabama’s Commissioner of Insurance in January; Commissioner Kipper was appointed in February as Nevada’s Insurance Commissioner; and New Mexico’s Interim Superintendent Catehechis was appointed in January. Commissioner Birrane welcomed Commissioner Ito. Condolences were extended to the Hawaii Insurance Division in the passing of former Commissioner Hayashida at the end of February.

Commissioner Birrane welcomed the Legislative Committee and those in attendance. Indiana Representative Matt Lehman, Rhode Island Representative Brian Patrick Kennedy, and Arkansas Representative Deborah Ferguson were recognized along with NCOIL CEO Tom Considine.
Commissioner Birrane asked Representative Lehman and the other members of the Legislative Committee if they have any remarks before moving to the agenda. Representative Lehman extended a thank you. Representative Kennedy said that the National Conference of State Legislators is looking to restructure their committee structure. In 2024 they will have a brand-new banking and financial committee, and insurance will be a stand-alone committee.

Commissioner Birrane recognized and thanked the members of the Consumer Advisory Committee and Industry Advisory Committee for their attendance and service to the Compact. It was noted under Any Other Matters, an appointment to one of the open seats on the Consumer Advisory Committee will be considered.

Commissioner Birrane moved to the first item on the agenda, the adoption of two new Uniform Standards for individual disability income products. It was noted a two-thirds supermajority vote of both Management Committee and Commission is needed. It was explained, during the November Management Committee meeting, the Product Standards Committee recommended two individual disability income product line standards – one for key person replacement insurance and the other for buy sell insurance. The Management Committee conducted a written comment period and held a public hearing in February. No comments have been submitted during this rulemaking period. Commissioner Birrane asked for a joint motion and second to be made by members of the Management Committee to adopt the Individual Income Disability Key Person Replacement Insurance Uniform Standard and the Individual Disability Income Buy Sell Insurance Uniform Standard. Director Dunning made the motion and Director Richardson seconded the motion.

There were no additional comments. A roll call vote was conducted. The Uniform Standards were adopted by unanimous vote.

Commissioner Birrane proceeded to the second agenda item, adoption of the Uniform Standards Development Guidelines. Commissioner Birrane explained the Product Standards Committee developed these proposed guidelines in response to Priority one, Action Item three of the Compact’s 2020 to 2022 Strategic Plan, which reads to “provide guidance for Compacting States and interested parties to be used in the Uniform Standards development process for drafting, submitting and considering proposals or changes to Uniform Standards.” Commissioner Birrane noted Oregon updated its original request for amendments to these guidelines and this was distributed in the advanced materials.

Commissioner Birrane asked for a motion and second from a member of the Management Committee to adopt the Uniform Standards Development Guidelines as recommended by the Product Standards Committee. Commissioner McVey made the motion and Director Dunning seconded the motion.

Commissioner Birrane asked if Oregon wanted to address the proposed changes. Oregon had no further comments.

Commissioner Birrane asked if there were any questions or comments regarding Oregon’s changes. No comments or questions were made. Commissioner Birrane asked Commissioner McVey and Director Dunning if they would be amenable to incorporating the two changes proposed by Oregon into the Uniform Standards Development Guidelines. Both were amenable.

Commissioner Birrane then asked was there any further discussion on the motion to adopt these Guidelines with Oregon’s suggested changes. The Guidelines were adopted by unanimous voice vote.
Commissioner Birrane moved to the third item on the agenda, adoption of the report of the Audit Committee provided by Commissioner Clark. Commissioner Birrane called on Commissioner Clark to provide the report of the Audit Committee. Commissioner Clark reported the independent audit firm has concluded the annual report and the Compact has received an unqualified opinion. Commissioner Clark provided an overview of the Compact’s 2022 Financials. Commissioner Clark concluded her report and noted the final Audit Statement was included in the Compact’s 2022 Annual Report, which is being released after this meeting. Commissioner Birrane asked if there were any questions or comments for Commissioner Clark. There were none. Commissioner Birrane then asked to hear the Report of the Governance Committee before taking a motion to adopt both reports.

Commissioner Birrane progressed to the fourth item on the agenda, receive and adopt the report and recommendation of the Governance Committee. Commissioner Birrane asked Director Dunning to provide the report and recommendation of the Governance Committee. Director Dunning reported the Committee met prior to the in-person meeting to receive the Committee charters from the other Committees as well as review the Governance Committee’s work plan for the calendar year. Director Dunning concluded his report. Commissioner Birrane asked if there were any questions or comments regarding the Governance Committee report. Hearing none, Commissioner Birrane asked for a motion and second by any member of the Commission to adopt the reports of the Audit and the Governance Committees. Commissioner Pike made the motion and Commissioner Caride seconded the motion. The motion was adopted by voice vote.

Commissioner Birrane proceeded to the fifth item on the agenda, the report on the efforts and recommendation of the Officers to form a Task Force to explore the suggestions from the Compact Roundtable. Commissioner Birrane reported on the work and recommendations from the Officers regarding the formation of an Ad Hoc Committee last fall. In 2022, the Compact Officers launched the concept of Compact Roundtables to facilitate communication among Officers, Committee leaders, Member States, legislators, and Compact filers. The goal was to have open communication regarding the performance of the Compact and how well it is achieving its objectives, as well as what it can be doing better and how it can better support the needs of Member States. There were two roundtables in 2022, first in New York City and second in Omaha.

Commissioner Birrane noted there was great turnout at each of these Roundtables with Commissioners and their state regulators along with legislators, advisory committee members and representatives from nearly 40 companies. Attendees agreed the Compact has fulfilled its intended purposes. Discussion focused on how to balance uniformity with issues of concerns for states regarding meaningful conflicts with state laws as well as how to keep up with the pace of product development. Considerable time was spent brainstorming ideas for a Compact of the future, including providing adjunct or advisory services to Member States to leverage the collaborative platform and expertise at the Compact in evaluating non-Compact filings.

Commissioner Birrane explained the Ad Hoc Committee was established to evaluate the viability and appropriateness of ideas coming out of the Roundtables. In essence, this group agreed that there is merit to the establishment of an Advisory Services Office and, thus, the Officers are recommending to the Management Committee that a formal Task Force be created to develop proposals for these services for further consideration by the members.

Commissioner Birrane stated the Committee envisions the Task Force consider the following structural possibilities for the Compact, the establishment of an advisory or adjunct services office to support members’ review of forms for products for which there are not yet adopted standards; determination of how the Compact can bring uniformity of process and approval for specific, common variations from standards; and determination of how the Compact can promote product innovation.
Before asking for a motion to create a task force to carry out this work, Commissioner Birrane asked if the Officers or members of the Ad Hoc Committee wish to add anything to this summary. Representative Lehman noted he appreciated the ability to communicate together with the various parties and looks forward to the continuing discussions. Commissioner Birrane asked for a motion and second of the Management Committee to form a Task Force to explore structural ideas for future enhancement of the Compact as a service arm of our Compacting States. Director French made the motion and Director Dunning seconded the motion. The motion was carried with a voice vote.

Commissioner Birrane proceeded to the next item on the agenda, the adoption of the Consent Agenda. Commissioner Birrane stated this is a joint action item. Commissioner Birrane asked was there a motion and second by a member of the Management Committee to adopt the Consent Agenda items. Commissioner Caride made the motion and Director French seconded the motion. The motion was adopted by voice vote.

Commissioner Birrane moved to the seventh item on the agenda and asked Ms. Schutter to provide the Executive Director Report. Ms. Schutter reported the Compact Office was releasing two reports – the Value of Services and the Annual Report. Ms. Schutter explained last year was the first time the Value of Services report was generated detailing the services provided by the Compact on behalf of the Compact Member States. Ms. Schutter said that the 2022 Annual Report would be released this afternoon and posted to the website and electronically distributed. Ms. Schutter noted the first roundtable of 2023 will take place on May 17th in Washington, DC. A reception will be held after the Roundtable. Ms. Schutter explained the Compact Office recently released a redesign of the Compact website and would welcome feedback on the new website and spoke about using the Compact Collaboration Space to provide more regulatory information. Ms. Schutter also spoke about the implementation of suicide exclusion provision amendments for all new filings. New issues of products approved before April 3rd must comply with the amendments by October 3rd. It was noted that over 40 companies have submitted endorsements for review and approval using the new standards. Ms. Schutter reported Jeanne Daharsh will be retiring on April 1st and the Compact Office welcomed a new actuary, Kent Holbrook, on March 27th. Ms. Schutter thanked Commissioner Godfried of North Dakota for his support in the passing of SB1272 in January and hopefully he will join us at the commission table in August. Ms. Schutter concluded her report. Commissioner Birrane asked if there were any questions for Ms. Schutter. A question was raised regarding Compact legislation in other states that are outside of the Compact, including bringing South Carolina back. Ms. Schutter advised there was no new pending legislation at this time.

Commissioner Birrane reported the Officers will be conducting an electronic vote on a piece of the Executive Director’s compensation which is part of the contract and subject to Management Committee action. The Committee would be following the procedures in the Bylaws for conducting action in lieu of a meeting on a personnel matter via electronic vote.

Commissioner Birrane proceeded to the last item on the agenda, any other matters. Commissioner Birrane explained an application was received by Ms. Deb Darcy of the American Kidney Fund for one of the three open seats on the Consumer Advisory Committee.

Commissioner Birrane acknowledged Yvonne Hunter for her work on the Consumer Advisory Committee before she stepped down in January. Commissioner Birrane explained a memo regarding Ms. Darcy’s application was distributed in the final advance materials. Ms. Darcy is Senior Director of Government Relations and also serves as an NAIC Consumer Representative. Commissioner noted the Management Committee appoints members to the Consumer Advisory Committee. Commissioner Birrane asked were there any questions or comments about the submission. Hearing none, Commissioner Birrane asked for a motion from a member of the Management
Committee to appoint Ms. Darcy to the Consumer Advisory Committee. Director Dunning made the motion and Commissioner McVey seconded the motion. The motion carried by voice vote.

Hearing no other matters to be brought forward, Commissioner Birrane asked if there was a motion to adjourn. Commissioner McVey motion and Director Dunning seconded.

Commissioner Birrane adjourned the meeting.