INSURANCE
COMPACT
COMMISSION

Insurance Compact
2027
Budget
Development

(Regulator Use Only)

Overview

- 2026 Revenue and Expenses
- Revenue Assumptions for 2027
- Expense Assumptions for 2027 (1 new FTE)

2026 Revenue

- As of July, 3% or $120,000 over total budgeted revenues
  - Registration Revenue is $15,000 off budget at $1,479,000 with same level of registered companies as 2025
  - Per Filing Fee Revenue is 8% or $134,000 over budget
  - Interest income is 6% or $2,000 over budget

- Filing Fee Revenue is $298,000 over 2025 Filing Fee Revenue

- 2026 YTD Revenue is $345,000 higher than 2025 YTD Revenue

Revenue Alignment Proposal

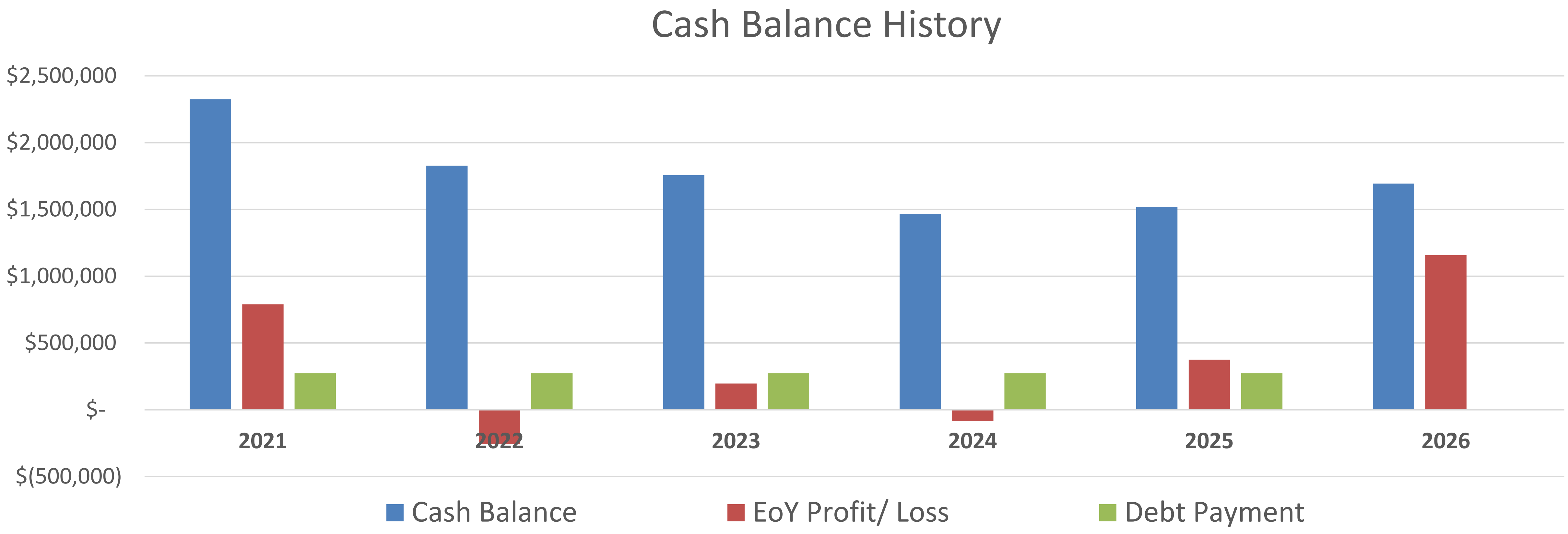
- Commission approved a revenue realignment proposal for 2025
- Kept existing Product Filing Submission Fee
  - $1,500 if requires actuarial review
  - $750 if does not require actuarial review
  - Lower fees based on premium volume and regional
- Added *NEW* Additional Fee for multiple Product Components in a Product Filing Submission
- Goal was to better align the value of review with Compact cost to review

2026 Expense Highlights

- As of July, 14% or $348,000 under budgeted expenses
- Timing of resources affects salary and other related lines
  - Two open positions from attrition and one budgeted position still open
- Travel and meetings savings due to conservative budgeting and timing
  - No interim in-person meeting and less expenses for Roundtable

2026 Cash Flow Highlights

- Cash balance as of July 2025 is decent at $1.7 M -- $378,000 higher than last year
- NAIC Executive Committee voted to forgive Commission’s outstanding debt obligation of $1.2M



Profile of the Compact

Product development cycle, regulatory changes and requirements, scope of Uniform Standards, and filing turnaround times drive Compact filing activity and revenue

Revenue Assumptions for 2027

- Budgeting for even volumes between 2026 and 2027
- No new regulatory requirements
- No new Uniform Standard product lines expected until the end of 2027
- Turnaround times expected to improve as with new form reviewer and actuary
- Expedited review queue will be more widely available in 2027

Expense Assumptions for 2026

- Two Compact Roundtables, Officer in-person planning meeting, 1 Team in-person meeting
- Requesting new form reviewer to be hired in January 2027
- Lowering travel and meeting costs to align with past year actuals
- Full year with backfilled positions and new actuary