DATE: December 4, 2020
TO: Interstate Insurance Product Regulation Commission
FROM: Insurance Compact Audit Committee
RE: Report of Committee Activities for the Annual Meeting

The Insurance Compact Audit Committee has been monitoring the Insurance Compact’s financials over the course of the year. The current financial condition of the organization shows as of the end of October, change in net assets is a positive $253,283 and its cash balance is $1,091,294.

The Audit Committee had its most recent regulator-only conference call on September 21, 2020.

The Audit Committee agreed to continue the engagement of the independent audit firm RSM to conduct the independent audit of the Commission’s 2020 financials. This is the fourth year of a five-year term that went out for bid in 2017. The Audit Committee will meet with the audit firm and the work of the auditor will get underway in early 2020.

The Audit Committee will review the recommendations from the independent governance review with respect to improvements to its Charter and other aspects of the committee’s processes. It will bring forward its recommendations to the Commission for its consideration in early 2021.

Please contact the Nebraska Director Bruce Ramge, Chair of the Insurance Compact Audit Committee, or Karen Schutter, Executive Director for questions or further information.
DATE: December 4, 2020

TO: Interstate Insurance Product Regulation Commission

FROM: Insurance Compact Product Standards Committee

RE: Report of Product Standards Committee Activities for the Annual Meeting

The Insurance Compact Product Standards Committee (PSC) has met six times since the Commission’s August meeting including one public call to receive comments on a proposed recommendation. The PSC will be holding a public conference call on Tuesday, December 15th at 1:30 ET to receive comments on proposed recommendations regarding strategic action items.

In October, the PSC forwarded its recommendation to the Management Committee providing feedback on the written and oral comments submitted during the notice and comment period for the following Uniform Standards going through the rulemaking process:

- Additional Standards for Qualifying Events for Waiver of Premium Benefits (amendments to existing Uniform Standard)
- Additional Standards for Qualifying Events for Waiver of Monthly Deduction Benefits (amendments to existing Uniform Standard)
- Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance (new Uniform Standard)

The PSC is currently working on recommendations for the following two strategic plan action items:

- Priority I, Action Item 3: 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 to focus on the robust, relevant and reasonable objectives.
- Priority I, Action Item 6: Develop a system for identifying and prioritizing the development of new Uniform Standards including for new product lines and new products and benefit features for existing product lines to reflect product offerings accepted by the majority or more of Compacting States.

The PSC has developed an initial draft of a Uniform Standards Development guidance document as well as a proposal for the identification and annual prioritization of Uniform Standards development activity. The PSC has published these drafts and seeking input from Compacting States, state legislators, consumer representatives, and industry representatives. The December 15th public conference call will be an opportunity for further comment and discussion.

INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION (INSURANCE COMPACT)
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Once the PSC delivers the recommendation for these two strategic action items, it will focus on a pending five-year review of the group term life Uniform Standards.

The PSC is also monitoring the work of the Actuarial Working Group (AWG), which has convened a subgroup to discuss interim value calculation methodologies as part of the AWG’s charge to discuss possible standards for indexed-link variable annuity contracts.

For 2021, the PSC will also address other strategic plan action items within its jurisdiction including:

- **Priority I, Action Item 7:** Develop groups within the Compacting States, state legislators, consumer representatives and industry/company representatives to provide product-specific or issue-specific expertise and feedback to the member regulators in the Uniform Standards development process.

- **Priority I, Action Item 9:** Identify ways that the Uniform Standards can promote the use of plain, understandable language in forms, potentially through a generally applicable Uniform Standard or amendments to individual standards.

- **Priority II, Action Item 8:** Study and provide a recommendation regarding the pros, cons and considerations for the development of a process for working with Compacting States willingly wanting to assist in a coordinated state review of a product filing where aspects of the product may not be able to be approved under current Uniform Standards.

The PSC also stands ready to respond to other requests from the Management Committee and the Commission regarding uniform standards development.

Please contact Jason Lapham of the Colorado Division of Insurance, Chair of the Product Standards Committee, or Sue Ezalarab, the Insurance Compact’s Regulatory Coordinator Consultant.
DATE: December 4, 2020

TO: Interstate Insurance Product Regulation Commission

FROM: Insurance Compact Rulemaking Committee

RE: Report of Rulemaking Committee Activities for the Annual Meeting

The Insurance Compact Rulemaking Committee issued surveys to regulators and companies on group types and associated filing requirements. The survey was open from the end of July to early October. Forty-one Compacting States responded to the Regulator Survey and 34 companies responded to the Industry Survey.

These Surveys were prepared and distributed as part of the work of the Rulemaking Committee with respect its work on Priority I, Action Item 4 of the strategic plan to explore whether to expand the Uniform Standards to accommodate group types available in the Compacting States for the authorized product lines (other than the existing employer/employee group type), and if approved by the Commission, commence development.

The Rulemaking Committee will distribute the aggregated results of the surveys in advance of a public call on Thursday, December 17th. During this call, an overview of the compiled results will be presented. Attendees will have an opportunity to ask questions and provide feedback regarding the survey responses.

The Rulemaking Committee will discuss the survey results and other feedback to develop a recommendation with respect to whether to expand the Uniform Standards to accommodate the ability to use Compact-approved forms for non-employer group types.

The Rulemaking Committee has also been asked to provide feedback on improvements to its notices to Commission members and state legislatures with respect to Uniform Standards development. This work is expected to be completed in the first quarter of 2021.

For 2021, the Rulemaking Committee will also address other strategic plan action items within its jurisdiction including:

- Priority II, Action Item 7: Study and analyze the types of Mix and Match for product filings over the last three years and provide a report to the Commission with detailed information and recommendations to improve the process and further minimize the need for Mix and Match and include guidance, with input of Compacting States, regarding whether additional forms are required to be filed with Compacting States for a Compact-approved product.
• Priority I, Action Item 5: Review current five-year review process and activities to recommend changes, while ensuring continued transparency and wide opportunities for member and public input, to make it a more iterative, flexible and efficient review of the Uniform Standards focused on the robust, relevant and reasonable objectives.

Please contact Oregon Commissioner Andrew Stolfi, Chair of the Rulemaking Committee, or Karen Schutter, Compact Executive Director, if you have any questions, comments or need further information.
MEMORANDUM

TO: Members of the Interstate Insurance Product Regulation Commission

FROM: Karen Z. Schutter, Executive Director

DATE: December 4, 2020

SUBJECT: Executive Director Operational Update

• The Compact Office released its second annual Report on Compact-Approved Individual Long-Term Care Insurance Rate Schedule Certifications for Reporting Year 2019.
  o The Uniform Standards require annual certification of the sufficiency of the initial rate schedules for Compact-approved iLTCI products and on a triennial basis require filing actuarial information to support the certification.
  o The report provides details regarding the review of the certifications and a regulatory report for each participating Compacting State will be sent by the end of the year providing company-specific/product-specific information.

• 2020 was the first year the Commission received in-force rate increase filings on Compact-approved iLTCI products under 15%.
  o Two separate companies submitted rate increase requests that after a thorough review fell under 15% which is within the approval authority of the Compact Office on behalf of the participating Compacting States pursuant to the Uniform Standards.
  o After a thorough review transparent to all participating Compacting States and with review and feedback from the NAIC LTC Task Force Multi-State Actuaries (MN, NE, CT, TX, and UT), the Compact Office has informed those Compacting States where the in-force rate increase will be effective of the approval status.

• The Compact Office is working on an Insurance Compact Regulator Collaboration space within NAIC’s StateNet and plans to release by the end of the year.

• The Compact Office will issue a survey on December 14th to the committees for feedback to improve committee meetings and enhance support the Compact Office provides committee members.
Insurance Compact Compass: Strategic Plan 2020 - 2022
Action Items Completed or Underway in 2020

Priority 1: Uniform Standards States Support and Companies Willingly Use
- 6 of 9 Action Items Completed or Underway:
  - Action Item (AI) 1: Adopted Guidelines for Composition, Duties, Procedures and Tenure of Article VII Other Committees
  - AI1: Modified meeting practice opening all meetings of Other Committees to all Compacting State regulators
  - AI2: Implemented member monthly digest of regulatory updates
  - AI3: Commenced consideration of Uniform Standards Development guidance
  - AI4: Conducted regulator and industry surveys on filing and review process for non-employer group types
  - AI6: Commenced consideration of identification and prioritization for Uniform Standards development
  - AI8: Ministerial support for multi-state platform for the NAIC Long-Term Task Force rate review pilot

Priority 2: Nationally Recognized Regulatory Review Process
- 2 of 9 Action Items Completed or Underway:
  - AI1: Retained Regulatory Coordinator Susan Ezalarab
  - A4: Proposed permanent path for expedited review program in 2021 Annual Budget

Priority 3: Resource for Compacting States, Regulated Entities and Consumers
- 6 of 10 Action Items Completed or Underway:
  - A1: Commenced development of regulatory collaboration space
  - A3: Conducted and completed focus group efforts to identify website enhancements
  - A6: Conducted litigation risk assessment including ways to strengthen the legal foundation of the Insurance Compact
  - A8: Restructured repayment of the debt and made first annual payment of $270,000
  - A8: Initiated and completed the process to conduct an independent business assessment
  - A9: Provided regular updates to the NAIC, NCOIL and CSG in 2020
  - A10: Initiated and completed the process to conduct an independent governance review
JOINT MEETING OF THE MANAGEMENT COMMITTEE AND THE INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION

Monday, October 26, 2020
1:30 pm ET / 12:30 pm CT / 11:30 pm MT / 10:30 pm PT / 9:30 pm AKT / 7:30 am HT

1. Roll Call

2. Public Hearing on the 2021 Annual Budget

3. Discussion and Approval of the Focus Group Suggestions and Recommendations for the Insurance Compact Website

4. Report of the Governance Review Committee
   a. Discussion of the Governance Review
   b. Discussion of the Business Assessment
   c. Discussion of the Uniform Standards and State Law Comparisons

5. Report and Recommendation from Other Committees
   a. Rulemaking Committee
   b. Product Standards Committee

6. Progress Update on Action Items in The Insurance Compact Compass: Strategic Plan 2020-2022

7. Management Committee and Commission Adoption of the Meeting Minutes from the August 14, 2020 Joint Meeting of the Management Committee and Commission

8. Operational Update

9. Any Other Matters

10. Adjourn
Members of the Commission and Department Staff in Attendance:

Superintendent Elizabeth Kelleher Dwyer, Chair, Rhode Island
Commissioner Mark Afable, Vice Chair, Wisconsin
Steve Ostlund as a designated representative for Commissioner Jim Ridling, Alabama
Yada Horace, Alabama
Sarah Bailey as a designated representative for Director Lori K. Wing-Heier, Alaska
Sharon Comstock, Alaska
Mayumi Gabor, Alaska
Commissioner Alan McClain, Arkansas
Jimmy Harris, Arkansas
Bill Lacy, Arkansas
Sterling Gavette, Arizona
Erin Klug, Arizona
Jason Lapham as a designated representative for Commissioner Michael Conway, Colorado
Paul Lombardo as a designated representation for Commissioner Andrew N. Mais, Connecticut
Martha Im as a designated representative for Commissioner Colin Hayashida, Hawaii
Director Dean Cameron, Idaho
Michelle MacKenzie, Idaho
Alexandria Peck as a designated representative for Commissioner Stephen W. Robertson, Indiana
Andria Seip as a designated representative for Commissioner Doug Ommen, Iowa
Julie Holmes as a designated representative for Commissioner Vicki Schmidt, Kansas
Craig Van Aalst, Kansas
Commissioner Sharon P. Clark, Kentucky
Malinda Shepherd, Kentucky
Frank Opelka as a designated representative for Commissioner James Donelon, Louisiana
Tom Travis, Louisiana
Tim Schott as a designated representative for Superintendent Eric A. Cioppa, Maine
Nour Benchaaboun as a designated representative for Commissioner Kathleen A. Birrane, Maryland
Karen Lam, Maryland
Karen Dennis as a designated representative for Director Anita G. Fox, Michigan
Tammy Lohmann as a designated representative for Temporary Commissioner Grace Arnold, Minnesota
Bob Williams as a designated representative for Commissioner Mike Chaney, Mississippi
Director Chlora Lindley-Myers, Missouri
Director Bruce R. Ramge, Nebraska
Martin Swanson, Nebraska
Olukemi Sotimehin as a designated representative for Commissioner Marlene Caride, New Jersey
Robert Doucette as a designated representative for Superintendent Russell Toal, New Mexico
Anna Krylova, New Mexico
Ted Hamby as a designated representative for Commissioner Mike Causey, North Carolina
Peter Weber as a designated representative for Director Tynesia Dorsey, Ohio
Lori Barron, Ohio
Theresa Schaefer, Ohio
Cuc Nguyen as a designated representative for Commissioner Glen Mulready, Oklahoma
Tracie Gray as a designated representative for Commissioner Jessica K. Altman, Pennsylvania
Shannen Logue, Pennsylvania
Tom Kilcoyne, Pennsylvania
Matthew Gendron, Rhode Island
Sarah Neil, Rhode Island
Director Raymond Farmer, South Carolina
Shari Miles, South Carolina
Bill Huddleston as a designated representative for Commissioner Hodgen Mainda, Tennessee
Doug Slape as a designated representative for Commissioner Kent Sullivan, Texas
Rachel Bowden, Texas
David Bolduc, Texas
Sandra Dodson, Texas
Libby Elliott, Texas
Richard Gober, Texas
Michael Nored, Texas
Robert Simons, Texas
Interim Commissioner Tanji Northup, Utah
Shelley Wiseman, Utah
Heidi Clausen, Utah
Kevin Gaffney as a designated representative for Commissioner Michael Pieciak, Vermont
Phil Keller, Vermont
Anna Van Fleet, Vermont
Don Beatty as a designated representative for Commissioner Scott A. White, Virginia
Molly Nollette as a designated representative for Commissioner Mike Kreidler, Washington
Commissioner James A. Dodrill, West Virginia
Tonya Gillespie, West Virginia
Erin Hunter, West Virginia
Rebecca Rebholz, Wisconsin
Commissioner Jeff Rude, Wyoming
Amanda Tarr, Wyoming

Members of the Legislative Committee in Attendance:

Representative Matt Lehman, Indiana
Representative Brian Patrick Kennedy, Rhode Island
Heather Morton, National Conference of State Legislatures

Members of the Industry Advisory Committee in Attendance:

Anne Correia, Allianz
Amanda Herrington, AHIP
Michael Hitchcock, Pacific Life
Wayne Mehlman, ACLI
Charles Perin, Nationwide
Joseph Muratore, New York Life
Shawn Pollock, Mutual of Omaha
Liz Pujolas, IRI
Members of the Consumer Advisory Committee in Attendance:

Andrew Sperling, NAMI

Interested Parties:

Angela Acker-Fisher, Securian
Karen Adler, Guardian Life
Stu Bergman, Gerber Life
Jon Brunner, State Farm
Andrea Davey, Athene
Marit Florke, FG Life
Bianca Gagnon, Pacific Life
Tonya Gallatin, Voya
Pat Hatler, Squire Patton Boggs
Mary Jo Hudson, Squire Patton Boggs
Barbara Jankowski, Gleaner Life
Jill Jones, BLIC
Kimberley Lambert, Prudential
Beth Lindsay, Voya
Holly Livingston, Transamerica
Ute Luedtke-Ahrens, Zurich
Rosie Missy, Principal
Liza Perry, USAA
Brian Pleva, Northwestern Mutual
Sarah Schroeder, Rector & Associates
Scott Sperry, Genre
Kathy Strauser, CUNA Mutual
Brad Tenpas, Principal
Amanda Weaver, John Hancock

Insurance Compact Staff in Attendance:

Karen Schutter, Executive Director
Becky McEllduff, Director of Product Operations & Chief Counsel
Sara Dubsky, Assistant Director of Administrative Operations
Mindy Bradford, Product Reviewer
Ed Charbonnier, Product Reviewer
Jeanne Daharsh, Actuary
Sue Ezalarab, Regulatory Coordinator Consultant
Karen Givens, Senior Product Reviewer
Naomi Kloepersmith, Actuary
Maureen Perry, Product Review Consultant
Hanna Steen, Administrative Assistant
Superintendent Dwyer called to order the Joint Meeting of the Management Committee and the Interstate
Insurance Product Regulation Commission (Insurance Compact or Commission). Ms. Schutter took the
roll call of the: Management Committee, Commission, Legislative Committee, and Industry and
Consumer Advisory Committees.

Superintendent Dwyer proceeded to receive comments on the 2021 draft annual budget and Schedule of
Fees. Superintendent Dwyer asked Ms. Schutter to provide an update on the Budget. Ms. Schutter
provided an overview of the drafting process. Ms. Schutter reviewed the current financial status of the
Compact. It was noted that the Compact has earned through the end of September $2.36 million which is
5% under budget. The actual expenses are 80% of budget which is $1.98 million. A large part of the
savings is attributed to open positions and the lack travel due to COVID-19. Ms. Schutter explained the
Expedited Review Program is being utilized more than anticipated in the budgeting process. Ms. Schutter
reviewed the drafted revenue for 2021 and explained revenues were projected to grow 4% over 2020
budgeted revenues. Expenses for 2021 will be even with the initial budgeted expenses for 2020. Ms.
Schutter reviewed the expenses and provided an overview of the key expenses. Ms. Schutter remarked
that the Finance Committee would like to make a recommendation to make the Expedited Review Program
a permanent filing feature. There would be no changes to the Schedule of Fees for 2021. Interim
Commissioner Northrup asked how the Expedited Review Program has impacted the current review
process. Ms. Schutter replied and noted the program has not had a negative effect on the review time.
Superintendent Dwyer asked if there were any comments or questions; there were none. Superintendent
Dwyer noted the budget would be considered for approval and adoption during the Annual Meeting
scheduled for December 4th.

Superintendent Dwyer moved to the next item on the Agenda and asked Ms. Schutter to provide an
overview of the Focus Group Suggestions and Recommendations for the Insurance Compact website. Ms.
Schutter noted this was a strategic plan item, Priority III, Action Item 3. The report included suggestions
for enhancements as well as restructuring information on the website. It was noted that there were no
written comments submitted regarding the Report. Superintendent Dwyer asked if there were any
questions or comments; there were none. Superintendent Dwyer asked if there was a motion to adopt the
proposed recommendations. Commissioner Schmidt made the motion and Commissioner Rude seconded.
A voice vote was conducted. The motion was adopted.

Superintendent Dwyer proceeded to the report of the Governance Review Committee. Superintendent
Dwyer reported both firms conducted a series of interviews. Superintendent Dwyer thanked all those who
participated in the interviews. It was noted the Governance Committee has been working with outside
counsel to understand the extent of litigation risks, if any, rising from the Colorado Supreme Court opinion
in Amica v. Wertz. Superintendent Dwyer asked if there were any questions. Mr. Mehlman noted that the
ACLI has been working to figure out what to do regarding the Colorado Supreme Court decision. A
comment was made about NAIC Model 805 and hoping that the states adopt the model to avoid more
court cases. Ms. Schutter provided an overview of Model 805 and how it relates to the Compact. Ms.
Schutter explained that since the Uniform Standards reference the Model and as such when the Model is
adopted, it would become effective for purposes of the Uniform Standards.

Superintendent Dwyer asked Mr. Beatty to provide the report of the Rulemaking Committee. Mr Beatty
stated the Rulemaking Committee issued a survey in July regarding group products. This survey was
issued to states and companies. Mr. Beatty noted the Insurance Compact Office received 41 replies from
state regulators and 34 replies from companies and the Insurance Compact Office is compiling the results for review by the Committee. Mr. Beatty concluded by noting that the Committee will continue their review of the notices issued to members and state legislatures and legislators with respect to the adoption of Uniform Standards and the right to opt out. There were no questions or comments regarding the report of the Rulemaking Committee.

Superintendent Dwyer asked for the report of the Product Standards Committee (PSC) and asked Mr. Lapham to provide the report. Mr. Lapham reported the PSC has concluded its review of the amendments to Additional Standards for Waiver of Premium and Additional Standards for Waiver of Monthly Deductions and the new standard, Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance. The Committee reviewed the comments submitted by ACLI, Oregon and Hawaii. The Committee is presenting the three drafts to the Management Committee today. The drafts are notated with the amendments submitted in December 2019 in red and the edits made recently in blue.

With the drafts, two charts summarizing the changes made. The first chart summarizes the changes to the Additional Standards for Wavier of Surrender Charge Benefit for Life Insurance. Mr. Lapham noted that most of the changes address comments to distinguish between the requirements for a waiver due total disability and the requirements for a waiver for qualifying events. The second chart summarizes the changes to the Additional Standards for Waiver of Premium Benefits for Total Disability and Other Qualifying Events and the Additional Standards for Waiver of Monthly Deductions for Total Disability and Other Qualifying Events. Mr. Lapham explained most of the changes address comments to distinguish between the requirements for a waiver due total disability and the requirements for a waiver for qualifying events.

The PSC continues to work on the assignments from the Strategic Plan including improvement to notices regarding uniform standards development, guidance on uniform standards development and development of a system for identifying and prioritizing the development of new uniform standards.

Mr. Lapham reported a subgroup of the Actuarial Working Group (AWG) has been meeting to discuss developing standards for indexed-link variable annuity contracts. They are beginning by looking at interim value calculation methodologies.

Lastly, Mr. Lapham noted the PSC will be starting the 5-Year Review of all the group term life Uniform Standards as well as the Additional Standards for Incidental Guaranteed Minimum Death Benefits for Individual Deferred Non-Variable Annuities. The Uniform Standards may be found on the Docket. The PSC will be reviewing comments from ACLI, Oregon and Texas. Mr. Lapham concluded his report. There were no questions or comments regarding the report of the Product Standards Committee.

Superintendent Dwyer asked if there was a motion from a member of the Management Committee to adopt the reports of the Governance Review, Rulemaking, and Product Standards Committees. Commissioner Afable made the motion; Ms. Lohmann seconded the motion. A voice vote was conducted; all were in favor.

Superintendent Dwyer asked Ms. Schutter to provide a report on the implementation of the Compact’s Strategic Plan. Ms. Schutter noted the Insurance Compact is on target for all action items. Ms. Schutter remarked that the tools on the website were updated recently to reflect the recent activities. Two projects
have started regarding identification and prioritization of the Uniform Standards development and procedures for the development of Uniform Standards. Ms. Schutter explained that nine other strategic action items are still ongoing. It was noted that several of the action items anticipated to at least start in 2020 have been updated to reflect a start date of early 2021. There were no questions or comments for Ms. Schutter.

Superintendent Dwyer asked for a motion from a member of the Management Committee to adopt the meeting minutes from the August 14th joint meeting of the Management Committee and Commission. Commissioner Afable made the motion; Commissioner Dodrill seconded. A voice vote was conducted, and the Meeting Minutes were adopted.

Superintendent Dwyer asked Ms. Schutter provide a report on current Insurance Compact operations. Ms. Schutter noted the Member Monthly Digest was issued for October earlier in the day. In the Digest, there was an update on the in-force rate increases currently pending. Ms. Schutter noted the next joint meeting of the Management Committee and Commission will take place on Friday, December 4th and it will be a virtual meeting. Ms. Schutter noted that Ms. Dubsky sent an email to the Commissioner and or their designated proxy regarding the annual Committee preference selection. Ms. Schutter noted there are three open seats on the Consumer Advisory Committee and the Insurance Compact Office is collecting applications to serve on the Committee.

As there were no other matters to be brought before the Commission, the joint meeting of the Management Committee and Commission adjourned.
MEMORANDUM

TO: Members of the Interstate Insurance Product Regulation Commission
FROM: Director Robert Muriel, Treasurer
DATE: December 4, 2020


- The Insurance Compact has collected a total of $4,882,941 in both Compact fees and state filing fees.

- Of this total amount, the Insurance Compact received $2,477,790 in its self-generated revenue since January 1, 2020. This amount is 24% below 2019 actuals due in large part to the extraordinary filing volumes as explained in its 2019 Annual Report. Actual 2020 revenues year-to-date are approximately 6% under the 2020 Budget. More specifically, the Insurance Compact has earned:
  - $1,154,853 in Compact Per Filing Fees – 1,135 products have been submitted.
  - $1,322,938 in Annual Registration Fees – 246 companies have registered.

- The remainder of the fees collected by the Insurance Compact represents state filing fees of $2,405,151, which are remitted directly to the Member States. This is 81% of the amount as of October 31, 2019.

- The Insurance Compact is currently operating approximately 18% under budgeted expenses. Travel and meeting restrictions as well as open positions are the leading drivers of the expense savings.

- The Insurance Compact has a change in net assets of $253,283, which is $331,715 higher than budgeted change in net assets. The Insurance Compact has a cash balance of $1,091,294, which is $253,152 less than the cash balance as of October 31, 2019.

- As of year-end 2019, the Insurance Compact triggered the repayment requirement established between the NAIC and the Commission in 2010 as it ended the year with a net positive revenue more than $250,000. The NAIC and Insurance Compact entered a new repayment agreement in 2020. Repayment will be made on the principal balance of $2,740,134 in ten equal annual installments. If the organization’s cash balance is less than $250,000 as reflected in the annual audited financial statements, the required repayment for the following year will be deferred and the repayment period extended accordingly. Upon the final payment on the principal, the accrued interest of $712,733 will be treated as a contribution to the Commission.

- The Insurance Compact made the first payment in the amount of $274,013 on May 31, 2020. The outstanding debt to the NAIC as of October 31st is $2,466,121.

- The Insurance Compact Office closely monitors the actual performance of its revenues to budget and keeps the Officers, Finance Committee, and Audit Committee regularly informed of its financial condition.