



DATE: August 12, 2022

TO: Insurance Compact Management Committee

FROM: Insurance Compact Finance Committee

RE: Report of Finance Committee Activities for Joint Meeting of the Management Committee and Commission

The Insurance Compact Finance Committee met on July 28th and received an update on the financials through the end of June 2022.

The actual revenues through June 2022 were 86% of budget; \$1.9 million was earned. The expenses continue to be under budget in large part due to an open position and the time of expenses for legal and website redesign services. Actual expenses were approximately 12% under budget.

Actual revenues are considerably under budgeted revenues due to the significant drop-in filing activity for new products or actuarial updates to new products, especially life products. In response to regulatory changes, most companies filed new products or updated their actuarial information in 2021 which caused a significant positive variance in revenue. This is likely the cause of companies not needing to file new or updated products or actuarial supporting information in the first half of 2022.

During the Finance Committee call, it was noted the 2023 annual budget development was well underway. Later in August, the Compact Office will present a filing fee increase recommendation to the Committee. This increase is in line with the long-term projections developed during the debt restructure negotiations with the NAIC in 2019.

The Finance Committee will continue to monitor the financial statements throughout the course of the year as well as monitor the work of the Compact with respect to a comprehensive professional development program.

Please contact the West Virginia Commissioner Allan McVey, Chair of the Insurance Compact Finance Committee, or Karen Schutter, Executive Director for questions or further information.



DATE: August 12, 2022

TO: Management Committee

FROM: Product Standards Committee

RE: Report of the Product Standards Committee Activities for the August 12 Commission Meeting

The PSC is close to wrapping up its review of the drafts for Individual Disability Buy Sell and Key Person Replacement Uniform Standards. The PSC has held three public calls to receive comment during the development of these standards.

The Compact Office issued the annual notice to receive requests for new or amended uniform standards and held a public hearing to receive comments. No new requests for new or amended Uniform Standards were received. The PSC will review the current list and prepare a recommendation for the Management Committee. Please contact the Compact Office or visit the Docket section of the insurancecompact.org website for more information on the process for the Annual Prioritization of Uniform Standards.

Later this summer, the PSC will be working on development of Uniform Standards for group whole life insurance and for registered indexed-linked variable annuities.

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 Susan Ezalarab, the Compact Office's Regulatory Coordinator Consultant.



DATE: August 12, 2022

TO: Insurance Compact Management Committee

FROM: Insurance Compact Rulemaking Committee

RE: Report of Rulemaking Committee Activities for Joint Meeting of the Management Committee and Commission

The Insurance Compact Rulemaking Committee advanced its recommendation for a framework and Operating Procedure for the Use of Compact-Approved Group Products for Other than Employer Groups during the June 28th virtual meeting of the Management Committee and Commission.

The Rulemaking Committee conducted a survey of regulators and filers to gauge their use and concerns with mix and match regarding using Compact-approved forms with state-approved forms. Thirty-three states responded to the survey and thirty-one company filers responded.

The Rulemaking Committee will be meeting later this month to discuss survey results and discuss steps to improve the mix-and-match process. The Rulemaking Committee will hold public calls to receive input from company filers and interested parties as these recommendations are developed.

The Rulemaking Committee will also be looking at whether to suggest changes to the five-year review process which is based on Section 119(a) of the Rule for the Adoption, Amendment and Repeal of Rules for the Interstate Insurance Product Regulation Commission.

Please contact the Oregon Commissioner Andrew Stolfi, Chair of the Insurance Compact Rulemaking Committee, or Karen Schutter, Executive Director for questions or further information.



DATE: August 12, 2022

TO: Insurance Compact Management Committee

FROM: Karen Schutter, Executive Director

RE: Operational Report of the Executive Director for Joint Meeting of the Management Committee and Commission

The Compact Office has held several events for members and state legislators over the past two months. The Compact Office sponsored a reception during the NAIC Commissioner mid-year meeting in Sun Valley, Idaho. It also exhibited and provided afternoon treats during the recent NCOIL summer meeting in New York City. The Compact sponsored a reception for the NCSL Insurance Task Force and exhibited at the NCSL Legislative Summit in Denver. The Compact will be hosting a reception after its in-person meeting in Portland at 5 pm on August 12th. The Compact Office will be presenting and exhibiting at the upcoming AICP Annual Meeting in September.

A Compact Roundtable, hosted by the Compact Officers, was held on Wednesday, July 13th at the Beekman Hotel in New York City. The Compact invited Commissioners from the Northeast zone as well as Commissioners attending the NCOIL meeting. Members of the Legislative Committee, Industry Advisory Committee and Consumer Advisory Committee were invited. State legislators and company representatives attending the NCOIL meeting were also invited. A member of the Consumer Advisory Committee was sponsored to attend.

Forty people attended the Compact Roundtable session. Commissioner Birrane opened the Roundtable and introduced special guest New York Superintendent Adrienne Harris to welcome attendees to New York City. Commissioner Birrane, Indiana Representative Matt Lehman, and Jennifer Webb and Michael Hitchcock, representatives from Pacific Life, provided their respective perspectives as participants in the Compact process.

Two breakout sessions were held allowing smaller groups to discuss key issues relating to “Where is the Compact Now” and “Where is the Compact in the Future”. These discussions were reported to the entire group and further discussion was held on balancing uniformity with important state differences, making standards development more flexible to respond to market and regulatory changes and utilizing the Compact platform and expertise to provide adjunct services to member states.

A full summary of the Compact Roundtable will be posted to insurancecompact.org.

Please contact Karen Schutter, Executive Director, Becky McElduff, Director of Product Operations and Chief Counsel, or Sara Dubsky, Assistant Director of Administrative Operations for questions or further information.

INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION (INSURANCE COMPACT)
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**JOINT MEETING OF THE MANAGEMENT COMMITTEE AND
INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION**

**Tuesday, June 28, 2022
3 pm ET / 2 pm CT / 1 pm MT / 12 p m PT
Virtual Meeting**

AGENDA

1. Roll Call
2. Public Hearing on Insurance Compact Position Statement 1-2022
3. Public Hearing on Phase 9 Five Year Review Amendments to Certain Uniform Standards
4. Management Committee and Commission Consideration of the Uniform Standards Development Guidelines Including Amendments Proposed by the Oregon Department of Consumer and Business Services: Review amendments proposed by Oregon to the Uniform Standards Development (USD) Guidelines originally recommended by the Product Standards Committee in March 2021 and if ready, consider for adoption
5. Report and Recommendation of the Rulemaking Committee for a proposed Framework and new Operating Procedure to Accommodate the Use of Compact-Approved Products for Non-Employer Groups: The Management Committee will receive the report and recommendation of the Rulemaking Committee which will then be published for notice and comment.
6. Insurance Compact Strategic Planning Discussions
7. CONSENT AGENDA: Joint Action Item by the Management Committee and Commission to Adopt Noncontroversial Reports and Minutes of the Management Committee and the Commission.
8. Any Other Matters
9. 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, Rhode Island
Anthony Williams as a designated representative for Commissioner Jim Ridling, Alabama
Sarah Bailey as a designated representative for Director Lori Wing-Heier, Alaska
Mayumi Gabor, Alaska
Erin Klug as a designated representative for Director Evan Daniels, Arizona
Jason Lapham as a designated representative for Commissioner Michael Conway, Colorado
Paul Lombardo as a designated representative for Commissioner Andrew Mais, Connecticut
Tanisha Merced as a designated representative for Commissioner Trinidad Navarro, Delaware
Howard Liebers as a designated representative for Commissioner Karima Woods, District of Columbia
Jason Asaeda, Hawaii
Lisa Zarko, Hawaii
Shannon Hohl as a designated representative for Director Dean Cameron, Idaho
Jeff Varga as a designated representative for Director Dana Popish Severinghaus, Illinois
Alex Peck as a designated representative for Commissioner Amy Beard, Indiana
Commissioner Doug Ommen, Iowa
Matthew Cunningham, Iowa
Julie Holmes as a designated representative for Commissioner Vicki Schmidt, Kansas
Commissioner Sharon P. Clark, Kentucky
Malinda Shepherd, Kentucky
Frank Opelka as a designated representative for Commissioner James Donelon, Louisiana
Rod Friedy, Louisiana
Acting Superintendent Tim Schott, Maine
Nour Benchaaboun, 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
Bob Williams as a designated representative for Commissioner Mike Chaney, Mississippi
Director Chlora Lindley-Myers, Missouri
Jo LeDuc, Missouri
Laura Arp, Nebraska
Director Barbara Richardson, Nevada
Jason Dexter as a designated representative for Commissioner Chris Nicolopoulos, New Hampshire
Ted Hamby as a designated representative for Commissioner Mike Causey, North Carolina
Daniel Bradford as a designated representative for Director Judith French, Ohio
Cuc Nguyen as a designated representative for Commissioner Glen Mulready, Oklahoma
Raven Collins as a designated representative for Director Andrew Stolfi, Oregon
Commissioner Michael Humphreys, Pennsylvania
Steve Boston, Pennsylvania
Debra Diaz-Lara as a designated representative for Commissioner Cassie Brown, Texas
Rachel Bowden, Texas

John Wooding, Texas
Commissioner Jonathan Pike, Utah
Tanji Northrup, Utah
Acting Commissioner Kevin Gaffney, Vermont
Mary Block, 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
Ned Gaines, Washington
Commissioner Jeff Rude, Wyoming
Amanda Tarr, Wyoming

Consumer Advisory Committee:

Brendan Bridgeland
Fred Nepple

Industry Advisory Committee:

Wayne Mehlman, ACLI
Joseph Muratore, New York Life
Sarah Wood, IRI

Insurance Compact Staff in Attendance:

Karen Schutter, Executive Director
Becky McElduff, Director of Product Operations & Chief Counsel
Sara Dubsy, Assistant Director of Administrative Operations
Joe Bonfitto, Product Reviewer
Mindy Bradford, Product Reviewer
Ed Charbonnier, Product Reviewer
Jeanne Daharsh, Actuary
Susan Ezalarab, Regulatory Coordinator Consultant
Karen Givens, Senior Product Reviewer & Manager
Naomi Kloeppersmith, Actuary
Sarah Neil, Communications and Outreach Coordinator
Hanna Steen, Administrative Coordinator

Commissioner Birrane 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.

Commissioner Birrane proceeded to the first item on the Agenda, the public hearing on the Insurance Compact Position Statement 1-2022. The Governance Committee recommended the Position Statement 1-2022 in April for public comment. Ms. Schutter reported three comment letters were submitted. The Consumer Advisory Committee (CAC) submitted a letter on June 7th expressing its support of the Position Statement 1-2022. The CAC also commented it agrees with the position that the standards are proper under state constitutional law governing legislative

delegation of authority. The CAC further suggests pursuing all available avenues to reinforce the constitutionality of the Compact. The American Council of Life Insurers (ACLI) submitted a letter on June 14th to express its support for the position statement. ACLI supports the Compact's recognition of its implied Congressional consent and believes the Position Statement will provide the Compact and its Compacting States with additional support to enforce its product standards. The Insured Retirement Institute (IRI) submitted a letter on June 15th indicating its supports of the Position Statement and the analysis therein, noting the Compact plays an important role for its members by providing a central and uniform review and approval process. There were no questions regarding the Position Statement. Mr. Nepple noted the members of the Consumer Advisory Committee suggests the Compact request explicit federal legislation, or acknowledgement, of the Compact. There were no other comments. Commissioner Birrane asked the Governance Committee to review the comments received and provide any feedback as to whether there should be any changes to the Position Statement before it is considered for adoption in Portland.

Commissioner Birrane turned to the hearing on the Phase Nine Five Year Review amendments to certain Uniform Standards. Ms. Schutter noted Phase 9 of the five-year review includes the full suite of group term life standards – 9 of them and one individual annuity benefit standard for incidental minimum guaranteed death benefits for non-variable annuities. The Uniform Standards in Phase 9 were noticed out in February 2020. Comments were solicited on whether changes or amendment were needed based on whether circumstances have changed since the rule was last adopted or amended. The PSC held two public calls on this recommendation – one in August 2021 and the other in March 2022 before recommending to the Management Committee at its April meeting. Ms. Schutter explained the proposed amendments to the Uniform Standards along with a transmittal letter are on the docket. The changes are two clarifications, and the rest are conforming amendments – that is amendments made to other Uniform Standards in previous five-year review processes that apply. Ms. Schutter noted the only comment received during this current comment period came from ACLI who is requesting these group Standards along with others that are not subject to this five-year review process be amended to accommodate the Rulemaking Committee recommendation to expand the scope beyond employer groups. The Compact Office suggests this request is on the PSC prioritization list for Uniform Standards development and will commence as the Rulemaking Committee recommendation gets closer to being adopted by the Commission. There were no questions for Ms. Schutter. There were no comments made during the public hearing. This concluded the public hearing portion of the Meeting.

Commissioner Birrane moved to the next item on the Agenda, the Management Committee and Commission's consideration of the Uniform Standards Development Guidelines, including the amendments proposed by the Oregon Department of Consumer and Business Services. Commissioner Birrane noted the Guidelines were developed by the Product Standards Committee and subject to at least one round of public comment before being recommended to the Management Committee in the Spring of 2021. Oregon requested during the June 2021 meeting to defer action as the Department needed more time to review the Guidelines in detail to provide comments. The Management Committee agreed to the request at that time. The

Department submitted their comments along with a redlined version of the Guidelines. It was reported both were available on the Docket. Ms. Schutter provided an overview of the proposed changes on behalf of the Oregon Department. As there were extensive changes proposed, Commissioner Birrane proposed action on this item be deferred until a later meeting. Commissioner Pike noted that he does not agree with the edits proposed, but would vote to move this item forward. Superintendent Dwyer noted her concern about the Compact being limited as to when it can change the standards. There was agreement there would be further discussion at a future meeting.

Commissioner Birrane moved to the report and recommendation from the Rulemaking Committee. The Rulemaking Committee is recommending the proposed framework and a new operating procedure to accommodate the use of Compact-Approved products for non-employer groups. Mr. Beatty provided the report. Under Priority 1, Action Item 4, the Rulemaking Committee was charged with looking at whether and how to expand the use of Compact-approved products to group types other than employer-employee groups. The Committee has developed, and is now recommending for a public comment period, a framework as well as a proposed new Operating Procedure that would create a process to permit the use of Compact-approved group products for non-employer groups. Mr. Beatty reported extensive research was used in the development of the proposed framework in that the Committee conducted a survey of company filers as well as state regulators regarding their input on the process. Additionally, the Committee received presentations from states and industry on various aspects of the compliance process for review and approval of specific group types. The framework as outlined in the draft Operating Procedure is based on the explicit requirement that companies must comply with state law with respect to the regulations around all group types including whether they are authorized and legitimate under state law. For groups that are described as other than employer groups for the purpose of the operating procedure, companies would continue to seek or file for authorization of the group type before they could issue a Compact-approved product to the particular group including associations and non-portability trusts. For certain groups that are more like employer groups such as labor unions, portability trusts and professional employer organizations, the groups would still have to be authorized by state law, but upon Compact approval, the companies could issue the product to those type of groups. Mr. Beatty reported the Product Standards Committee will be asked to review the current group Uniform Standards to amend the terminology beyond employer-employee.

Commissioner Pike expressed concern with non-employer groups approved outside of the state of Utah being able to issue policies within Utah. Ms. Klug asked if the Committee reviewed the NAIC model in the drafting of the definitions included in the Operating Procedure. Mr. Beatty replied as part of the procedures, the group must be compliant with the state law and states continue to have the authority of the group to sell policies in their state. Commissioner Birrane noted the onus was on the insurer to ensure they are approved for that particular group in the states included on the submission. Ms. Schutter noted the process does not permit use of a Compact group product for non-employer groups without the applicable state's approval for a particular group.

Mr. Beatty noted the next item on the Rulemaking Committee's agenda is to work on Priority 2, Action Item 7 and explore whether updates and changes should be made to the current mix and

match process. Mix and match is the process originally established as the Compact was developing standards and allowed companies to file parts of their product with states when there was not a Uniform Standard for a certain feature. Another common reason is to accommodate product development as companies were still using state-approved legacy forms, including with forms they were filing with the Compact. The Rulemaking Committee received a presentation from the Compact Office on the current mix and match process and filing activity. Mr. Beatty noted the Committee has issued a survey to member states and company filers seeking feedback on various aspects of mix and match and encouraged all to provide a reply.

Commissioner Birrane asked if there was a motion to receive the report and recommendation of the Rulemaking committee including to publish for notice and comment. Superintendent Dwyer made the motion and Ms. Lohman seconded the motion. A voice vote was conducted and was passed unanimously.

Commissioner Birrane moved to the next item on the Agenda and provided an overview of the strategic planning. Commissioner Birrane noted the Compact's first strategic plan is in the last year and it is time to start thinking about the next strategic plan. The focus of the upcoming Portland meeting will be to discuss strategic priorities and goals for future action items. Commissioner Birrane noted the Compact was hosting a Roundtable in New York City and the Officers would provide a review of the Roundtable during the Portland meeting. There were no questions or comments for Commissioner Birrane.

Commissioner Birrane proceeded to the Consent Agenda item and asked for a motion to adopt the reports of the Finance, Product Standards, and Rulemaking Committees along with the meeting minutes from the April 5, 2022 meeting. Mr. Beatty made the motion and Superintendent Dwyer seconded. There were no comments. A voice vote was conducted, and the motion carried.

Hearing no other matters, Commissioner Birrane asked if there was a motion to adjourn. Commissioner McVey made a motion to adjourn which was seconded by Director Dunning.