Proposed Recommendation for Updated Procedure for Submission by and Selection of Applicants for the Consumer Advisory Committee

Prepared by the Consumer Advisory Committee

The Bylaws of the Interstate Insurance Product Regulation Commission describes the Consumer Advisory Committee (CAC) in Article VIII. Committees., Section 2. Advisory Committees, as follows (page 9):

“(1) Consumer advisory committee. The Commission shall establish a consumer advisory committee consisting of eight (8) consumer representatives independent of the insurance industry. The Commission shall develop a procedure for consumer organizations to nominate individuals for membership on the consumer advisory committee and such procedure shall include submission of information to demonstrate the expertise and interest of the consumer organization and its nominee and the independence from the insurance industry of the consumer organization and its nominee. The Management Committee shall appoint Committee members to serve staggered two-year terms with four terms expiring each year, except that four of the initial appointments shall serve one-year terms and four shall serve two-year terms.

The current CAC application process is brief and found on the About the Compact webpage. The Commission has approved exceptions for individuals who represent consumer interests but do not fit within the current criteria of representing an organization with at least 25 members. Here is a descriptive list of the types of consumer representatives who have served on the CAC since 2006:

- AARP
- Office of the Public Insurance Counsel, State of Texas
- Consumer Protection and Public Health Division Office of the Attorney, State of Texas
- Center for Insurance Research
- Autism Speaks
- National Alliance on Mental Illness
- Vermont Association for Mental Health
- NAIC Consumer Funded Representatives
- Consumer Liaison Representative
- Former Commissioner
- Former Regulator

Appendix A outlines the proposed application process adding two more provisions describing persons eligible to serve on the CAC and providing more detail regarding the application submission. The CAC also provides a recommended Conflict of Interest Statement for CAC applicants and CAC members in Appendix B. The CAC is currently drafting proposed examples of possible conflicts of interest which may be useful in determining if a conflict of interest exists.
APPENDIX A

CONSUMER ADVISORY COMMITTEE
COMPOSITION AND SELECTION CRITERIA

At each annual meeting of the Commission, the Management Committee appoints four (4) members of the Consumer Advisory Committee (CAC) for a two-year term. These appointments are made from the nominations and applications submitted. The Management Committee also appoints members of the CAC to fill a remaining term when it has an open seat due to a vacancy. The Committee is comprised of eight (8) members who serve for two-year terms.

The members of the CAC as of August 1, 2020 are appointed through the 2020 Annual Meeting and for a two-year term thereafter expiring on or after the 2022 Annual Meeting.

CONSUMER COMPOSITION CRITERIA

The CAC is to be comprised of persons representing the interests of insurance consumers in matters before the Insurance Compact. Generally, persons eligible for consideration for appointment to the CAC have at least one of the following qualifications:

A. Persons representing national, state, or local consumer non-profit organizations with a membership of at least 25 members as an employee, contractor or agent of such organization provided neither funding or membership includes insurance industry interests: or

B. Persons who previously served as employees for state or federal regulatory agencies addressing consumer protection matters within the scope of the Insurance Compact’s operations and is no longer affiliated with the state or federal regulator agencies or insurance industry interests; or

C. Persons demonstrating experience in advocating or adjudicating consumer protection matters and issues related to the scope of the operations of the Insurance Compact, provided the candidate has no affiliation or renumeration from insurance industry interests.

The Insurance Compact Bylaws require an applicant demonstrate independence from the insurance industry. The following are guidelines to assist in this demonstration and the criteria for determining whether an applicant has met the independence standard are reflected in Appendix B:

- Expense reimbursement from a regulated entity for actual travel expenses, including transportation, lodging and meals, generally does not represent a conflict if the travel is related to representation of insurance consumer interests. Disclosure of such expense reimbursements is not required.

- Employment or consulting income or fees for services provided to regulated entities, or other compensation received from a regulated entity or a third party on behalf of a regulated entity, may be a conflict and must be disclosed.
• Receipt of gifts from a regulated entity valued at greater than $50.00 per appointment year or a total of more than $250.00 from all regulated entities in the appointment year are considered a conflict of interest and must be disclosed.

• Stipends or honoraria received from a regulated entity may be a conflict of interest and must be disclosed.

• Other compensation or renumeration from a regulated entity which may cause a direct or indirect actual or perceived conflict of interest must be disclosed

CAC APPLICATION PROCESS

Persons interested in serving on the CAC should submit information which demonstrates the applicant’s expertise and interest in serving on the CAC, which should include:

1. A statement of interest.
2. A resume or CV identifying employment experience and relevant education achievements supporting the applicant’s expertise and/or interest in matters before the Insurance Compact.
3. Listing of all consumer-related organizations with which the applicant is affiliated or representing, including a description of the organizations’ mission and purpose, and a general description of each organizations’ source of funding.
4. A signed Conflict of Interest Statement.
5. Up to three (3) references that can attest to the person’s experience and capabilities in representing consumer interests.
6. A recommendation from a current member of the CAC or a consumer member of the National Association of Insurance Commissioners (NAIC) Consumer Board of Trustees is optional.

Submissions should be sent to Karen Schutter, Executive Director, Interstate Insurance Product Regulation Commission by e-mail at kschutter@insurancecompact.org or by mail at 444 North Capitol Street NW, Suite 700, Washington, D.C., 20001.

CONSUMER SELECTION CRITERIA

The Management Committee will consider the following factors, and may consider other relevant factors, in making an appointment to the CAC:

1. A complete application submission that clearly demonstrates fulfillment of eligibility criteria.
2. A commitment to and experience with consumer advocacy regarding insurance regulatory issues.
3. A commitment to attending regular Insurance Compact meetings absent exceptional circumstances, to participating on relevant Insurance Compact Committee conference calls, and actively participate on CAC matters.
4. If being considered for reappointment, whether the applicant attended Insurance Compact meetings and participated in Insurance Compact conference calls.
At the sole discretion of the Management Committee and when there are more consumer applicants than available positions on the CAC, the Management Committee may ask the Insurance Compact Office to conduct an electronic vote of the current members of the CAC and/or NAIC Consumer Board of Trustees. If one of the applicants is a current member of the CAC or the NAIC Consumer Board of Trustees, the person shall recuse themselves from participating in the vote.

Once a person has served on the CAC and is no longer a member of the CAC, the person may participate in the activities of the CAC. The person’s activities with the CAC will not include a right to vote on any CAC action items and the person shall not be eligible for reimbursement for any expenses related to attending in-person meetings.
APPENDIX B

CONSUMER ADVISORY COMMITTEE APPLICATION/MEMBER FORM
CONFLICT OF INTEREST STATEMENT
CALENDAR YEAR 2020

Representatives appointed by the Interstate Insurance Product Regulation Commission (the “Compact”) to the Consumer Advisory Committee (the “CAC”) are expected to effectively represent the interests and viewpoints of consumers. CAC members shall not purport to represent the views of the Compact.

Effective consumer representation may be compromised if a CAC Member receives compensation from a regulated entity.

**Definition:** For the purposes of this document, “a regulated entity” means, “a regulated entity of state insurance regulators, its trade group, or other entities or individuals acting as agents or representatives of a regulated entity.”

**Application:** All applicants for the CAC are expected to disclose information fully and accurately regarding any industry compensation and potential conflicts of interest. The Commission [or other recommending body] will evaluate the amount and purpose of the industry expense reimbursement and compensation, if any, and determine whether it represents a conflict of interest.

**Disclosure:** A CAC member must notify the Chair of the Commission and the Executive Director at any time during an individual’s term as a CAC member, a regulated entity provides or agrees to provide compensation to the CAC member’s organization; the CAC member or an immediate family member, including spouse, domestic partner, parents, siblings and children. Such notification must occur by email within seven days of the receipt of compensation or the offer of a compensation agreement, whichever is earlier.

**Conflict Determination:** The Management Committee will determine whether the compensation received, or the offer of a compensation agreement constitutes an actual or perceived conflict of interest based on discussion and established guidelines.

**Guidelines:** Guidelines the Management Committee will use in its evaluation include, but are not limited to, the following:

- Expense reimbursement from a regulated entity for actual travel expenses, including transportation, lodging and meals, generally does not represent a conflict if the travel is related to representation of insurance consumer interests. Disclosure of such expense reimbursements is not required.

- Employment income, fees for services provided to regulated entities (e.g. providing expert testimony on behalf of regulated entities even if compensation is received from a law firm), or other compensation received from a regulated entity may be a conflict (unless it is an...
expense reimbursement for actual travel expenses for the CAC member) and must be disclosed to the board.

- Receipt of gifts from a regulated entity valued at greater than $50.00 per appointment year or a total of more than $250.00 from all regulated entities in the appointment year are considered a conflict of interest and must be disclosed.

- Stipends or honoraria received from a regulated entity may be a conflict of interest and must be disclosed.

Confidentiality: Applicants may identify information of a personal nature including financial, personally-identifiable and personnel information which will not be considered a public record under the Establishment of the Conditions and Procedures for Public Inspection and Copying of Public Information and Official Records of the Interstate Insurance Product Regulation Commission. All financial, personal, and business information submitted by CAC members or applicants shall be treated as confidential and shall only disclose non-public information if requested. The Management Committee discussions regarding potential conflicts will remain confidential. Consistent with maintaining the integrity of the CAC, only contact information and consumer focus, or line(s) of business represented by the CAC applicant will be disclosed.

Certification: I certify that I have received, read, and understood this Conflict of Interest Statement. I also understand that the purpose of my signature on this Statement is to protect the integrity of the mission of the Compact’s Consumer Advisory Committee.

As stated in Bylaws of the Compact (Article VIII Section 2), the mission of the CAC is to assist the Compact in its efforts by providing consumer views on insurance regulatory issues. A qualified consumer organization is a national, state, or local organization that serves to protect the interests of consumers as they relate to the regulation of insurance. Their participation is based on their desire to collect and/or impart information of mutual concern and interest to compact members and represent a consumer perspective. One measure of whether an organization represents a consumer perspective is its source of funding.

Statement of Understanding: I further understand that if I am appointed or re-appointed by Management Committee or [other recommending body] the to be a CAC Member that I am indicating by my signature on this form that I understand and agree to abide by this Statement.

__________________________________________ __________
Signature of CAC Member/Applicant          Date

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Printed Name of CAC Member/Applicant
DISCLOSURE OF COMPENSATION OR OTHER RE NUMERATION:

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