



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

**Tuesday, June 29, 2021
2 pm ET / 1 pm CT / 12 pm MT / 11 am PT / 10 am AKT / 9 am HT**

AGENDA

1. **Roll Call**
2. **Receive Proposed Options on South Carolina Request:** Commission receives Product Standards Committee's documentation of options to reduce or eliminate 15% threshold for Compact approval of in-force rate schedule increases on Compact-approved long-term care products.

EXPLANATION: The action item is to receive the Product Standards Committee's documentation of proposed options to address the South Carolina Department of Insurance's request to reduce or eliminate the 15% threshold in Section 4A(2) of the Rate Filing Standards for Individual Long-Term Care Insurance such that more in-force rate increase requests on Compact-approved long-term care products are subject to advisory review by the Compact Office, rather than approval. The Management Committee and Commission will take action to consider these options at a later meeting of the Management Committee and Commission after the required notice and comment period.

3. **Management Committee and Commission Consideration of Amendments to Uniform Standards for NAIC Model 805 Amendment:** Consider adoption of proposed amendments to certain annuity Uniform Standards recommended by the Product Standards Committee on March 23, 2021, to address the NAIC' amendment to Section 4(B)(3) of Model 805, *Standard Nonforfeiture Law for Individual Deferred Annuities*.
 - a. [Individual Deferred Non-Variable Annuity Contract Standards](#)
 - b. [Core Standards for Individual Deferred Variable Annuity Contract Standards](#)
 - c. [Additional Standards for Bonus Benefits for Individual Deferred Non-Variable Annuity Contracts](#)
 - d. [Additional Standards for Bonus Benefits for Individual Deferred Variable Annuity Contracts](#)
 - e. [Additional Standards for Market Value Adjustment Provide through the General Account](#)
 - f. [Additional Standards for Index-Linked Crediting Feature for Deferred Non-Variable Annuities and the General Account Portion of Individual Variable Annuity Contracts](#)

EXPLANATION: The action item is to consider adoption of proposed amendments to six individual annuity Uniform Standards. The proposed amendments provide that the minimum annuity nonforfeiture rate follow the provision based on each state's statute in effect at the time a policy is issued. This approach is already in place under Emergency Rule-2, which the Commission put in place in March 2021. Please see the [Transmittal Memo](#) for more information. A supermajority of 2/3 of both the Management Committee and Commission is required for adoption.

4. **Management Committee and Commission Consideration of Life Insurance Waiver Uniform Standards:** Consider adoption of proposed new Uniform Standards for one life insurance benefit

feature and proposed amendments to two life insurance benefit feature Uniform Standards, last recommended by the Product Standards Committee on March 23, 2020.

- a. [Additional Standards for Qualifying Events for Waiver of Monthly Deductions Benefits](#)
- b. [Additional Standards for Qualifying Events for Waiver of Premium Benefits](#)
- c. [Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance](#)

EXPLANATION: The action item is to consider adoption of proposed new Uniform Standards and proposed amendments to certain existing life insurance benefit feature Uniform Standards. The purpose of the proposed amendments is to expand the type of conditions or circumstances that can trigger the benefit. The existing Uniform Standards trigger the benefit only upon proof of total disability. The new benefit feature, Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance, provides the benefit on the same grounds as the proposed amendments. Please see the [Briefing Sheet](#) and [Transmittal Memo](#) for more information. A 2/3 supermajority of both the Management Committee and Commission is required for adoption.

5. **Management Committee and Commission Consideration of the Uniform Standards Development Guidelines:** Consider adoption of the proposed [Uniform Standards Development \(“USD”\) Guidelines](#) and Annual Prioritization System recommended by the Product Standards Committee on March 23, 2021.

EXPLANATION: The action item is to consider adoption of the proposed USD Guidelines to serve as a consistent reference guide for regulators and other interested parties in drafting, submitting, and considering proposals for new or revised Uniform Standards on an annual basis. A majority vote is required for adoption.

6. **Strategic Plan & Priorities Update:** Review of the *Insurance Compact Compass: Strategic Plan 2020– 2022* and Recommendations from the Governance Review and Business Assessment Reports

EXPLANATION: The Officers and Compact Office will update strategic plan progress and implementation of the independent consultant recommendations.

7. **Consent Agenda:** Joint Action Item by the Management Committee and Commission to Adopt Noncontroversial Reports and Minutes of Committees and the Commission

EXPLANATION: The action item is to consider for adoption the written reports of the Finance, Governance, Product Standards, and Rulemaking Committees along with the minutes from the March 23, 2021 joint meeting of the Management Committee and Commission and the May 27, 2021 Management Committee Meeting, and written report of the Executive Director.

8. Any Other Matters
9. Adjourn

Members of the Commission and Department Staff in Attendance:

Superintendent Elizabeth Kelleher Dwyer, Chair, Rhode Island
Commissioner Mark Afable, Vice Chair, Wisconsin
Commissioner Jim Dodrill, Treasurer, West Virginia
Yada Horace as a designated representative for Commissioner Jim Ridling, Alabama
Jimmy Gunn, Alabama
Sarah Bailey as a designated representative for Director Lori K. Wing-Heier, Alaska
Sharon Comstock, Alaska
Mayumi Gabor, Alaska
Jimmy Harris as a designated representative for Commissioner Alan McClain, Arkansas
Jason Lapham as a designated representative for Commissioner Michael Conway, Colorado
Martha Im as a designated representative for Commissioner Colin Hayashida, Hawaii
Director Dean Cameron, Idaho
Mihir Nag, Indiana
Commissioner Vicki Schmidt, Kansas
Julie Holmes, Kansas
Craig Van Aalst, Kansas
Commissioner Sharon P. Clark, Kentucky
Malinda Shepherd, Kentucky
Commissioner James Donelon, Louisiana
Frank Opelka, Louisiana
Rod Friedy, Louisiana
Tim Schott as a designated representative for Superintendent Eric A. Cioppa, Maine
Commissioner Kathleen A. Birrane, Maryland
Nour Benchaaboun, Maryland
David Cooney, Maryland
Ted Sines, Maryland
Jeff Ji, Maryland
Karen Dennis as a designated representative for Director Anita G. Fox, Michigan
Tammy Lohmann as a designated representative for Commissioner Grace Arnold, Minnesota
Bob Williams as a designated representative for Commissioner Mike Chaney, Mississippi
Jo Leduc as a designated representative for Director Chlora Lindley-Myers, Missouri
Camille Anderson, Missouri
Rhonda Ahrens, Nebraska
Martin Swanson, Nebraska
Laura Arp, Nebraska
Commissioner Barbara Richardson, Nevada
Jason Dexter as a designated representative for Commissioner Chris Nicolopoulos, New Hampshire
Olukemi Sotimehin as a designated representative for Commissioner Marlene Caride, New Jersey
Jennifer Catechis as a designated representative for Superintendent Russell Toal, New Mexico
Daniel Bradford as a designated representative for Director Judith French, Ohio
Lori Barron, Ohio
Theresa Schaefer, Ohio
Director Andrew Stolfi, Oregon

Tashia Sizemore, Oregon
Alexander Cheng, Oregon
Shannon Logue as a designated representative for Commissioner Jessica Altman, Pennsylvania
Stephen Boston, Pennsylvania
Matthew Gendron, Rhode Island
Shari Miles as a designated representative for Director Raymond Farmer, South Carolina
Michael Wise, South Carolina
Andrew Dvorine, South Carolina
Patrick Merkel as a designated representative for Commissioner Carter Lawrence, Tennessee
Chief Deputy Commissioner Doug Slape, Texas
Essi Eargle, Texas
John Carter, Texas
Sandra Dodson, Texas
Richard Gober, Texas
Michael Markham, Texas
Barbara Snyder, Texas
Tanji Northrup as a designated representative for Commissioner Jonathan Pike, Utah
Shelley Wiseman, Utah
Tomas Serbinowski, Utah
Mary Block, Vermont
Don Beatty as a designated representative for Commissioner Scott A. White, Virginia
Bob Grissom, Virginia
Molly Nollette as a designated representative for Commissioner Mike Kreidler, Washington
Erin Hunter, West Virginia
Tonya Gillespie, West Virginia
Lisa Brandt, Wisconsin
Rebecca Rebholz, Wisconsin
Commissioner Jeff Rude, Wyoming
Amanda Tarr, Wyoming

Members of the Industry Advisory Committee in Attendance:

Amanda Herrington, America's Health Insurance Plans
Anne Correia, Allianz
Andrea Davey, Athene
Maeghan Gale, NAIFA
Wayne Mehlman, American Council of Life Insurers
Emily Micale, Insured Retirement Institute
Joseph Muratore, New York Life

Members of the Consumer Advisory Committee in Attendance:

Brendan Bridgeland, Center for Insurance Research
Fred Nepple
Andrew Sperling, NAMI

Legislative Committee:

Senator Laura Fine, Illinois

Heather Morton, NCSL

Insurance Compact Staff in Attendance:

Karen Schutter, Executive Director
Becky McElduff, Director of Product Operations & Chief Counsel
Sara Dubsky, Assistant Director of Administrative Operations
Mindy Bradford, Product Reviewer
Ed Charbonnier, Product Reviewer
Jeanne Daharsh, Actuary
Susan Ezalarab, Regulatory Coordinator Consultant
Naomi Kloeppersmith, Actuary
Maureen Perry, Product Review Consultant
Sarah Neil, Communications and Outreach Coordinator
Hanna Steen, Administrative Assistant
Jalaire M. Kose, 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 began the meeting with the proposed options to address the request received from South Carolina Director Farmer. The request from South Carolina asked the Commission to consider eliminating the 15% threshold in the Compact's individual long-term care insurance rate filing standards for the purpose of making all in-force rate increase requests advisory in nature. The Product Standards Committee (PSC) was asked to review this request and present to the Commission options to address the concerns raised. Superintendent Dwyer asked Mr. Lapham to review the recommendation from the PSC. Mr. Lapham reviewed the options the PSC drafted.

Mr. Lapham reported the PSC does not recommend one option over another as this is a consideration for the Commission members. During the deliberations, the PSC received an overview from the Compact Office on the individual long-term care insurance Uniform Standards and the current review process for in-force rate increase filings on Compact-approved products. The PSC exposed the possible options for public comment and held a public call on May 18th. Through the Committee's process, the pros and cons under each of the possible options were amended before being presented to the Management Committee. There was no feedback received by the Committee on other possible options.

Mr. Lapham provided an overview of the four options outlined in the recommendation. He also noted that the appendix includes redlines to the standards. Option 1 is to keep the status quo by maintaining the 15% threshold and requires no change to the Rate Filing Standard. Option 2 is to remove the threshold and subject all in-force rate requests on Compact-approved products to an advisory review, and then subject to the applicable approval authority of each Compacting State.

Mr. Lapham reported the PSC has two alternate approaches if the 15% threshold is removed. Option 2(A) provides a structure for each Compacting State to establish its own threshold

percentage, which may be more or less than the existing 15% in the *Rate Filing Standards*, which will apply to the maximum rate increase the Compact Office is authorized to approve on behalf of the Compacting State. Option 2(B) provides a structure for each Compacting State to indicate after a specific advisory review has been performed whether it wants the Compact Office to approve the filing or, to direct as a default, for the rate increase request to be filed with the Compacting State for state action following advisory review.

Superintendent Dwyer stressed the action to be taken by the Management Committee is to receive the recommendation from the Product Standards Committee and not to take any further action at this meeting. During the August in-person meeting, there will be ample time dedicated to the discussion of the proposed options.

Commissioner Donelon asked if there was any consideration taken into whether a state can opt-in or out of a Compact advisory review if the rate increase is greater than 15%. He further explained his preference is to not receive the advisory review report because it lowers the flexibility on his end to make a separate, independent decision. Superintendent Dwyer noted this was not part of the original request from South Carolina and asked Commissioner Donelon to provide written comments to address this request.

Director Richardson asked about how the option with the individual state thresholds would be managed. Mr. Lapham noted that this would be up to each individual state, and this has the largest disadvantage as this creates administrative complexity. Superintendent Dwyer suggested the default rate increase would be 15% and suggested if the state wanted a different rate, it should advise the Insurance Compact Office. Ms. Schutter noted the Compact Office would work with the Commission members and the Product Standards Committee to manage the various rates or any of the options the Commission selects. Director Richardson noted the option with varying rate thresholds could be problematic to employ.

Hearing no other comments, Mr. Beatty made the motion to receive the PSC's report and publish for notice and comment the proposed options including the suggested amendments to the Rate Filing Standards to correspond with each option. Commissioner Dodrill seconded the motion. A voice vote was conducted, and the motion carried.

Superintendent Dwyer moved to the Amendments to Uniform Standards for NAIC Model 805 Amendment. Superintendent Dwyer noted this was a joint action of the Management Committee and Commission to adopt the amendments to the six individual annuity uniform standards to change the minimum nonforfeiture rate from a fixed number of 1% to the minimum nonforfeiture rate required by law in the state where the product is issued. It was further explained the amendments being considered are already in effect under an emergency rule and the annuity products currently filed with the Compact follow the minimum nonforfeiture rate in state law instead of the current NAIC Model 805. Superintendent Dwyer asked if there were any questions. Director Stolfi raised the concern of the use of "state statute" in the amendments of being too prescriptive and would suggest a change to be more encompassing. Ms. Schutter confirmed this was a typographical error as this conversation did come up during the PSC conversations and the suggested language of "in the law of the state" would be incorporated consistently throughout to address the concerns raised.

Commissioner Dodrill made the motion to adopt the amendments to the individual annuity standards as presented and with the additional edit to address the comments from Director Stolfi. Mr. Beatty seconded the motion. A roll call vote was conducted, and the motion carried by the required two-thirds majority of both the Management Committee and Commission.

Superintendent Dwyer proceeded to the next agenda item to address Management Committee and Commission consideration of life insurance waiver uniform standards. Superintendent Dwyer noted the Insurance Compact Office is requesting action on these three standards be deferred until the August in-person meeting. It was explained a comment was submitted in May by the ACLI during the 60-day public comment period. This comment pointed out a possible inconsistency in at least one of the uniform standards with respect to one of the new qualifying event triggers. The PSC will be reviewing this issue in advance of the August meeting. There were no comments regarding this deferral.

Superintendent Dwyer proceeded to the next item, the Management Committee and Commission consideration of the Uniform Standards Development Guidelines. Superintendent Dwyer explained the Guidelines were drafted by the PSC and are to serve as a consistent reference guide for regulators and other interested parties in drafting, submitting, and considering proposals for new or revised Uniform Standards on an annual basis. Superintendent Dwyer asked if there were any questions or comments. Director Stolfi indicated Oregon would like more time to review the Guidelines and provide comments. Ms. Schutter indicated that if the members would prefer to defer, it was acceptable to the Compact Office. Ms. Schutter explained the Compact Office is testing this process out on a pilot basis and comments are due tomorrow. This item was deferred to the August in-person meeting.

Superintendent Dwyer asked Ms. Schutter to provide an update on the Strategic Plan. Ms. Schutter provided a summary on the Strategic Plan action items that have been completed, are in progress, and have not been started. Ms. Schutter reported the Compact Office recently published the initial edition of the Compact Chronicles, a newsletter for the members.

Superintendent Dwyer proceeded to the Consent Agenda items and reminded everyone that the Committee reports and minutes are under a Consent Agenda which are posted on the Events calendar for this meeting. There were no questions on the reports or the consent agenda. Superintendent Dwyer asked for a motion to adopt the Consent Agenda items. Commissioner Afable made the motion and Ms. Holmes seconded. A voice vote was taken, and the motion carried.

Superintendent Dwyer noted the Compact Office has a request to bring forward which reclassifies the budget for a full-time position and backfill, so it overlaps with an existing team member who is retiring at the end of the year. The position has currently been filled by a long-term consultant and the Compact Office would like to reclassify this position and fill it with a full-time employee. The request is asking for the approval to recruit for the position now so there is overlap to permit for training before the end of the year. The Compact Office has confirmed there is no budget impact and the short-term budget impact of filling this position this year will be covered by the variance that already exists in the salary budget line due to the timing of other new hires. Hearing

no questions, Superintendent Dwyer asked if there was a motion from a member of the Management Committee to approve this request. Mr. Beatty made the motion and Ms. Dennis seconded the motion. The motion was carried.

Superintendent Dwyer noted the State of Delaware is the newest member of the Compact. The Compact legislation has been passed in Delaware and is heading to the Governor's desk for signing. Once the Compact Office knows more about the timing, information will be distributed.

Superintendent Dwyer announced the Compact will be meeting in Columbus with a hybrid meeting. The Commission's meeting will take place on Thursday, August 12th at 3 pm local time with a reception immediately following. The focus of the meeting will be to receive comments and discuss the LTC Options to address South Carolina's request.

Hearing no other matters, Superintendent Dwyer asked if there was a motion to adjourn. Mr. Beatty made a motion to adjourn.