



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

**Wednesday, November 14, 2018
3:30 pm ET / 2:30 pm CT / 1:30 pm MT / 12:30 pm PT
San Francisco, CA**

1. Roll Call
2. Report of the Legislative Committee
3. Management Committee Consideration of Approval of the Proposed 2019 Annual Budget, Schedule of Fees, and Resources Request
4. Commission Consideration of Adoption of the 2019 Annual Budget, Schedule of Fees, and Resources Request as Approved by the Management Committee
5. Report of the Audit Committee and Consideration by the Commission to Adopt the Report of the Audit Committee
6. Report of the Communications Committee and Consideration by the Management Committee to Approve the Report of the Communications Committee
7. Report and Recommendation of the Product Standards Committee and Consideration by the Management Committee to Approve the Report and Recommendation of the Product Standards Committee
8. Report of the Rulemaking Committee and Consideration by the Management Committee to Approve the Report of the Rulemaking Committee
9. Management Committee and Commission Consideration of Adoption of Meeting Minutes of the September 24, 2018 Joint Meeting of the Management Committee and Commission
10. Management Committee Consideration of Approval of Meeting Minutes of the October 29, 2018 Meeting of the Management Committee
11. Formation of Insurance Compact Member Committees
12. Appointments to the Industry Advisory Committee
13. Annual Formation of Management Committee for 2018/2019
14. Elections of the 2018/2019 Officers

15. Treasurer's Report
16. Operational Update
17. Any Other Matters
18. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance Product
Regulation Commission
Wednesday, November 14, 2018**

Members of the Commission and Department Staff in Attendance:

Director Jillian Froment, Chair, Ohio
Superintendent Elizabeth Kelleher Dwyer, Vice Chair, Rhode Island
Director Dean Cameron, Treasurer, Idaho
Commissioner Jim L. Ridling, Alabama
Yada Horace, Alabama
Director Lori K. Wing-Heier, Alaska
Erin Klug as a designated representative for Interim Director Keith Schraad, Arizona
Ryan James as a designated representative for Commissioner Allen W. Kerr, Arkansas
Peg Brown as a designated representative for Interim Commissioner Michael Conway, Colorado
Paul Lombardo as a designated representative for Commissioner Katharine L. Wade, Connecticut
Paul Yuen as a designated representative for Commissioner Gordon I. Ito, Hawaii
Martha Im, Hawaii
Kathleen Nakasone, Hawaii
Mike Chrysler as a designated representative for Director Jennifer Hammer, Illinois
Alexandra Peck as a designated representative for Commissioner Stephen W. Robertson, Indiana
Mihir Nag, Indiana
Commissioner Doug Ommen, Iowa
Julie Holmes as a designated representative for Commissioner Ken Selzer, Kansas
Commissioner Nancy G. Atkins, Kentucky
Malinda Shepherd, Kentucky
Frank Opelka as a designated representative for Commissioner James J. Donelon, Louisiana
Superintendent Eric A. Cioppa, Maine
Robert Morrow as a designated representative for Commissioner Al Redmer, Jr., Maryland
Sheri Cullen as a designated representative for Commissioner Gary D. Anderson, Massachusetts
Randall Gregg as a designated representative for Director Patrick M. McPharlin, Michigan
Roger Stefani as a designated representative for Commissioner Jessica Looman, Minnesota
Mary Mealer as a designated representative for Director Chlora Lindley-Myers, Missouri
Commissioner Matthew Rosendale, Montana
Ashley Perez, Montana
Director Bruce R. Ramage, Nebraska
Commissioner Barbara Richardson, Nevada
Diana Lavoie, New Hampshire
Commissioner Marlene Caride, New Jersey
Mark Hendrick, New Mexico
Ted Hamby as a designated representative for Commissioner Mike Causey, North Carolina
Commissioner John D. Doak, Oklahoma
Commissioner Andrew Stolfi, Oregon
Tashia Sizemore, Oregon
Commissioner Jessica K. Altman, Pennsylvania
Commissioner Javier Rivera Rios, Puerto Rico
Shari Miles as a designated representative for Director Raymond G. Farmer, South Carolina
Lorrie Brouse as a designated representative for Commissioner Julie Mix McPeak, Tennessee
Doug Danzeiser as a designated representative for Commissioner Kent Sullivan, Texas

Tanji Northrup as a designated representative for Commissioner Todd E. Kiser, Utah
Phil Keller as a designated representative for Commissioner Michael S. Pieciak, Vermont
Don Beatty as a designated representative for Commissioner Scott A. White, Virginia
Molly Nollette as a designated representative for Commissioner Mike Kreidler, Washington
Mike Bryant, Washington
Alan Hudina, Washington
Commissioner Allan L. McVey, West Virginia
Rebecca Rebholz as a designated representative for Commissioner Ted Nickel, Wisconsin
Sue Ezalarab, Wisconsin
Commissioner Tom Glause, Wyoming
Brittany Nuoci, Wyoming

Members of the Industry Advisory Committee in Attendance:

Amanda Matthiesen, America's Health Insurance Plans
Emily Micale, American Council of Life Insurers
Hugh Barrett, MassMutual
Steve Kline, National Association of Insurance and Financial Advisors
Shawn Pollack, Mutual of Omaha
Michael Hitchcock, Pacific Life Insurance Company

Members of the Consumer Advisory Committee in Attendance:

Brendan Bridgeland, Center for Insurance Research
Yvonne Hunter, Consumer Liaison Representative
James McSpadden, AARP
Fred Nepple, Consumer Liaison Representative
Roger Sevigny, Consumer Liaison Representative
Andrew Sperling, National Alliance on Mental Illness

Members of the Insurance Compact Legislative Committee in Attendance:

Senator Travis Holdman, Indiana
Representative Matt Dollar, Georgia
Representative Sam Kito III, Alaska

Insurance Compact Staff in Attendance:

Karen Schutter, Executive Director
Becky McElduff, Assistant Director of Product Operations and Counsel
Sara Dubsy, Senior Operations Manager
Katie Campbell, Actuary
Karen Givens, Senior Product Reviewer
Anne Marie Narcini, Regulatory Consultant

Director Froment 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, the Commission, the Legislative Committee, and the Industry and Consumer Advisory Committees.

Director Froment proceeded to the second agenda item and asked Senator Holdman to provide an update of the Legislative Committee. Senator Holdman provided brief remarks and thanked retiring Representatives Kito, Riggs and Botzow for their work in support of the Insurance Compact. Senator Holdman recognized the new committee members appointed by NCSL and reported that NCOIL would be appointing new members at their upcoming annual meeting. Senator Holdman concluded his remarks and there were no questions or comments for members of the Legislative Committee.

Director Froment acknowledged the long-time contributions of the members leaving the Legislative Committee, including Representative Steve Riggs, who served on the Committee since 2015.

Director Froment continued to the next agenda item, Management Committee Consideration of Approval of the Proposed 2019 Annual Budget, Schedule of Fees and Resources Request. Director Froment stated that the Finance Committee held two public calls on the budget recommendation prior to presenting it to the Management Committee on September 24th, after which the proposed budget package was published for notice and comment. Director Froment reported that the Management Committee held a public hearing on October 29th, and no comments were made at the hearing or submitted in writing. Director Froment asked Ms Schutter to provide details on the proposed budget package.

Ms. Schutter summarized the proposed 2019 base budget, the six fee proposals budgeted for 2019, the Expedited Review Process pilot, and the request for two new resources to begin on or after June 1, 2019. Ms. Schutter noted for the record a proposed change in the participation requirements for the Expedited Review Process pilot; the provision stating that the Compact will not refund an expedited review fee submitted by a Company that did not receive prior approval was removed. Ms. Schutter stated that the Compact received feedback that this provision was heavy-handed for a pilot program. Ms. Schutter stated that the Insurance Compact Office would monitor and report on whether and how often expedited review fees were submitted improperly and refunded during the pilot program. Ms. Schutter concluded her summary and there were no further questions.

Director Froment requested a motion from a member of the Management Committee to approve the 2019 Annual Budget with the changes to the Schedule of Fees and the two new requested resources. Director Cameron moved and Commissioner McVey seconded. There was no further discussion. Ms. Schutter took a roll call vote of the Management Committee and the motion carried.

Director Froment proceeded to the next agenda item and requested a motion from a Commission member to adopt the 2019 Annual Budget, including changes to the Schedule of Fees and the addition of two new requested resources, as approved by the Management Committee. Commissioner Ridling moved and Director Wing-Heier seconded. There was no further discussion. Ms. Schutter took a roll call vote of the Commission and the motion carried.

Director Froment proceeded to the next agenda item and asked Director Range to provide the report of the Audit Committee. Director Range reported that the Audit Committee recently held a regulator-only

call to hear an update on the financials and an overview of the 2019 budget package from the Insurance Compact Office. Director Rame reported that the Audit Committee will begin working with the independent audit firm RSM at the beginning of 2019, as RSM conducts the independent audit of the Commission's 2018 financials. Director Rame concluded his report and there were no questions.

Director Froment requested a motion from a Commission member to adopt the report of the Audit Committee. Director Wing-Heier moved and Superintendent Dwyer seconded. There was no further discussion and the motion carried via voice vote.

Director Froment proceeded to the next agenda item and asked Ms. Rebholz to provide the report of the Communications Committee. Ms. Rebholz reported that the Communications Committee held a call in early November to receive feedback on outreach efforts by the Insurance Compact Office. Ms. Rebholz reported that the Insurance Compact Office participated in over 20 company outreach events and visited over 15 states in 2018. Ms. Rebholz stated that the Insurance Compact Office offered a fall webinar series for industry filers that focused on the recent amendments to the Uniform Standards that have been adopted over the course of the year. The Insurance Compact Office launched a Twitter account in August as an additional way to reach out to Compact member states and company filers. Ms. Rebholz reported that the Committee continues to explore ways to encourage domestics to utilize the Insurance Compact as the preferred filing method for eligible products. Ms. Rebholz concluded her report and there were no questions.

Director Froment proceeded to the next agenda item and asked Ms. Mealer to provide the report of the Product Standards Committee (PSC). Ms. Mealer reported that the PSC exposed the first drafts for the *Single Premium Group Fixed Annuity Contract Uniform Standards for Employer Groups*, and a discussion draft for *Group Annuity Certificate Uniform Standards for Employer Groups* that will apply to all group annuity contracts available to be filed with the Insurance Compact. Ms. Mealer stated that the PSC held a public call on November 5th to receive comments on the initial draft of the *Single Premium Group Fixed Annuity Contract Uniform Standards for Employer Groups*, and on a draft of proposed amendments to the *Additional Standards for Overloan Protection Benefits*. Ms. Mealer reported that the PSC will review feedback on these draft uniform standards and prepare recommendations for the Management Committee's consideration, and continue to review the high priority items on the individual life insurance list for proposed Uniform Standard development. Ms. Mealer concluded her report and there were no questions.

Director Froment continued to the next agenda item and asked Mr. Beatty to provide the report of the Rulemaking Committee. Mr. Beatty reported that the Rulemaking Committee held a member-only call on November 7th to discuss three charges from the Insurance Compact Officers. Mr. Beatty summarized the charges, which are to develop a recommended approach for consideration by the Management Committee for allowing a company to use a Compact-approved group product for groups other than employer group, using a similar model to state certification or partnership of individual long-term care insurance products for partnership; to study and recommend to the Management Committee proposed written criteria for the committee assignment process so the Compact Officers can have a consistent, transparent, and member-developed process for committee assignments in the event the number of states requesting to serve on a committee exceeds the number of seats, and; to look at the Guidelines originally recommended by the Rulemaking Committee in 2011 and to recommend suggested improvements or modifications. Mr. Beatty reported that the Rulemaking Committee will likely begin soliciting feedback from the Insurance Compact

members, internal staff, the Legislative Committee, the Consumer and Industry Advisory Committees, and other interested parties in early 2019. Mr. Beatty reported that the percentage of Mix and Match filings received by the Compact dropped significantly in 2018, as companies continued to move all components of their product to the Compact's filing platform. Mr. Beatty concluded his report and there were no questions.

Director Froment requested a motion from a member of the Management Committee to approve the reports of the Communications, Product Standards, and Rulemaking Committees. Superintendent Dwyer moved and Commissioner Caride seconded. There was no further discussion and the motion carried.

Director Froment proceeded to the next agenda item and requested a joint motion of the Management Committee and Commission to adopt the meeting minutes of the September 24, 2018 joint meeting of the Management Committee and Commission. Commissioner McVey moved and Mr. Hamby seconded. There was no further discussion. Director Froment called a voice vote of the entire Commission and the motion carried.

Director Froment proceeded to the next agenda item and requested a motion of the Management Committee to adopt the meeting minutes of the October 29, 2018 meeting of the Management Committee. Commissioner Caride moved and Commissioner Altman seconded. There was no further discussion. Director Froment called a voice vote of the Management Committee and the motion carried.

Director Froment proceeded to the next agenda item, Formation of the Insurance Compact Member Committees. Director Froment stated that the Officers and the Insurance Compact Office met earlier in the month to review committee preferences. Director Froment reported that every effort was made by the Compact Officers to accommodate member state requests to serve on committees, although 26 states requested to serve on the PSC, which has a 20-member capacity. Director Froment thanked the states rolling off the PSC in 2019 and reiterated that the Rulemaking Committee will be working to develop balanced and transparent written criteria for the selection and composition of committees in the coming year.

Director Froment requested a motion from a member of the Management Committee to approve the 2019 Committee Assignment Recommendation from the Compact Officers. Commissioner Caride moved and Mr. Hamby seconded. There was no further discussion. Director Froment called for a voice vote and the motion carried.

Director Froment proceeded to the next agenda item and summarized the composition of the Industry Advisory Committee, as designated in the Bylaws. Director Froment stated that the Officers recommend that the current members, Insured Retirement Institute, Pacific Life Insurance Company, and Nationwide Life Insurance Company be reappointed to another two-year term on the Industry Advisory Committee, along with Allianz Life Insurance Company. There were no questions or discussion regarding the recommendation. Director Froment requested a motion to appoint the recommended industry organization and company representatives to the Industry Advisory Committee. Director Cameron moved and Commissioner McVey seconded. Director Froment called for a voice vote and the motion carried.

Director Froment proceeded to the next agenda item and summarized the composition of the 2019 Management Committee and the selection process, as written in Article 3 of the Bylaws. Director Froment

reported that six seats on the 14-member Management Committee go to the six largest member states based on premium volume, which are: Texas, Pennsylvania, New Jersey, Illinois, Ohio and Michigan. Four seats go to states with 2% or more of asset-based premium volume; for 2019 those include Georgia, Minnesota, Missouri, and North Carolina. Director Froment stated that for states with less than 2% of the premium volume, each zone selects their representative. For 2019, Rhode Island will represent the Northeastern Zone, West Virginia will represent the Southeastern Zone, Iowa will represent the Midwestern Zone, and Idaho will represent the Western Zone.

Director Froment proceeded to the Election of the Insurance Compact Officers for 2019. Director Froment stated that under the Bylaws, the Officers are elected by the entire Commission, but must be from the membership of the Management Committee. Director Froment recognized Director Dean Cameron for his service as Commission Treasurer in 2018 and asked him to conduct the election. Director Cameron opened the floor for nominations for the offices of Chair, Vice Chair, and Treasurer of the Commission. Director Ramage nominated Director Froment for the office of Chair, Superintendent Dwyer for the office of Vice Chair, and Director Lindley-Myers for the office of Treasurer of the Commission. Director Wing-Heier seconded and there were no additional nominations. Director Ramage moved to close the nominations and elect the nominated Officers by acclamation. Director Wing-Heier seconded. The motion carried.

Director Cameron then provided the 2018 Treasurer's Report. Director Cameron reported that through October 31st, the Insurance Compact collected \$4,453,564 in both Insurance Compact fees and state filing fees. Of this total amount, the Insurance Compact received \$2,055,889 in self-generated revenue since January 1st, which is 112% of revenues as of October 2017. Director Cameron stated that the Compact is operating 3.5% under budgeted expenses, and to date it has operated under budget in all expense lines. Director Cameron stated that the outstanding debt to the NAIC as of October 31st is \$3,363,491. Director Cameron reported that the Insurance Compact is currently in deferral status on its repayment of debt to the NAIC, and for the sixth year in a row has not utilized the available line of credit. Director Cameron stated that the Insurance Compact does not expect to request a line of credit from the NAIC in 2019 and expects to be in a position to begin repayment of the debt in 2020. Director Cameron concluded his report and there were no further questions.

Director Froment proceeded to the next agenda item and asked Ms. Schutter to provide an operational update. Ms. Schutter reported that the District of Columbia enacted the Insurance Compact. Ms. Schutter stated that the DC Council approved the bill in October and Mayor Bowser allowed it to become law as of November 13th, and the bill will be transmitted to the United States Congress. Ms. Schutter reported that the bill is expected to become effective after Congress has been in session for 30 days, and the exact date would be announced when known. Ms. Schutter recognized District of Columbia Insurance Director Stephen C. Taylor for his leadership in advancing the Compact legislation.

Ms. Schutter reported that the amendments to the individual Disability Income Uniform Standards adopted at the August 5th joint meeting of the Management Committee and Commission become effective on November 19th. Ms. Schutter reported that the Commission-approved stay of effectiveness of these amended Uniform Standards will be effective for Wyoming as of November 19th. The Insurance Compact Office is working with Wyoming as they transition from participating in the Uniform Standards that were initially adopted. Ms. Schutter reported that the Insurance Compact Office is also working with states who have indicated they have a state law prohibiting certain exclusions for which the amended Uniform

Standards will now follow state law, including exclusions for mental health, nervous disorders, and substance abuse.

Ms. Schutter reported that the Insurance Compact Office recently completed and issued its second advisory review of a uniform in-force rate increase request on a Compact-approved Long-Term Care Insurance product. Ms. Schutter summarized the Insurance Compact Office outreach efforts to share the report finding with Compact members and regulators in states affected by the requested increase.

Ms. Schutter reported that Commission members, and members of the Legislative Committee and Consumer and Industry Advisory Committees were notified of a final order in the third-part litigation out of the federal district of Colorado with respect to questions of whether the Compact is a proper delegation of authority by the legislature under the state's constitution. Ms. Schutter summarized the order and stated that the Compact and the NAIC submitted amicus briefs in this case. Ms. Schutter summarized the Compact filing activity to date and concluded her report. There were no further questions.

Director Froment then proceeded to the next agenda item and stated that Ms. Schutter's employment agreement as Executive Director of the Commission will come up for action in early December. Director Froment reported that Ms. Schutter's third three-year term in the position concluded at the end of June 2018, and the contract automatically renewed. Director Froment stated that as the existing agreement was developed in 2009, the Officers have developed a new agreement with a definite term. Director Froment stated that per the Bylaws, the appointment or retention of the Executive Director is subject to approval of the full Commission, which may take action via electronic vote. Director Froment reported that the Officers reviewed and renegotiated the contract on behalf of the Management Committee, as was done in 2009, 2012, and 2015, and are ready to present it to the full Commission. Director Froment stated that Commissioners and their designated representatives will receive the notice the week of December 3rd for purposes of conducting an electronic vote of the Commission in Executive Session to consider the Officers' recommendation regarding the retention of the Executive Director. There were no questions from the members.

There were no other matters and Commissioner McVey moved to adjourn. Commissioner Glause seconded and the meeting was adjourned.