



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

**Monday, September 30, 2019**

**1:30 pm ET / 12:30 pm CT / 11:30 am MT / 10:30 am PT**

1. Roll Call
2. Management Committee Consideration of Approval of Two Uniform Standards:
  - i. *RNUS 2019-1: Additional Standards for Return of Premium for Individual Disability Income Insurance Policies*
  - ii. *RNUS 2019-2: Single Premium Group Fixed Annuity Contract Uniform Standards for Employer Groups*
3. Commission Consideration of Adoption of Uniform Standards Approved by the Management Committee:
  - i. *RNUS 2019-1: Additional Standards for Return of Premium for Individual Disability Income Insurance Policies*
  - ii. *RNUS 2019-2: Single Premium Group Fixed Annuity Contract Uniform Standards for Employer Groups*
4. Public Hearing on *RNUS 2019-3: Group Annuity Certificate Uniform Standards for Employer Groups*
5. 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
6. Report and Recommendation of the Finance Committee and Consideration by the Management Committee to Approve the Report and Recommendation of the Finance Committee
7. Report of the Rulemaking Committee and Consideration by the Management Committee to Approve the Report of the Rulemaking Committee
8. Update and Discussion of the Insurance Compact Strategic Planning Initiative
9. Management Committee and Commission Consideration of Adoption of Meeting Minutes of the August 2, 2019 Joint Meeting of the Management Committee and Commission
10. Operational Update
11. Any Other Matters
12. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance Product  
Regulation Commission  
Monday, September 30, 2019**

**Members of the Commission and Department Staff in Attendance:**

Director Jillian Froment, Chair, Ohio  
Superintendent Elizabeth Kelleher Dwyer, Vice Chair, Rhode Island  
Director Chlora Lindley-Myers, Treasurer, Missouri  
Steve Ostlund as a designated representative for Commissioner Jim L. Ridling, Alabama  
Director Lori K. Wing-Heier, Alaska  
Sarah Bailey, Alaska  
Mayumi Gabor, Alaska  
Bill Lacy as a designated representative for Commissioner Allen W. Kerr, Arkansas  
Jason Lapham as a designated representative for Commissioner Michael Conway, Colorado  
Sydney Hope Sloan, Colorado  
Paul Lombardo as a designated representative for Commissioner Andrew N. Mais, Connecticut  
Philip Barlow, District of Columbia  
Steve Manders as a designated representative for Commissioner Jim Beck, Georgia  
Karl Knable as a designated representative for Commissioner Stephen W. Robertson, Indiana  
Mihir Nag, Indiana  
Commissioner Doug Ommen, Iowa  
Andria Seip, Iowa  
Julie Holmes as a designated representative for Commissioner Vicki Schmidt, Kansas  
Malinda Shepherd as a designated representative for Commissioner Nancy G. Atkins, Kentucky  
Tom Travis as a designated representative for Commissioner James J. Donelon, Louisiana  
Beth O'Quin, Louisiana  
Tim Schott as a designated representative for Superintendent Eric A. Cioppa, Maine  
Nour Benchaaboun as a designated representative for Commissioner Al Redmer, Jr., Maryland  
Sheri Cullen as a designated representative for Commissioner Gary D. Anderson, Massachusetts  
Karen Dennis as a designated representative for Director Anita G. Fox, Michigan  
Tammy Lohmann as a designated representative for Commissioner Steve Kelley, Minnesota  
Kristi Bohn, Minnesota  
Bob Williams as a designated representative for Commissioner Mike Chaney, Mississippi  
Mary Mealer, Missouri  
Ashley Perez as a designated representative for Commissioner Matthew Rosendale, Montana  
Pam Koenig, Montana  
Director Bruce R. Ramage, Nebraska  
Denise Lamy as a designated representative for Commissioner John Elias, New Hampshire  
Ingrid Marsh, New Hampshire  
Olukemi Sotimehin as a designated representative for Commissioner Marlene Caride, New Jersey  
Ted Hamby as a designated representative for Commissioner Mike Causey, North Carolina  
Cuc Nguyen as a designated representative for Commissioner Glen Mulready, Oklahoma  
Commissioner Andrew Stolfi, Oregon  
Tashia Sizemore, Oregon  
Tom Kilcoyne as a designated representative for Commissioner Jessica K. Altman, Pennsylvania

Tracie Bixler, Pennsylvania  
Shannon Logue, Pennsylvania  
Matthew Gendron, Rhode Island  
Sarah Neil, Rhode Island  
Raymond Santilli, Rhode Island  
Shari Miles as a designated representative for Director Raymond G. Farmer, South Carolina  
John Carter, Texas  
Tanji Northrup as a designated representative for Commissioner Todd E. Kiser, Utah  
Heidi Clausen, Utah  
Shelley Wiseman, Utah  
Don Beatty as a designated representative for Commissioner Scott A. White, Virginia  
Molly Nollette as a designated representative for Commissioner Mike Kreidler, Washington  
Joylynn Fix as a designated representative for Insurance Commissioner James A. Dodrill, West Virginia  
Rebecca Rebholz as a designated representative for Commissioner Mark Afable, Wisconsin  
Sue Ezalarab, Wisconsin  
Commissioner Jeff Rude, Wyoming

**Members of the Industry Advisory Committee in Attendance:**

Wayne Mehlman, American Council of Life Insurers  
Kurt Vangreen, Mutual of Omaha  
Michael Hitchcock, Pacific Life Insurance Company

**Insurance Compact Staff in Attendance:**

Karen Schutter, Executive Director  
Becky McElduff, Assistant Director of Product Operations  
Sara Dubskey, Senior Operations Manager  
Lucy Conley-Smoucha, Communications Coordinator  
Jeanne Daharsh, Actuary  
Karen Givens, Senior Product Reviewer  
Yada Horace, Product Reviewer  
Anne Marie Narcini, Regulatory Consultant  
Maureen Perry, Product Review Consultant

**Interested Parties in Attendance:**

Keith Mancini, Great-West Financial  
Jenna Austin, Guggenheim Life and Annuity Company  
Helen Walsh, MetLife  
Craig Hopkins, Pacific Life  
Brett Taber, Principal Financial  
Elizabeth Lindsay, VOYA Financial

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, Commission, Legislative Committee, and Industry and Consumer Advisory Committees.

Director Froment proceeded to the second agenda item and stated that the two Uniform Standards under consideration for approval by the Management Committee were recommended to the Management Committee on June 17<sup>th</sup> and subject to a public hearing on August 2<sup>nd</sup>. Director Froment stated that the Management Committee received written comments on both Uniform Standards and asked the PSC to review and provide feedback on these comments. Director Froment asked Ms. Mealer to discuss the comments and proposed further clarifying amendments to *RNUS 2019-1: Additional Standards for Return of Premium for Individual Disability Income Insurance Policies* (RNUS 2019-1).

Ms. Mealer stated that comments regarding RNUS 2019-1 were received from a member state and a Consumer Advisory Committee representative. Ms. Mealer reported that the Product Standards Committee (PSC) reviewed the comments received and made recommendations for change, including several technical edits, two clarifying drafting notes and a recommendation in accordance with a member comment to simplify the schedule for situations where premiums are returned when the rider or policy is terminated or surrendered to allow the schedule to present the benefit as either a percentage of premium paid to date or percent of all premiums projected to maturity. Ms. Mealer stated that the final clarifying change recommended was to state that additional rider premiums are no longer charged once the return of premium benefit terminates. There were no questions or comments regarding the PSC recommendations.

Director Froment requested a motion from a member of the Management Committee to adopt RNUS 2019-1. Director Lindley-Myers moved and Mr. Hamby seconded. Ms. Schutter took a roll call vote of the Management Committee and the motion carried with none opposed.

Director Froment then asked Ms. Mealer to explain the comments and proposed further clarifying amendments to *RNUS 2019-2: Single Premium Group Fixed Annuity Contract Uniform Standards for Employer Groups* (RNUS 2019-2) under consideration by the Management Committee and Commission. Ms. Mealer reported that during the 60-day public comment period, comments regarding RNUS 2019-2 were received from two member states and a Consumer Advisory Committee representative. Ms. Mealer reported that the PSC reviewed these comments and agreed to recommend clarifying language to the provision regarding data errors. In response to a member comment that questioned the rationale for allowing combination policies, the PSC recommended the deletion of this provision from the Scope of the uniform standard, as insurance companies do not currently issue pension risk transfer contracts in combination with other group insurance and industry confirmed no plans to do so in the foreseeable future. Ms. Mealer stated that some comments or questions did not result in changes to the proposed uniform standards, but in each case the PSC consulted with experts in the pension risk transfer area and concluded that no changes were needed, as such provisions were not applicable for pension risk transfer contracts. Ms. Mealer reported that a chart detailing the comments received and the PSC rationale for each recommendation was included in the meeting materials. There were no questions or comments regarding the PSC recommendations.

Director Froment requested a motion from a member of the Management Committee to adopt RNUS 2019-2 with the amendments recommended by the PSC, based on the chart in the published materials.

Commissioner Ommen moved and Director Lindley-Myers seconded. Ms. Schutter took a roll call vote of the Management Committee and the motion carried with none opposed.

Director Froment proceeded to the next agenda item and stated there would be a vote of the full Commission with respect to adoption of the two new Uniform Standards just approved by the Management Committee. Director Froment requested a separate motion for the two Uniform Standards. Mr. Ostlund moved to adopt RNUS 2019-1, and Superintendent Dwyer seconded. Director Lindley-Myers moved to adopt RNUS 2019-2, and Mr. Hamby seconded. There was no further discussion. Ms. Schutter then called a roll call vote for each approved Uniform Standard. The motions carried with none opposed and the two Uniform Standards were adopted. Director Froment reported that the two Uniform Standards would go through the promulgation phase and become effective in early January.

Director Froment proceeded to the next agenda item, a public hearing on *RNUS 2019-3: Group Annuity Certificate Uniform Standards for Employer Groups* (RNUS 2019-3). Director Froment asked Ms. Schutter to provide background information on the development of RNUS 2019-3. Ms. Schutter stated that RNUS 2019-3 is the second of the uniform standards in the group annuity product line to be recommended. Ms. Schutter reported that an initial draft of this uniform standard was first exposed in November 2018 for comments and was the subject of two public calls of the PSC before the PSC recommended these uniform standards to the Management Committee at the August 2<sup>nd</sup> in-person joint meeting of the Management Committee and Commission. Ms. Schutter reported that the written comment period for RNUS 2019-3 will remain open until October 7<sup>th</sup>.

Director Froment opened the public hearing on the RNUS 2019-3. There were no comments from members of the Commission, Legislative Committee, Consumer and Industry Advisory Committees, or from other interested parties. There were no further comments or questions and Director Froment concluded the public hearing. Director Froment reported that RNUS 2019-3 is expected to be ready for final action at the Annual Meeting on December 9<sup>th</sup> in Austin, Texas.

Director Froment proceeded to the next agenda item and asked Ms. Mealer to provide the report and recommendation of the PSC. Ms. Mealer reported that the PSC recommends to the Management Committee new Uniform Standards and amendments to Uniform Standards for the purpose of commencing the formal rulemaking process – the *Uniform Standards for Group Guaranteed Interest Contracts for Non-Variable Annuities for Employer Groups* (GIC Standards), and amendments to the *Group Policyholder Application Uniform Standards*.

Ms. Mealer reported that the draft proposal for the GIC Standards was developed with input from several group annuity insurers who are members of the Group Annuity and Pension Compliance Association (GAPCA), and after review of filed contracts currently in the marketplace and state filing requirements. Ms. Mealer stated that the draft proposal was first published in November 2018, and written comments were solicited. The PSC held public calls on February 5<sup>th</sup>, July 23<sup>rd</sup> and September 17<sup>th</sup>. Ms. Mealer reported that comments regarding the draft proposal were received from three member states, a company filer, and the ACLI. Ms. Mealer stated that most comments suggested edits to clarify the intent of the uniform standards, but the PSC also made updates to the draft proposal to conform to the *Single Premium Group Fixed Annuity Contract Uniform Standards for Employer Groups*, including the addition of a statement within the Scope section advising that approval by the Commission of an insurance product filing in compliance with the uniform standards is not deemed as regulatory approval of the company's

use of separate accounts which are guaranteed in whole or in part by the general account. Ms. Mealer reported that the PSC received several comments from industry representative requesting modifications to language also found in other adopted Uniform Standards, but the PSC preferred consistency with other Uniform Standards and elected not to make these changes. Two member states requested state-specific requirements that were not found in other states, and the PSC concluded that these requests did not add any significant additional consumer protections and could prevent companies with filing with the Compact, and thus opted not to include these requirements in the draft proposal.

Ms. Mealer reported that the proposed amendments to the *Group Policyholder Application Uniform Standards* are clarifying amendments, as the Uniform Standards were intended to apply to all group products available to be filed with the Insurance Compact. Ms. Mealer stated that during the drafting process for group annuity uniform standards, the PSC became aware that some of the current provisions in the *Group Policyholder Application Uniform Standards* are not applicable to annuity products. The proposed amendments clarify certain provisions, so they are clearly applicable to annuity products as well as other group insurance products. Ms. Mealer reported that the proposed amendments were published for comment on July 23<sup>rd</sup> and were the subject of a public call on September 17<sup>th</sup>, and there were no comments or opposition to the proposal.

Ms. Mealer reported that the PSC is currently reviewing the second draft and set of comments for amendments to the *Additional Standards for Waiver of Premium Benefits* and the *Additional Standards for Waiver of Monthly Deductions Benefits* for life insurance, to add more qualifying event triggers beyond total disability. Ms. Mealer stated that the PSC is working to have proposed amendments to recommend to the Management Committee at the upcoming October 28<sup>th</sup> Management Committee teleconference. Ms. Mealer reported that the PSC would then move on to the next items on the Priority List for Uniform Standards Development that was adopted by the Management Committee in 2018. Ms. Mealer concluded the PSC report and recommendation and there were no further questions.

Director Froment requested a motion from a member of the Management Committee to adopt the PSC Report, including the recommendation to publish the *Uniform Standards for Group Guaranteed Interest Contracts for Non-Variable Annuities for Employer Groups* (GIC Standards), and amendments to the *Group Policyholder Application Uniform Standards*. Director Lindley-Myers moved and Mr. Danzeiser seconded. Ms. Schutter called a roll call vote of the Management Committee and the motion carried with none opposed.

Director Froment proceeded to the next agenda item and asked Director Lindley-Myers to provide the report and recommendation of the Finance Committee. Director Lindley-Myers summarized Commission financials through the end of August 2019. Director Lindley-Myers reported that the Commission earned \$2.6 million through the end of August, approximately 17% greater than budgeted revenue and approximately 45% greater than the revenue earned over the same period in 2018. Director Lindley-Myers reported that actual expenses were 2% under budget at nearly \$1.6 million.

Director Lindley-Myers reported that the Finance Committee held two member-only calls to review and discuss the 2020 Budget Package, and a public call on September 16<sup>th</sup> to expose and receive comments on the proposal. There were no public comments. Director Lindley-Myers invited Ms. Schutter to provide an overview of the 2020 Budget Package.

Ms. Schutter presented the 2020 Budget Package, including a minor change to the optional fee for the Advance Fee Calculation Service on the Schedule of Fees, an extension of the Expedited Review Program from December 31, 2019 to December 31, 2020, and a new resource request for a dedicated Member Services Coordinator. Ms. Schutter stated that with these proposals, the 2020 budget projects revenue of \$2,890,825 and expenses of \$2,851,571, for \$39,000 in net revenue. Ms. Schutter reported that the 2020 budget also accounts for potential out-of-pocket expenses associated with Compact enhancements for SERFF, including artificial intelligence tools. Ms. Schutter concluded her overview and there were no questions.

Director Lindley-Myers stated that the Finance Committee worked closely with the Insurance Compact Office to develop the 2020 Budget Package and the Committee agrees with the budget projections and considers the resource request and the Expedited Review Program extension to be justified. Director Lindley-Myers recommended on behalf of the Finance Committee that the 2020 Budget Package be exposed for notice and comment, including the draft Annual Budget, proposed Schedule of Fees, and Resource Request proposal. Director Lindley-Myers concluded the report and recommendation of the Finance Committee and there were no questions.

Director Froment requested a movement from a member of the Management Committee to publish the draft 2020 Annual Budget and proposed 2020 Schedule of Fees for notice and comment. Director Lindley-Myers moved and Commissioner Ommen seconded. Ms. Schutter took a roll call vote of the Management Committee and the motion carried with none opposed.

Director Froment proceeded to the next agenda item and stated that the Rulemaking Committee would not be bringing forth a recommendation at this meeting. Director Froment asked Mr. Beatty to deliver the report of the Rulemaking Committee. Mr. Beatty reported that the Rulemaking Committee has been discussing the feasibility under the Compact Bylaws of allowing states who are not members of a committee to participate in member-only drafting calls. Mr. Beatty reported that the Insurance Compact Office asked the NAIC Legal Division for guidance on this issue at the direction of the Rulemaking Committee. Mr. Beatty reported that the Rulemaking Committee will also be working on proposed guidance with respect to the composition, procedures, duties and tenure for these committees that will be circulated for review and comment. Mr. Beatty concluding his report and there were no questions.

Director Froment proceeded to the next agenda item, an update and discussion on the Insurance Compact Strategic Planning Initiative. Director Froment reported that the Officers have been meeting with the Insurance Compact Office and members of the Strategic Planning Committee to develop a draft Strategic Plan based on the Strategic Framework that was released in June and generally agreed upon by the membership at the August 2<sup>nd</sup> in-person joint meeting of the Management Committee and Commission. Director Froment asked Ms. Schutter to provide an overview of the draft Strategic Plan.

Ms. Schutter stated that the Strategic Plan is being published for comment and requested that written comments be submitted by November 1<sup>st</sup>. Ms. Schutter then summarized the layout of the strategic plan, including the three priorities, nine objectives, and the eight action items accompanying each priority. Ms. Schutter encouraged members, committees, filers and all other stakeholders to carefully review the plan and provide input to this process. Ms. Schutter reported that the Insurance Compact Office would be making targeted outreach to each Compacting State, the Legislative Committee and Consumer and

Industry Advisory Committees to answer questions about the priorities, objectives and action items that make up the Strategic Plan. Ms. Schutter concluded her overview and there were no questions.

Director Froment reported that public comment on the draft Strategic Plan will be received during the next meeting of the Management Committee on October 28<sup>th</sup>. Director Froment stated that the goal is to have a final version of the Strategic Plan ready for discussion and adoption at the Annual Meeting.

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 August 2<sup>nd</sup> joint meeting of the Management Committee and Commission. Director Lindley-Myers moved and Ms. Gillespie seconded. There was no further discussion and the motion carried via voice vote with none opposed.

Director Froment proceeded to the next agenda item and asked Ms. Schutter to provide an Operational Update. Ms. Schutter reported that the Annual Meeting was moved to from its usual time slot preceding the NAIC National Meeting to Monday, December 9<sup>th</sup> at 3:00 pm CT following a request from NCOIL and a member poll. Ms. Schutter then provided an update on the *Amica v. Wertz* appeal and stated that the case was appealed to the 10<sup>th</sup> Circuit Court of Appeals and has been fully briefed. Ms. Schutter reported that last week the 10<sup>th</sup> Circuit issued an order certifying this matter to the Colorado Supreme Court. Ms. Schutter reported that the Colorado Supreme Court issued an order accepting the certification from the 10<sup>th</sup> Circuit and reframed the question it would determine as “[m]ay the Colorado General Assembly delegate power to an interstate administrative commission to approve insurance policies sold in Colorado under a standard that differs from Colorado statute?” Ms. Schutter reported that Compacting State Commissioners were recently notified that the Compact will be filing a joint amicus brief that is substantially similar to the amicus brief submitted in the 10<sup>th</sup> Circuit by October 23<sup>rd</sup>.

Ms. Schutter reported that the Insurance Compact Office has been hosting an eight-part webinar series for regulators in all Compacting States regarding various aspects of the Insurance Compact. Four sessions have been held to date and regulators from 23 Compacting States have attended or registered.

Ms. Schutter reported that Insurance Compact Office will be advertising for the full-time Regulatory Consultant position in the coming days, due to the impending retirement of Anne Marie Narcini. Ms. Schutter reported that Anne Marie is retiring as of January 1, 2020, although she will be providing a handful of hours each week for the first part of the year to transition to a new consultant. Ms. Schutter thanked Ms. Narcini for all her work supporting the Uniform Standards Development process, the PSC, the Actuarial Working Group, the Management Committee and the Commission.

Ms. Schutter summarized current product filing statistics and stated that product filing volume continues to be heavy, with an average of 5 filings submitted per day. Ms. Schutter stated that 253 companies have registered in 2019 to date, which surpasses the 233 companies that registered in all of 2018. The Commission remains over budget through the end of September by roughly \$350,000. Ms. Schutter reported that the registration fee to register and file with the Insurance Compact for the remainder of 2019 will be prorated beginning October 1. Ms. Schutter concluded her report and there were no questions.

There were no other matters and Director Lindley-Myers moved to adjourn. Mr. Hamby seconded and the meeting was adjourned.