



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

Monday, February 24, 2020

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

1. Roll Call
2. Public Hearing on *RAUS 2019-3: Additional Standards for Qualifying Events for Waiver of Monthly Deductions Benefits*, *RAUS 2019-4: Additional Standards for Qualifying Events for Waiver of Premium Benefits*, and *RNUS 2019-5: Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance*
3. Report and Recommendation of the Rulemaking Committee and Consideration by the Management Committee to Approve the Report and Recommendation of the Rulemaking Committee
4. Discussion of Proposed IIPRC Debt Restructuring and Repayment
5. Implementation of the Insurance Compact Strategic Plan: *The Insurance Compact Compass*
6. Discussion of Governance Review – *Insurance Compact Compass*, Priority III, Action Item 10
7. Management Committee and Commission Consideration of Adoption of Meeting Minutes of the December 9, 2019 Joint Meeting of the Management Committee and Commission
8. Operational Update
9. Any Other Matters
10. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance Product
Regulation Commission
Monday, February 24, 2020**

Members of the Commission and Department Staff in Attendance:

Superintendent Elizabeth Kelleher Dwyer, Chair, Rhode Island
Commissioner Mark Afable, Vice Chair, Wisconsin
Director Robert H. Muriel, Treasurer, Illinois
Sarah Bailey as a designated representative for Director Lori K. Wing-Heier, Alaska
Mayumi Gabor, Alaska
Anna Latham, Alaska
Bill Lacy as a designated representative for Commissioner Allen W. Kerr, Arkansas
Jason Lapham as a designated representative for Commissioner Michael Conway, Colorado
Paul Lombardo as a designated representation for Commissioner Andrew N. Mais, Connecticut
Howard Liebers as a designated representative for Acting Commissioner Karima Woods, District of
Columbia
Steve Manders as a designated representative for Commissioner John F. King, Georgia
Martha Im as a designated representative for Commissioner Colin Hayashida, Hawaii
Director Dean L. Cameron, Idaho
Michele MacKenzie, Idaho
Jo McGill, Idaho
Mike Chrysler, Illinois
Alexandria Peck as a designated representative for Commissioner Stephen W. Robertson, Indiana
Andria Seip as a designated representative for Commissioner Doug Ommen, Iowa
Mathew Cunningham, Iowa
Julie Holmes as a designated representative for Commissioner Vicki Schmidt, Kansas
Commissioner Sharon P. Clark, Kentucky
Malinda Shepherd, Kentucky
Commissioner James J. Donelon, Louisiana
Tom Travis, 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
Roger Stefani as a designated representative for Commissioner Steve Kelley, Minnesota
Bob Williams as a designated representative for Commissioner Mike Chaney, Mississippi
Director Chlora Lindley-Myers, Missouri
Camille Anderson-Weddle, Missouri
Tiffany Caverhill as a designated representative for Commissioner Matthew Rosendale, Montana
Director Bruce R. Range, Nebraska
Commissioner Barbara Richardson, Nevada
Jason Dexter as a designated representative for Commissioner Chris Nicolopoulos, New Hampshire
Commissioner Marlene Caride, New Jersey
Kevin Clarkson, New Jersey
Phillip Gennace, New Jersey
Robert Doucette as a designated representative for Superintendent Russell Toal, New Mexico
Mark Hendrick, New Mexico
Director Jillian Froment, Ohio
Pete Weber, Ohio

Commissioner Andrew Stolfi, Oregon
Tashia Sizemore, Oregon
Shannen Logue as a designated representative for Commissioner Jessica K. Altman, Pennsylvania
Tom Kilcoyne, Pennsylvania
Sarah Neil, Rhode Island
Brian Hoffmeister as a designated representative for Commissioner Hodgen Mainda, Tennessee
David Combs, Tennessee
Doug Danzeiser as a designated representative for Commissioner Kent Sullivan, Texas
Tanji Northrup as a designated representative for Commissioner Todd E. Kiser, Utah
Heidi Clausen, Utah
Tomasz Serbinowski, Utah
Shelley Wiseman, Utah
Phil Keller, Vermont
Don Beatty as a designated representative for Commissioner Scott A. White, Virginia
Mike Bryant as a designated representative for Commissioner Mike Kreidler, Washington
Tonya Gillespie as a designated representative for Insurance Commissioner James A. Dodrill, West Virginia
Joylynn Fix, West Virginia
Rebecca Rebholz, Wisconsin
Sue Ezalarab, Wisconsin
Commissioner Jeff Rude, Wyoming
Amanda Tarr, Wyoming

Members of the Legislative Committee in Attendance:

Representative Matt Dollar, Georgia

Members of the Industry Advisory Committee in Attendance:

Wayne Mehlman, American Council of Life Insurers
Michael Hitchcock, Pacific Life Insurance Company

Members of the Consumer Advisory Committee in Attendance:

James McSpadden, AARP

Insurance Compact Staff in Attendance:

Karen Schutter, Executive Director
Becky McElduff, Director of Product Operations & Chief Counsel
Sara Dubsy, Assistant Director of Administrative Operations
Mindy Bradford, Product Reviewer
Lucy Conley-Smoucha, Communications Coordinator
Jeanne Daharsh, Actuary
Karen Givens, Senior Product Reviewer
Naomi Kloepersmith, Actuary

Anne Marie Narcini, Regulatory Consultant
Maureen Perry, Product Review Consultant

Interested Parties in Attendance:

Bill Otten, Global Bankers' Insurance Group
Karen Adler, Guardian Life Insurance Company
Jenna Austin, Guggenheim Life and Annuity Company
Carol Thompson, NAIC
Melissa Clines, Nationwide Life Insurance Company
Craig Hopkins, Pacific Life Insurance Company
Edward Carter, Principal Life Insurance Company
Elizabeth Lindsay, VOYA Financial

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 acknowledged the newest members of the Management Committee for 2020 as well as the two new appointments for the Legislative Committee. Superintendent Dwyer noted that NCOIL has appointed Kentucky Representative Joseph Fischer to replace Louisiana Senator Blade Morrish upon his retirement. Additionally, NCSL has appointed Rhode Island Representative Brian Patrick Kennedy to replace Connecticut Senator Bob Duff. Superintendent Dwyer explained there are two seats currently open on the Consumer Advisory Committee, as both Peter Kochenburger and Roger Sevigny stepped down due to other commitments.

Superintendent Dwyer proceeded to the next item on the agenda and convened a public hearing on three uniform standards. Ms. Schutter was asked to provide background on the *Additional Standards for Qualifying Events for Waiver of Monthly Deductions Benefits* (“RAUS 2019-3”), *Additional Standards for Qualifying Events for Waiver of Premium Benefits* (“RAUS 2019-4”), and *Additional Standards for Waiver of Surrender Charge Benefit for Life Insurance* (“RNUS 2019-5”). Ms. Schutter reviewed the rulemaking process for the amendments to two Uniform Standards and the one proposed new uniform standard. There were no comments from any of the participants in the teleconference. Mr. Mehlman noted that the American Council of Life Insurers (ACLI) has provided written comments. Superintendent Dwyer asked the Product Standards Committee to review the comments provided by the ACLI and report back to the Management Committee on their findings. Superintendent Dwyer concluded the Public Hearing.

Superintendent Dwyer called upon Commissioner Stolfi to provide the report of the Rulemaking Committee. Commissioner Stolfi reported that the Committee has a recommendation to bring forward to the Management Committee considering their recent review of Other Committees. Commissioner Stolfi further explained that the Committee, at the request of the Management Committee, reviewed the Compact Bylaws, specifically Article 8, Section 4, with respect to non-public calls of these Other Committees, whether regulators in all Compacting States, not just from states that are members of said Committee, should be able to attend and participate. The Committee asked the NAIC Legal department to look at this issue and the analysis found the Bylaws support the position all regulators may attend meetings of “Other Committees”, including the Product Standards Committee, without the meeting being considered a Management Committee or Commission meeting which are subject to certain open meeting requirements. Commissioner Stolfi noted that only the members of the committee would have the ability to vote during a teleconference.

Commissioner Stolfi reported that the Rulemaking Committee also developed draft guidelines for the composition, procedures, duties and tenure of the Other Committees at the request of the Management Committee. Commissioner Stolfi reviewed the proposed guidelines and delivered the Rulemaking Committee recommendation to publish the developed guidelines for notice and comment. There were no questions for Commissioner Stolfi regarding the report and recommendation of the Rulemaking Committee.

Superintendent Dwyer suggested the Management Committee consider the Committee’s recommendation to proceed with the open meeting process and adopt the recommendation to change the practice of

member-only committee meetings to allow all Compacting State regulators to participate. Commissioner Stolfi agreed with this suggestion.

Superintendent Dwyer requested a motion to adopt the report of the Rulemaking Committee, including the recommendation to expose the proposed guidelines for composition, procedures, duties and tenure of the Other Committees for public comment. Director Froment made a motion and Ms. Northrup seconded. There was no objection to proceeding via voice vote; the recommendation was approved by voice vote with none opposed.

Superintendent Dwyer requested a motion from the members of the Commission to change its current practice and allow all regulators to attend and participate in meetings and conference calls of these Other Committees. Commissioner Stolfi moved and Mr. Beatty seconded. A roll call vote was conducted and the motion carried; Indiana abstained.

Superintendent Dwyer proceeded to the next agenda item, a discussion on the Commission's debt restructuring and repayment. Superintendent Dwyer noted that the NAIC Executive Committee has approved the term sheet that would be presented to the members of Commission during this meeting. Superintendent Dwyer reviewed the history of the Compact's line of credit with the NAIC and reported that the current amount of debt was \$3,450,000. Of this outstanding debt, \$2.7 million is principal and the remainder accrued interest. Further, as it stands now, the Compact is to repay the full debt within five years in equal installments of approximately \$775,000. Superintendent Dwyer reviewed the current terms for the proposed restructure repayment: 1) repayment will be on the principal only in equal installments over 10 years with one annual payment of \$274,013 by each March 31; 2) there will be no accrued interest and upon full repayment of the principal, the interest will be treated as a contribution from the NAIC to the Commission; 3) if the cash balance falls below \$250,000 as reflected in the audited financial statements, repayment will be deferred for the year; and 4) the Commission will prioritize the financial analysis for several strategic plan items in order to determine how the repayment would affect the ability to budget and prioritize these items. Ms. Schutter provided an overview of the Commission's current financials as of the end of 2019. Ms. Schutter noted that the Commission ended the year with \$645,000 net positive revenue, triggering the repayment of the line of credit. The Commission's 2019 budget was expected to end the year with \$242,000 net positive revenue. Additionally, the current cash balance is \$1,967,348, which includes approximately \$870,000 in deferred 2020 annual registration revenue. Ms. Schutter concluded and noted that annual payment of \$274,013 is manageable and permits the Commission to work within the current cash balance to fund projects identified in the Strategic Plan that were not included in the adopted 2020 Annual Budget. Superintendent Dwyer asked if there were any questions; there were no questions or comments. Superintendent Dwyer stated that the Management Committee will take action on the terms of repayment at the March meeting.

Superintendent Dwyer proceeded to the next agenda item, implementation of the Insurance Compact's Strategic Plan, the *Insurance Compact Compass*. Superintendent Dwyer noted that the plan was adopted on December 9, 2019 and contains three main priorities with guiding objectives and a combined total of 28 action items. The *Compass* has been published to the Insurance Compact website, and a printed copy was distributed to each Commissioner along with the members of the Legislative Committee and Consumer and Industry Advisory Committees via postal mail. Superintendent Dwyer reported that the Compact Office present a holistic plan for implementation in March, with the goal of receiving feedback on the alignment of the priorities and suggested steps for accomplishing each action item. Superintendent

Dwyer stated that the Compact is in a healthy cash position and this will be helpful for addressing the added action items like the governance review or independent audit process. Superintendent Dwyer asked if there were any questions; there were none.

Superintendent Dwyer proceeded to the discussion of the governance review, Priority III, Action Item 10 and reviewed the action item from the *Compass*. Due to the nature of this Action Item, it will be a standing Commission item throughout the year. Superintendent Dwyer asked if there were any concerns from the Commission regarding the retention of an outside organization to perform this review. There were none. Superintendent Dwyer reported that a Request for Proposal (RFP) would be developed for the members to review and requested that Ms. Schutter review the initial process and development of the RFP. Ms. Schutter noted the Insurance Compact Office would use the processes developed by the NAIC Governance Task Force for the NAIC's governance review as the model for this process. A detailed process will be presented to the Commission members, followed by a budget request in June with the intent of beginning work in July or August of this year. Superintendent Dwyer asked the Commission to provide guidance as to whether a Committee should be convened or if the governance review should be conducted primarily by the Officers. Commissioner Afable volunteered to lead this effort. Superintendent Dwyer invited any Commissioner who would like to be involved in the governance review to inform the Compact Officers or Ms. Schutter.

Superintendent Dwyer proceeded to the adoption of the meeting minutes from the December 9, 2019 joint meeting of the Management Committee and Commission. Mr. Beatty moved to approve the minutes and Director Muriel seconded. The minutes were adopted via voice vote with none opposed.

Superintendent Dwyer asked Ms. Schutter to provide the operational update. Ms. Schutter reported the next joint meeting will take place in March in Phoenix, Arizona. Ms. Schutter reported that the Compact Officers appointed Colorado as Chair of the Product Standards Committee, with Jason Lapham as the designated representative, and Rhode Island's Sarah Neil as Vice Chair.

Ms. Schutter reported that the Insurance Compact Office is offering a webinar series for regulators on the long-term care (LTC) rate certification review process in conjunction with the recently released LTC Report. Ms. Schutter reminded regulators to submit their annual proxy form and the state contact forms. Ms. Schutter noted that a list of registered companies will be sent to each state for the purposes of licensing verification so that the Compact Office may monitor this upon the intake of filing submissions. Ms. Schutter provided an update on the third-party lawsuit taking place in Colorado and noted an archived recording of the recent oral arguments before the Colorado Supreme Court. Ms. Schutter concluded her report and there were no questions.

There were no other matters and Director Muriel moved to adjourn. Director Froment seconded and the meeting was adjourned.