

## Agenda

**CEFLI Compliance & Ethics Committee Meeting**  
**Wednesday, January 13, 2021**  
**2 PM EST/1 PM CST/12 Noon MST/11 AM PST**  
**Dial In: (800) 239-9838**  
**Passcode: 1022068**

- I. **Welcome and Introduction.** **Donald J. Walters**
  - A. Antitrust Statement.
- II. **Approval of Minutes – December 16, 2020 Meeting.** **The Committee**
- III. **Issues for Review.** **The Committee**
  - A. Coronavirus (COVID-19).

Our agendas for future Committee meetings over the next several months will include a standing agenda item to offer an opportunity to raise any issues associated with regulatory requirements/guidance, operational practices, work from home challenges and return to work strategies as the COVID-19 pandemic continues.

***The Committee will be asked to discuss any compliance-related issues associated with regulatory requirements/guidance, operational practices, work from home challenges and return to work strategies associated with the COVID-19 pandemic.***

- B. Massachusetts Bulletin 2020-30 - Continued Flexibility in the Issuance and Administration of Insurance during the COVID-19 (Coronavirus) Public Health Crisis.

Over the past several months, the Committee has discussed compliance issues associated with implementation of various regulatory bulletins designed to protect consumer interests impacted by the onset of the COVID-19 pandemic.

Recently, the Massachusetts Division of Insurance issued Bulletin 2020-30 (see copy [here](#)) (which referenced previous Bulletin 2020-05) to encourage insurers to take steps to address concerns regarding maintaining various types of insurance coverages in the Massachusetts insurance market during the COVID-19 pandemic.

In Bulletin 2020-30, the Massachusetts Division of Insurance stated:

*“... Carriers should proactively provide policyholders with information about how to contact the Carrier to investigate options that may be available to prevent a loss of coverage.”*

A question has been presented to the Committee concerning how insurers plan to address the requirement to proactively provide policyholders with information about how to contact an insurer to investigate options that may be available to prevent a loss of coverage.

***The Committee will be asked to discuss plans to comply with the requirement of the Massachusetts Division of Insurance Bulletin 2020-30 “to proactively provide policyholders with information about how to contact an insurer to investigate options that may be available to prevent a loss of coverage.”***

C. Compliance Strategies - NAIC Suitability in Annuity Transactions Model Regulation.

The NAIC recently approved a revised version of the NAIC Suitability in Annuity Transactions Model Regulation which is now being adopted in various states. A link to the Model Regulation is included [here](#).

The new version of the NAIC Suitability in Annuity Transactions Model Regulation includes various appendices designed to confirm a consumer’s understanding of the circumstances underlying the consumer’s purchase of an annuity product.

Appendix B of the revised Model Regulation requires a consumer to confirm that they are refusing to provide requested suitability information (or they are choosing to provide only limited suitability information) to allow a producer to recommend a product that effectively meets the financial situation, insurance needs and financial objectives of the consumer. In essence, completion of Appendix B would allow an insurer to know that the producer attempted to obtain suitability information from the consumer but that the consumer either refused to provide this information or chose to provide only limited information concerning the annuity transaction.

Moreover, Appendix C of the revised Model Regulation requires a consumer to confirm that their purchase of an annuity is taking place without a recommendation (i.e., on an unsolicited basis).

A question has been presented concerning insurer practices with respect to Appendix B and Appendix C.

Specifically, the following questions have been presented:

- *Will insurers allow sales of annuity products with the use of Appendix B and/or Appendix C (i.e., will insurers allow sales of annuity products to take place if the consumer refuses to provide (or only provides limited) suitability information or, alternatively, if the consumer acknowledges that the annuity transaction took place without a recommendation)?*
- *If insurers will permit sales of annuity products with the use of Appendix B, are they permitting the sales with the use of Appendix B alone or are they also requiring the submission of Appendix C (confirming no recommendation was made) given that Section 6B(1)(a) of the revised Model Regulation makes reference to Appendix C (no recommendation was made)?*
- *If insurers will permit sales of annuity products with the use of Appendix B and/or Appendix C, will their producers be required to be in receipt of a signed version of Appendix B and/or Appendix C before transmitting the transaction for approval by the insurer.*

***The Committee will be asked to discuss their compliance strategies with respect to the use of Appendix B and/or Appendix C of the revised NAIC Suitability in Annuity Transactions Model Regulation.***

D. Impact of 2020 Election on Regulatory Activities.

Some observers of the results of the recent 2020 election have indicated that they anticipate an increase in regulatory activities with a greater focus on consumer protection. Legislation is anticipated to address concerns regarding privacy, cybersecurity and other consumer protection measures.

In anticipation of a potentially changed regulatory environment, a question has been presented concerning whether insurers may be considering new or different compliance strategies in anticipation of a heightened focus on consumer protection over the coming months. Possible strategies may include: hiring new staff, conducting more internal audits, purchasing new compliance software tools, etc.

***The Committee will be asked to discuss whether they may be planning new or different compliance strategies in anticipation of a possibly changed regulatory environment with an increased focus on consumer protection efforts.***

E. Regulatory Examination Activities – Data Requests - 2020 - 2021.

CEFLI recently conducted a webinar to explore The Future of Market Regulation in a Post COVID-19 environment.

One of the key findings of the webinar was that companies have reportedly experienced an increase in data requests as part of market analysis from various state insurance departments.

Moreover, since regulators have increasingly relied upon data that can be provided without having to conduct an in-person examination of a company in a COVID-19 environment, it is anticipated that regulators will continue to rely upon data requests as a primary regulatory technique in their regulatory reviews of life insurance companies in 2021.

A question has been presented concerning whether companies have experienced an increase in data requests from state insurance regulators in 2020 (in light of the COVID-19 pandemic environment) and whether companies are anticipating a continued reliance upon data requests in regulatory activities state insurance departments in 2021.

For example:

- *Did your company experience an increase/decrease in data requests from state insurance regulators in 2020?*
- *Does your company anticipate an increase/decrease in data requests from state insurance regulators in 2021?*

***The Committee will be asked to discuss their experiences with respect to receiving data requests from state insurance regulators in 2020 and whether they anticipate an increase/decrease in data requests in 2021.***

F. Prohibited Transaction Exemption 84-24 Disclosures - New DOL Fiduciary Rule.

In December 2020, the US Department of Labor (“DOL”) published a final version of its revised Fiduciary Rule (Prohibited Transaction Exemption (PTE) 2020-02). (A copy of the revised Fiduciary Rule can be found [here](#).)

The revised DOL Fiduciary Rule was issued, in part, in response to a ruling by the US Court of Appeals for the Fifth Circuit in June 2018 vacating the prior version of the DOL Fiduciary Rule. The revised DOL Fiduciary Rule was drafted to comport with the requirements of the SEC’s Regulation Best Interest.

Though it remains to be seen whether the incoming Biden Administration may take action to rescind the revised Fiduciary Rule, it is scheduled to become effective on February 16, 2021.

In light of the DOL adoption of the revised Fiduciary Rule, a question has been presented concerning whether insurers are contemplating or may have already developed new or revised disclosures to comply with PTE 84-24 as a risk mitigation measure in anticipation of its February 16, 2021 effective date.

***The Committee will be asked to discuss whether they are developing new or revised disclosures to comply with PTE 84-24 under the revised DOL Fiduciary Rule.***

#### IV. Reporting Items.

CEFLI Staff.

- A. Adoptions of the Revised NAIC Suitability in Annuity Transactions Model Regulation.

CEFLI continues to monitor developments related to possible adoptions of the revised NAIC Suitability in Annuity Transactions Model Regulation in various states.

Since the Committee's last meeting, two more states have adopted the Model Regulation: Arkansas and Michigan.

Arkansas' adoption of the revised Model Regulation can be found [here](#). The Arkansas regulation became effective on December 29, 2020. Arkansas also issued a bulletin related to their revised regulation, indicating the industry will be allowed six months from the effective date to comply. That bulletin can be found [here](#).

In addition, Michigan also approved its version of the revised Model Regulation which can be found [here](#). (Section 4151 of House Bill 4508 (beginning on page 6) includes Michigan's adoption of the revised Model Regulation.) The Michigan regulation will become effective on June 29, 2021 (six months after approval by the Governor which took place on December 29, 2020).

It is anticipated that other states will be introducing similar legislation/regulations over the next several months.

***The Committee will be asked to discuss any updated developments with respect to plans by states to introduce legislation/regulations to adopt the revised NAIC Suitability in Annuity Transactions Model Regulation.***

B. NAIC Insurance Department Resources Report.

The NAIC recently published Volume II of the Insurance Department Resources Report. The Insurance Department Resources Report provides key statistics related to the resources and regulatory activities of the NAIC's members. Volume II focuses on premium data and ratios related to budget, revenue and premium data.

Please note that a copy of this report can be found [here](#) on the CEFLI website. A link is also included on the on the [Additional Resources page](#) of CEFLI's website.

CEFLI maintains a variety of different resources on the Additional Resources section of the CEFLI website. We hope you find these tools to be helpful in your efforts to promote compliance and ethics at your respective companies.

C. FINRA Regulatory Notice – 20-42 – Seeking Comments - COVID-19.

FINRA issued Regulatory Notice 20-42 to request comments for member firms on changes they made to address the COVID-19 pandemic. (A copy can be found [here](#).)

FINRA is asking firms to respond to 28 questions in six categories related to firm operations as well as possible recommendations to change FINRA rules in light of the COVID-19 pandemic. Comments are to be submitted to FINRA by February 16.

D. SEC Plans to Expand Scope of its Regulation Best Interest compliance.

The SEC's Office of Compliance Inspections and Examinations ("OCIE") recently issued a public statement indicating that, beginning in January 2021, OCIE intends to expand the scope of examinations that focus on specific requirements of Regulation Best Interest, including those that go beyond suitability standards and require broker-dealers to have a reasonable basis to believe that recommendations are in the best interests of retail customers. A copy of the public statement can be found [here](#).

OCIE also intends to conduct enhanced transaction testing designed to examine whether broker-dealers have implemented effectively their written policies and procedures.

OCIE is encouraging firms to continue to evaluate their processes and, in particular, to consider whether the initial programs adopted to achieve the June 30, 2020 compliance date are, in practice, reasonably designed to achieve compliance with Regulation Best Interest.

E. Jay Clayton Resigns as SEC Chair.

SEC Chair Jay Clayton published his resignation and left the SEC on December 23 despite initially indicating he would serve as SEC Chair until June 2021. In November, he indicated he would leave by year end 2020.

F. NAIC Announces Committee Leadership.

The NAIC recently announced their 2021 Committee leadership assignments:

NAIC Life Insurance and Annuities (A) Committee  
Chair: New Jersey Commissioner Marlene Caride  
Vice Chair: Oklahoma Commissioner Glen Mulready

NAIC Market Regulation and Consumer Affairs (D) Committee  
Chair: Nevada Commissioner Barbara Richardson  
Vice Chair: Kentucky Commissioner Sharon Clark

**V. CEFLI Activities.**

A. Webinar - Unclaimed Property Revisited: Proactive Compliance Strategies.

CEFLI will be conducting the next installment of its Educational Webinar Series with a session devoted to Unclaimed Property Revisited: Proactive Compliance Strategies with Cornel Lupo of Sovos (formerly with Keane, a provider of Unclaimed Property consulting services).

This session will provide informative information concerning Life Insurance Company Unclaimed Property compliance management. The webinar will offer a brief overview of the history of Unclaimed Property issues in the life insurance industry before addressing the use of state VDA programs. The session will include a review of current examination activities and will conclude with best practices for the oversight and maintenance of continued compliance.

Registration information for the webinar will be added to [this page](#) on CEFLI.org, within the next day. The webinar will be conducted via the Cisco Webex platform.

Please plan to join us!

- B. Joint Webinar - CEFLI Affiliate Member BrownWinick - Year in Review - Thursday, December 10.

CEFLI recently conducted a Joint Webinar with CEFLI Affiliate Member BrownWinick to examine the Year in Review for life insurance industry compliance and ethics professionals.

Maureen Henderson, Counsel with BrownWinick, moderated the session. She was joined by Megan Claypool, Chief Compliance Officer with Athene and Kelly Stokes, Chief Compliance Officer with Principal. The webinar explored the challenges faced by the industry in 2020 and it identified the challenges that may lie ahead in 2021. A copy of the presentation deck and webinar recording can be found [on this page](#).

- C. CEFLI Regulatory Forum - Wednesday, January 27 - 2 PM EST/1 PM CST.

CEFLI will be conducting the next meeting of its Regulatory Forum on Wednesday, January 27 at 2 PM EST/1 PM CST. CEFLI's Regulatory Forum provides an opportunity to gain insights from regulators representing organizations such as the SEC, FINRA, NAIC, and various state insurance departments.

Meetings of CEFLI's Regulatory Forum are open to representatives of CEFLI Premier Partner companies.

Our meeting will provide an opportunity to gather insights from several state insurance department regulators who will share their perspectives on the compliance challenges that lie ahead in 2021.

## **VI. Next Meeting.**

The next meeting of the Committee is scheduled to take place:

Thursday, February 11, 2021 - 2 PM EST/1 PM CST/12 Noon MST/11 AM PST

Other 2021 Committee meetings are scheduled to take place as follows:

Wednesday, March 10, 2021 - 2 PM EDT/1 PM CDT/12 Noon MDT/11 AM PDT  
Wednesday, April 14, 2021 - 2 PM EDT/1 PM CDT/12 Noon MDT/11 AM PDT  
Wednesday, May 12, 2021 - 2 PM EDT/1 PM CDT/12 Noon MDT/11 AM PDT  
Wednesday, June 9, 2021 - 2 PM EDT/1 PM CDT/12 Noon MDT/11 AM PDT  
Wednesday, July 21, 2021 - 2 PM EDT/1 PM CDT/12 Noon MDT/11 AM PDT  
Wednesday, August 11, 2021 - 2 PM EDT/1 PM CDT/12 Noon MDT/11 AM PDT



Wednesday, September 15, 2021 - 2 PM EDT/1 PM CDT/12 Noon MDT/11 AM PDT

Wednesday, October 13, 2021 - 2 PM EDT/1 PM CDT/12 Noon MDT/11 AM PDT

Wednesday, November 10, 2021 - 2 PM EDT/1 PM CDT/12 Noon MDT/11 AM PDT

Wednesday, December 8, 2021 - 2 PM EST/1 PM CST/12 Noon MST/11 AM PST

Please mark your calendar and plan to join us!

**VII. Other Business.**

***The Committee will be asked to identify and discuss any other business to be brought before the Committee.***

**DRAFT**

**Minutes  
Meeting of the  
CEFLI Compliance & Ethics Committee  
December 16, 2020**

A meeting of the CEFLI Compliance & Ethics Committee (the “Committee”) was held via conference call on Thursday, December 16, at 2 PM EDT/1 PM CDT/12 Noon MDT/11 AM PDT.

The following CEFLI member company representatives participated in the meeting:

Dave Milligan, American Equity  
Amanda Heavner, American Fidelity Assurance Company  
Bill Turner, American Fidelity Assurance Company  
Rebecca Criswell, [Americo Financial Life and Annuity Insurance Company](#)  
Ryan Meehan, Amerise Financial  
Laurie Lewis, Amica Life Insurance Company  
Chris Lamendola, Amica Life Insurance Company  
Jill Fiddler, Assurity Life Insurance Company  
Chris Wilkie, The Baltimore Life Insurance Company  
Christine Williams, Boston Mutual Life Insurance Company  
Jeremy Intihar, Brighthouse Financial  
Kim Langdon, Brighthouse Financial  
Jeff Stafford, CNO Financial  
Paula Gentry, The Cincinnati Life Insurance Company  
Larry Welch, Citizens, Inc.  
Shannon Aussieker, Country Life Companies  
Jacquie Crader, CUNA Mutual Group  
Heather Schumann, CUNA Mutual Group  
De Keimach, Delaware Life Insurance Company  
Chris Vellante, Delaware Life Insurance Company  
Matthew Chisholm, Erie Insurance Group  
Jenna Austin, Guggenheim Life and Annuity Company  
Marla Lacey, Homesteaders Life  
Laura VanLaningham, [Illinois Mutual Life Insurance Company](#)  
Emily Wilburn, [Illinois Mutual Life Insurance Company](#)  
Scott Schabel, Jackson National Life Insurance Company  
Toba Fryer, John Hancock  
Sakina Sharp, Kemper Corporation  
Geoff Gentilucci, Legal and General America  
Stephen Harris, Lincoln Financial Group

Minutes – CEFLI Compliance & Ethics Committee Meeting

December 16, 2020, 2020

Page 2 of 10

Wanda McNeece, Lincoln Heritage Life Insurance Company  
Donna Brown, Lombard International  
Valarie Murray, Lombard International  
Michelle Ross, Lombard International  
Alison Soderberg, Lombard International  
Ellen Reynolds, Modern Woodmen of America  
Morgan Milner, Modern Woodmen of America  
Michele Dungworth, National Life Group  
Jennifer Knabe, The Ohio National Life Insurance Company  
Michael Schwallie, The Ohio National Life Insurance Company  
Lauren Barbaruolo, Oxford Life Insurance Company  
Megan Gonzales, Oxford Life Insurance Company  
Martin Karp, Oxford Life Insurance Company  
Jennifer Gibb, Pacific Life Insurance Company  
Andrea Horrobin, Pacific Life Insurance Company  
Eileen Jares, Pacific Life Insurance Company  
Ann-Marie Mason, The Penn Mutual Life Insurance Company  
Vickie Bulger, Primerica Life Insurance Company  
Belinda Howard, Principal Life Insurance Company  
Megan Phillips, Principal Life Insurance Company  
Mike Currier, Protective Life Insurance Company  
Scott Creutzmann, Protective Life Insurance Company  
Ryan Schwoebel, Protective Life Insurance Company  
Stephen Smith, Protective Life Insurance Company  
Tracy Gardner, RiverSource Life Insurance Company  
Mark Lasswell, RiverSource Life Insurance Company  
Ryan Meehan, RiverSource Life Insurance Company  
Patrick Garcy, Sagicor Life Insurance Company  
Calvin Kwan, Sagicor Life Insurance Company  
Nathan Huss, Sammons Financial  
Lori Straight, Sammons Financial  
Dan LeBlanc, The Savings Bank Mutual Life Insurance Company of Massachusetts  
Erich Axmacher, Securian Financial  
Amy Burggraff, Securian Financial  
Deb Cooper, Securian Financial  
Amanda Kelting, Securian Financial  
Nicole Blakney, State Farm Life Insurance Company  
Kathy Deputy, State Farm Life Insurance Company  
Rachel Gomez, State Farm Life Insurance Company  
Lisa Holland, State Farm Life Insurance Company  
Matt Clegg, Sun Life  
Marcie Allen, Texas Life Insurance Company  
Kris Fischer, Thrivent  
Katherine Murphy, USAA Life Insurance Company  
Chad Eslinger, Voya Financial

Ben Kuebbing, Western & Southern Financial Group  
Hannah Krone, Western & Southern Financial Group  
Cathy Schweitzer, Western & Southern Financial Group  
Rochelle Walk, Wilton Re  
Steffanie Buckley, Woodmen of the World Life Insurance Society

Donald J. Walters, President & CEO, Carla Strauch, Vice President - Compliance & Ethics, and Mallory Hart, Director of Member Relations, Communications and Meetings, also attended the meeting.

**I. Welcome and Introduction.**

The meeting began with a recitation of CEFLI’s anti-trust statement.

**II. Approval of Minutes – November 12, 2020.**

On motion, duly made and seconded and unanimously carried, the Committee: RESOLVED, that, the Minutes of the November 12, 2020 meeting are hereby approved.

**III. Issues for Review.**

**The Committee**

**A. Coronavirus (COVID-19).**

The Committee was asked to discuss any compliance-related issues associated with regulatory requirements/guidance, operational practices, work from home challenges and return to work strategies associated with the COVID-19 pandemic.

Members of the Committee shared their perspectives. One individual noted that companies have been relying on their work-from-home strategies for nine months. A few Committee members indicated their companies remain in “Phase I” with only 2-20% of staff (primarily essential staff) in the office. Increased staffing is not anticipated until at least June or July of next year.

A member of the Committee indicated the American Council of Life Insurers (ACLI) has been working with Insurance Department officials in the states of Massachusetts and New York, regarding potential future state bulletins aimed at addressing grace periods and lapses during the pandemic.

**B. Anti-Money Laundering (AML) Act of 2020.**

Congress recently passed the Anti-Money Laundering Act of 2020 as an amendment to the passage of the National Defense Authorization Act for Fiscal Year 2021. The legislation awaits President Trump’s signature.

Among its provisions, the AML Act of 2020 incorporates new requirements including the reporting of beneficial ownership information; new penalties for those convicted of serious Bank Secrecy Act violations and creation of a whistleblower reward program through the Department of Treasury where whistleblowers could be eligible to receive an award of up to 30% of collected monetary sanctions exceeding \$1 million.

Committee members were asked to discuss their interpretation of the applicability of the AML Act of 2020 on AML compliance practices for life insurance companies concerning covered products.

One Committee member indicated FinCEN is developing a database of beneficiaries and is working to make enhancements to the program. Another member noted that insurance companies, unlike investment firms and broker-dealers, are exempt from the regulatory requirements, though voluntary participation regarding information sharing is encouraged.

C. Determining Corporate “Risk Appetite” in Combined Compliance Departments.

As companies examine their practices to address compliance and risk-related issues, some companies have elected to combine their compliance, risk management and/or audit departments. When these types of combinations arise, questions may be presented concerning who may have responsibility for identifying the “risk appetite” of the company with respect to various company operations.

Committee members were asked to discuss how their companies determine their “risk appetite” and how such analysis takes place in a combined compliance, risk and/or audit department corporate structure.

One Committee member shared that their company’s risk appetite is determined by the organization’s Risk Committee, which reports to the Board. The Risk Committee consists of C-suite officers. Risk matters are shared with cross-functional groups and the Risk Committee.

Another Committee member shared that their company’s Chief Ethics and Compliance Officer is the key decision maker with respect to decisions regarding the company’s Risk Appetite.

D. “Digital Transformation.”

To reduce waste associated with their operations, many life insurance companies are pursuing what has been referred to as a “Digital Transformation.” The core principles of a “Digital Transformation” effort include: (1) eliminating the use of

paper to communicate with customers, unless required by law; and (2) exploring ways to reduce customer interactions involving staff (via web/phone).

The Committee was asked to discuss whether their companies have undertaken a “Digital Transformation” initiative and, if so, to share their experience.

A member of the Committee indicated their company is currently engaging in a project of this nature.

E. Electronic Customer Communications - Billing and Grace Period Notices.

Life insurance companies provide a wide range of communications to their customers, including billing and grace period notices. In some cases, companies may be providing billing and grace period notices through electronic communications only.

Committee members were asked to discuss their practices with respect to sending billing and grace period notices to customers electronically and whether such practices may be prohibited in certain states.

During the Committee’s discussion, it was noted that providing paper billings works well for consumers who remit payment by check. Consumers that remit payments electronically, via EFT, often have a regular, automated payment process established so the issue of how premium notices are received has become less of a concern for such consumers.

A Committee member indicated their company’s legal department had conducted significant research on e-commerce topics related to the use of electronic processes and notices for address changes and funds transfers, but that it had not researched state regulatory requirements or prohibitions related to the use of electronic premium notices.

One Committee member recalled that the American Council of Life Insurers (ACLI) had previously maintained a 50-state Law Survey covering regulatory requirements related to grace period and termination notices.

F. New York Department of Financial Services - Regulation 187 Exams.

In July 2018, the New York Department of Financial Services (NYDFS) amended Regulation 187 to incorporate a best interest standard applicable to both life insurance and annuity products. At the time that Regulation 187 was amended in July 2018, several interpretive questions of key provisions of Regulation 187 were left outstanding.

The NYDFS issued a list of Frequently Asked Questions in September 2019 to address several of these outstanding issues. However, it also was anticipated that examinations of life insurers by the NYDFS would help to clarify regulatory expectations with respect to an appropriate demonstration of compliance with the requirements of Regulation 187 by life insurance companies.

Committee members were asked to discuss whether their companies have been subject to examination by the NYDFS to determine compliance with the requirements of Regulation 187 and whether these examination activities have offered further insight into the regulatory expectations of the NYDFS regarding Regulation 187 compliance.

Two Committee members shared their recent NYDFS examination experiences.

One Committee member indicated their company was is in the process of wrapping up a regular, cyclical examination. During the examination, the NYDFS focused on the importance of an insurer's oversight of third-party distributors. The NYDFS also focused on the suitability of subsequent transactions. Of note is the fact that Regulation 187 applies only to subsequent transactions when such transactions are recommended; a requirement the examiners needed to be reminded of. The NYDFS also focused on validating that producer training requirements had been satisfied prior to the time recommendations were made.

Another Committee member shared that their company recently received the examination report related to their recent NYDFS examination. While the scope of the examination covered business conducted from 2011 – 2017, the examination report included recommendations related to the state's 2019 revisions to Regulation 187. The examination included a focus on company oversight of, and controls impacting, best interest-related activities delegated by the insurance company to its third-party distributors.

G. Operational Practices Associated with Dissemination of Regulatory Notices  
- Natural Disasters and Health Pandemics.

In the event of natural disasters and health pandemics such as COVID-19, regulatory authorities may issue Bulletins or other types of guidance to establish regulatory expectations with respect to insurer practices to comply with regulatory requirements associated with these unusual events.

Committee members were asked to discuss their operational practices with respect to disseminating regulatory notices related to natural disasters and health pandemics so that all employees may be aware of the requirements.

One Committee member indicated they disseminate disaster and pandemic notices in the same manner that they disseminate other regulatory changes. The

Committee member also indicated they developed a chart, for business area use, summarizing the COVID-19 specific regulatory requirements.

Another Committee member indicated their company also developed a chart to track COVID-19 related regulatory requirements.

A third Committee member noted they utilize their existing regulatory change management processes to inform business areas of new compliance requirements associated with such notices and that they periodically create and disseminate matrices that summarize the requirements.

#### H. Training Resources - Best Interest Standard - Revisions to the NAIC Suitability in Annuity Transactions Model Regulation.

The recent revisions to the NAIC Suitability in Annuity Transactions Model Regulation require producers to complete a general annuity training course. The updated training requirements have resulted in many insurer questions and the NAIC Annuity Suitability (A) Working Group is reviewing the subject of annuity training requirements as part of its effort to draft Frequently Asked Questions (FAQs) associated with the Model Regulation.

Committee members were asked to discuss of the types of training resources that may be available to provide producer training on the Best Interest Standard associated with the recent revisions to the NAIC Suitability in Annuity Transactions Model Regulation.

One Committee member indicated they utilize Kaplan for best interest and annuity training needs.

#### IV. Reporting Items.

CEFLI Staff.

##### A. Adoptions of the Revised NAIC Suitability in Annuity Transactions Model Regulation.

CEFLI continues to monitor developments related to possible adoptions of the revised NAIC Suitability in Annuity Transactions Model Regulation in various states.

To date, Iowa, Arizona, and Rhode Island have adopted state-specific versions of the revised Model Regulation. Delaware has [proposed](#) an amended regulation with an August 1, 2021 effective date. Alabama held a hearing on December 8 concerning its [proposed](#) version of the revised Model Regulation which would become effective January 1, 2021. It is anticipated that other states will be introducing similar legislation/regulations over the next several months.



B. Amendments to the NAIC Unfair Trade Practices Model Act.

The Executive Committee of the NAIC recently adopted amendments to the NAIC's Unfair Trade Practices Model Act which would permit certain types of "rebates" to be offered to consumers.

The amended language would permit insurers or producers to "offer or give non-cash gifts, items, or services, including meals to or charitable donations on behalf of the customer, in connection with the marketing, sale, purchase or retention of contracts of insurance."

The NAIC's Innovation and Technology Task Force has explored revising the Unfair Trade Practices Model Act to promote innovations and technology such as the use of "wearables" by life insurance companies without considering these practices to constitute an unlawful "rebate."

C. DOL Fiduciary Rule Under Review at the Office of Management and Budget (OMB).

CEFLI reported that the new DOL Fiduciary Rule has been submitted for review to the Office of Management and Budget (OMB) and that the OMB has now completed its review and approved the Rule.

It remains to be seen whether the incoming Biden Administration may want to revise or rescind the rule. CEFLI will continue to monitor for future activity in this area.

D. NAIC 2021 Officers.

The NAIC recently announced the election of officers for 2021.

- President - David Altmeier - Florida;
- President-Elect - Dean Cameron - Idaho.
- Vice President - Chlora Lindley-Myers - Missouri; and
- Secretary-Treasurer - Andrew Mais – Connecticut.

Leadership of key NAIC Committees will be determined through the NAIC's Commissioners' Roundtable which generally takes place in January of each year.

**V. CEFLI Activities.**

- A. Joint Webinar - CEFLI Affiliate Member Locke Lord - The Future of Market Regulation - Post COVID-19 Environment - Wednesday, November 18.

CEFLI recently conducted a Joint Webinar with CEFLI Affiliate Member Locke Lord to explore The Future of Market Regulation in a Post COVID-19 Environment. Michael Rohan, former Deputy Director of Market Regulation for the Illinois Department of Insurance and now Of Counsel in the Insurance Regulatory and Transactional Group at Locke Lord served as faculty for the webinar.

A copy of the presentation deck and webinar recording can be found [on this page](#).

- B. Joint Webinar - CEFLI Affiliate Member BrownWinick - Year in Review - Thursday, December 10.

CEFLI recently conducted a Joint Webinar with CEFLI Affiliate Member BrownWinick to examine the Year in Review for life insurance industry compliance and ethics professionals.

Maureen Henderson, Counsel with BrownWinick, moderated the session. She was joined by Megan Claypool, Chief Compliance Officer with Athene and Kelly Stokes, Chief Compliance Officer with Principal. The webinar explored the challenges faced by the industry in 2020 and it identified the challenges that may lie ahead in 2021.

A copy of the presentation deck and webinar recording can be found [on this page](#).

- C. Webinar - Unclaimed Property – Wednesday, January 20, 2021 1 PM EST.

CEFLI will conduct a webinar on Unclaimed Property issues on Wednesday, January 20, 2021.

Our faculty member for the session will be Cornel Lupu with Unclaimed Property specialists Sovos (formerly Keane).

Please plan to join us for this informative session!

- D. Advertising Review Networking Forum.

CEFLI's Advertising Review Networking Forum met on Tuesday, December 15<sup>th</sup>. The Forum meets bimonthly to discuss current compliance challenges related to

advertising review. Individuals interested in joining the Forum may contact [NancyPerez@CEFLI.org](mailto:NancyPerez@CEFLI.org)

E. Compliance Fundamentals Training Conference (CFTC).

CEFLI conducted its Compliance Fundamentals Training Conference virtually on November 19<sup>th</sup> and 20<sup>th</sup>. The CFTC featured sessions on:

- Overview of Life Insurance Companies, Distribution Systems and Regulatory Authorities
- Overview of Life Insurance Company Products
- Complaint Handling
- Replacements
- Advertising Review
- The Role of Compliance at a Life Insurance Company
- Legislative and Regulatory Monitoring
- The State Insurance Regulatory Examination Process and its Impact Upon Compliance
- Suitability/Best Interest/Fiduciary Standards – Evolving State and Federal Sales Standards
- Working with Business Partners – Sales/Marketing and Producers

Presentation materials for the sessions can be [found here](#).

**VI. Next Meeting.**

The next meeting of the Committee is scheduled to take place:

Wednesday, January 13, 2021 - 2 PM EST/1 PM CST/12 Noon MST/11 AM PST

Please mark your calendar and plan to join us!

**VII. Other Business.**

There being no additional business the meeting was adjourned.