Agenda

CEFLI Compliance & Ethics Committee Meeting
Wednesday, April 14, 2021
2 PM EDT/1 PM CDT/12 Noon MDT/11 AM PDT
Dial In: (800) 239-9838
Passcode: 1022068

I. Welcome and Introduction. **Donald J. Walters**

A. Antitrust Statement.

II. Approval of Minutes – March 10, 2021 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 COVID-19 compliance-related issues, any updates with respect to return-to-work strategies and any plans to resume normal business travel in 2021.

B. Board Compliance Reports and Director Training.

Many states have adopted their versions of the NAIC Corporate Governance Annual Disclosure (CGAD) Model Act and Regulation. The Model Act and Regulation requires insurers to file annually a CGAD with the State Insurance Commissioner.

This requirement has raised questions concerning the practices that companies may institute to develop their CGAD report; specifically, those activities that may be related to providing compliance reports to the company's Board of Directors and conducting training for those Directors.

With respect to Board Reporting:

- *Does your company provide compliance reports to your company's Board of Directors or other appropriate committee (e.g., Audit Committee, etc.)?*
- *If so, how often are these reports provided?*

With respect to training of Directors:

- *Does your company provide training to its company's Board of Directors?*
- *If so, how often does this training take place?*
- *If so, is this training provided to Directors electronically or in-person?*

The Committee will be asked to discuss company practices with respect to providing compliance reports to the company's Board of Directors and whether they provide training to Directors as well.

C. Fraud Prevention - Withdrawals via Phone.

In an effort to promote good customer service, many life insurance companies provide a variety of methods through which policyholders may request withdrawals from their policies or contracts.

Some companies permit policyholders to make withdrawal requests via phone.

In an effort to prevent possible fraud associated with withdrawal requests submitted via phone, a series of questions has been presented for review:

- *Do you allow withdrawal requests over the phone?*
- *If so, do you place limits on the amount that can be withdrawn via phone?*
- *What steps do you take to authenticate the identity of a customer before processing a withdrawal request via phone?*
- *Other specific controls you have in place to limit fraud risk with phone withdrawals?*

The Committee will be asked to discuss their company practices with respect to permitting withdrawal requests via phone.

D. Undeliverable Mail/Bad Addresses.

Life insurance companies send a high volume of communications to their policyholders. In some instances, a policyholder might change their address and fail to notify the life insurance company. In these instances, attempts to deliver mail may be returned to the life insurance company as "undeliverable" or may indicate in the mail has been sent to a "bad address."

Several questions have been presented concerning how life insurance companies handle “undeliverable” mail or mail sent to a “bad address.”

When a life insurance company is informed that mail is returned as “undeliverable”, what practices do you institute in these instances?

- *Do you search for a new address and update the record? If so, how often?*
- *Do you attempt to contact the customer to verify the address?*
- *If you are unable to identify a new address, how do you identify (e.g., “flag”) how future communications will be handled?*
- *What factors go into determining whether you may discontinue future mailings?*

The Committee will be asked to discuss their practices with respect to handling “undeliverable” or “bad address” mailings.

E. New Jersey - COVID-19 Emergency Order.

The New Jersey Department of Banking and Insurance (DOBI) continues to extend the original 90 day grace period for life insurance premium payments originally issued under Bulletin No. 20-16 (issued on April 10, 2020).

Accordingly, several issues have arisen regarding how life insurance companies are interpreting these extensions and how they are developing strategies to comply with these requirements.

Specifically:

- *Are you continuing to extend the original 90-day grace period for lapsed policies if a policyholder has a hardship due to COVID-19?*
- *Do you continue to send notices to lapsed New Jersey policyholders to inform them that, if they have a hardship due to COVID-19, they can ask for an extended grace period?*
- *How do you handle death claims for a policy that has been lapsed beyond 90 days?*

The Committee will be asked to discuss company practices with respect to complying with the continued extensions of accommodations to those suffering hardships due to COVID-19 under New Jersey DOBI Bulletin No. 20-16.

F. New Jersey Training Requirements - SIU Personnel and Non-SIU Staff.

The New Jersey DOBI recently provided feedback to one of our member companies regarding training requirements for Special Investigations Unit (SIU) Personnel and non-SIU staff.

New Jersey's requirements indicate that SIU Personnel must receive at least 9 hours of classroom instruction (including continuing education requirements thereafter) and non-SIU staff must undergo 4 ½ hours of training of training.

A question has been presented concerning the various strategies companies may use to comply with these SIU-related training requirements.

The Committee will be asked to discuss their strategies with respect to complying with the New Jersey training requirements for SIU Personnel and non-SIU staff.

G. Processing of State Insurance Department Complaints.

State insurance departments forward complaints received from consumers to life insurance companies for appropriate response.

A question has been presented concerning the process used by life insurance companies when they may receive state insurance department complaints.

In some cases, life insurance companies may identify a specific individual to receive state insurance department complaints. In other cases, life insurance companies may designate a group email box or other process to receive state insurance department complaints.

The Committee will be asked to discuss company practices related to the processing of state insurance department complaints and whether they direct state insurance departments to send such complaints to an individual or a group email mailbox.

IV. Reporting Items. **CEFLI Staff.**

A. Revised NAIC Suitability in Annuity Transactions Model Regulation.

1. State Adoptions.

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

To date, CEFLI is aware of the following state adoptions of the revised Model Regulation: Arizona, Arkansas, Delaware, Idaho, Iowa, Michigan, North Dakota, Ohio and Rhode Island.

It is anticipated that other states will be introducing similar legislation/regulations over the next several months. CEFLI is aware of proposals in the following states: Alabama, Connecticut, Kentucky, Maine, Nebraska, and Virginia.

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. New York Department of Financial Services Circular Letter No. 5 - Diversity, Equity and Inclusion (DEI).

The New York Department of Financial Services recently issued Circular Letter No. 5 (2021) to outline the Superintendent's expectations of insurers with respect to pursuing diversity, equity and inclusion (DEI) initiatives as part of corporate governance practices.

The Circular Letter referenced research that shows that DEI initiatives are good for business to increase profitability, a broader customer base, more innovation and better risk management.

C. SEC Will Assess How Regulation Best Interest Is Performing.

SEC Commissioner Carolyn Crenshaw has indicated that the SEC will assess how Regulation Best Interest is performing as the end of June will mark one year since the effective date of Regulation Best Interest.

In related developments, Susan Schroeder, the former chief of FINRA's Enforcement Division, has indicated that enforcement actions related to Regulation Best Interest compliance may be "coming soon" - likely later this year.

The SEC and FINRA will work together to review possible enforcement actions related to Regulation Best Interest compliance.

D. FINRA Fines Increased 43% in 2020.

A recent report indicated that FINRA's fines increased by 43% to $57 million in 2020 from $40 million in 2019.

Cases related to retail-type products including variable annuities, suitability and providing misleading information to the public accounted for $8.5 million in fines and $25.9 million in restitution.

E. Personnel Matters - FinCEN Director Kenneth Blanco to Step down.

Current FinCEN Director Kenneth Blanco has agreed to step down as Director of FinCEN. Mr. Blanco will reportedly join Citibank to lead a new financial crimes unit.

Michael Mosier, formerly the Deputy Director of FinCEN, will return to serve as Acting Director.

V. CEFLI Activities.

A. 2021 CEFLI Summit Meeting - The State Insurance Regulatory Perspective - A Discussion of Marketplace Challenges - Tuesday, April 6, 2021.

CEFLI conducted its 2021 Summit Meeting to explore The State Insurance Regulatory Perspective - A Discussion of Marketplace Challenges on Tuesday, April 6, 2021 via Webex.

The meeting attracted a broad range of compliance professionals from across the life insurance industry to hear comments offered exclusively by representatives of state insurance departments on a wide range of compliance - related subject matters.

Issues reviewed during the Summit Meeting included:

- Examinations and Data Calls;
- Market Conduct Annual Statement (MCAS) issues;

- NAIC Suitability in Annuity Transactions Model Regulation; and
- Complaint Management practices.

The Summit Meeting also included a question-and-answer session where attendees could submit questions directly for response by a panel of state insurance regulators.

If you are unable to join us for the Summit Meeting, the recorded sessions and presentation materials can be accessed from this page of CEFLI's website.

B. Compliance Fundamentals Training Conference - May 6-7, 2021.

CEFLI will be conducting its 2021 Compliance Fundamentals Training Conference (CFTC) on May 6-7 via WebEx.

CFTC is designed to allow individuals who may be new to the life insurance industry or new to compliance to receive a broad overview of a selected range of relevant compliance subject matters including:

- Life Insurance Company Distribution Systems and Regulatory Authorities;
- Overview of Life Insurance Company Products;
- Complaint Handling;
- Replacements;
- Advertising Review;
- Role of Compliance at a Life Insurance Company;
- Legislative and Regulatory Monitoring;
- State Insurance Regulatory Examination Process and its Impact Upon Compliance;
- Evolving State and Federal Sales Standards;
- Working with Business Partners; and
- A Virtual Networking Reception.

Registration for CFTC is complimentary for CEFLI member company representatives. Registration information for CFTC can be found on this page of CEFLI.org.

C. Webinar - Market Conduct - Compliance Risks Revisited - Joint Webinar: Wolters Kluwer Financial Services - Wednesday, April 21, 2021.

CEFLI will be conducting the next installment of its Educational Webinar Series with a session devoted to reviewing recent market conduct enforcement actions in the life insurance industry as a way to provide insight as to key issues that have been determined by regulators to pose compliance risks.

The webinar will review an analysis of recent market conduct enforcement actions to identify potential areas for heightened compliance scrutiny by life insurance companies.

Registration information for the webinar can be found on this page of CEFLI.org. The webinar will be conducted via WebEx.

Please plan to join us!

D. Webinar – Leveraging Data Analytics - Joint Webinar: Compliance Systems Legal Group – Wednesday, March 17, 2021.

CEFLI recently conducted another installment of its Educational Webinar Series with a session devoted to data analytics presented by CEFLI Affiliate Member organization Compliance Systems Legal Group. The webinar explored the growing role of data analytics to serve as evidence of a life insurance company's commitment to an effective compliance and ethics program.

The webinar offered helpful insights concerning how data analytics will be used in the future and how life insurance companies can be best prepared to meet these ongoing challenges.

The recorded webinar and presentation materials can be accessed from this page of CEFLI's website.

D. Advertising Review Networking Forum.

CEFLI's Advertising Review Networking Forum met on Tuesday, April 13th. The Forum meets bimonthly to discuss current compliance challenges related to advertising review. Individuals interested in joining the Forum may contact Nancy Perez at NancyPerez@CEFLI.org.

VI. Next Meeting.

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

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

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

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
March 10, 2021

A meeting of the CEFLI Compliance & Ethics Committee (the "Committee") was held via conference call on Wednesday, March 10, at 2 PM EST/1 PM CST/12 Noon MST/11 AM PST.

The following CEFLI member company representatives participated in the meeting:

Tony Poole, AAA Life
Mark Persaud, Allianz Life
Emily Jordan, Amalgamated Life
Keith Schroeder, American-Amicable Life
Dave Milligan, American Equity Investment Life Insurance Company
Bill Turner, American Fidelity Assurance
Dwain Akins, American National
Jason Broussard, American National
Chris Lamendola, Amica Life
Laurie Lewis, Amica Life
Amanda Dutton, Assurity Life
Chad Batterson, Athene
Chris Wilkie, Baltimore Life
Steve Corbly, Cincinnati Life
Paula Gentry, Cincinnati Life
Cindy Stubblefield, Cincinnati Life
Larry Welch, Citizens, Inc.
Nancy Sweet, CNO Financial Group
Craig Stille, Country Financial
Jacquie Crader, CUNA Mutual Group
De Keimach, Delaware Life
Jamie Waters, EquiTrust Life
Emily Kresowik, EquiTrust Life
Matthew Chisholm, Erie Life
John Cunningham, Fidelity Investments Life
Laura Bullard, Foresters
Kyle Galecki, Guggenheim Life
Emily Wilburn, Illinois Mutual
Amy Mulligan, John Hancock
Sakina Sharp, Kemper

Geoff Gentilucci, Legal & General America
Stephen Harris, Lincoln Financial
Jude Connors, Lincoln Heritage
Monica Sole, Lincoln Heritage
Shirley Grossman, Lincoln Heritage
Valarie Murray, Lombard International
Michelle Ross, Lombard International
Ellen Reynolds, Modern Woodmen of America
Pete Rock, Oceanview Life and Annuity
Jennifer Knabe, Ohio National
Lauren Barbaruolo, Oxford Life
Lisa Hankins, Pacific Guardian Life
Dina Miyahira, Pacific Guardian Life
Andrea Horrobin, Pacific Life
Eileen Jares, Pacific Life
Erin Miller, Pacific Life
Matt Missik, Pacific Life
Robert Martinez, Pacific Life
Nicholas Leighton, Penn Mutual Group
Anita Li, Penn Mutual Group
Vicki Robinson, Penn Mutual Group
Vickie Bulger, Primerica
Ryan Schwoebel, Protective Life
Patrick Wallen, Resolution Life US
Kathy Wiggins, Resolution Life US
Tracy Gardner, RiverSource
Mark Lasswell, RiverSource
Patrick Garcy, Sagicor Life
Calvin Kwan, Sagicor Life
Lori Straight, Sammons Financial
Michele Kulish Danielson, Sammons Financial
Dan LeBlanc, SBLI MA
Kim Ofstie, Securian Financial
Brandon Trudell, Security Life of Denver
Diane Boyette, Southern Farm Bureau
Nicole Blakney, State Farm Life
Kathy Deputy, State Farm Life
Lisa Holland, State Farm Life
Donna Hough-Zukas, SunLife
Donna Kiernan, Symetra Life Insurance Company
Jim Odland, Thrivent
Kris Fischer, Thrivent
Leigh Mumford, TIAA
Katherine Murphy, USAA Life
Liza Perry, USAA Life

Leslie Green, Western & Southern
Ben Kuebbing, Western & Southern
Cathy Schweitzer, Western & Southern
Molly Swami, Western & Southern
Sande Chaffin, Wilton Re
Rochelle Walk, Wilton Re
Nick Olari, Woodmen Life
John Sharp, Woodmen Life

Donald J. Walters, President & CEO, and Carla Strauch, Vice President - Compliance & Ethics, also attended the meeting.

I. Welcome and Introduction.

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

II. Approval of Minutes – February 11, 2021.

On motion, duly made and seconded and unanimously carried, the Committee: RESOLVED, that, the Minutes of the February 11, 2021 meeting are hereby approved.

III. Issues for Review. The Committee

A. Coronavirus (COVID-19).

The Committee was asked to discuss any COVID-19 compliance-related issues, any updates with respect to return-to-work strategies and any plans to resume normal business travel in 2021.

Most Committee members indicated their companies remain in Phase I, with minimal staff on-site. Some companies indicated they anticipate having additional staff return to the office in Summer. Other companies indicated they plan to wait until Fall or year-end, before asking staff to return to the office.

A few Committee members noted the new work environment will likely include a greater percentage of staff permanently working from home or utilizing a blended approach (i.e., some work-from-home days and some in-office days), post pandemic.

Some companies shared that they are continuing to follow strict protocols (i.e., quarantine requirements, negative COVID-19 testing, etc.) for staff who have traveled domestically or internationally, and who are working in the office.

B. Application of "Trusted Contact" Practices to Non-Securities Products.

Financial exploitation of seniors continues to present unique challenges for financial services organizations.

In February 2017, the SEC approved FINRA Rule 2165 (Financial Exploitation of Specified Adults) to permit firms to place temporary hold on disbursement of funds or securities from the accounts of customers where there may be a reasonable belief of financial exploitation. The SEC also approved amendments to FINRA Rule 4512 (Customer Account Information) to require firms to make reasonable efforts to obtain the name and contact information for a "trusted contact" for a customer's account.

To deter financial exploitation of seniors, some life insurance companies have been applying the FINRA concept by trying to obtain the name and contact information for a "trusted contact" on non-securities accounts.

Committee members were asked to discuss their practices in this area.

One Committee member indicated their company allows fixed contract policyowners to designate an individual the company may speak with, in addition to the policyowner. While the designee does not have the same authority as that provided under a Power of Attorney (POA), the naming of a designee provides the insurance company with an additional communication option in the event a concern arises.

Another Committee member indicated their company is in the process of adding a 'trusted contact' field to its applications, refiling its applications with regulators, and updating its administrative systems to capture such information.

C. Climate Change and Environmental, Social, and Governance ("ESG")

On September 22, 2020, the New York Department of Financial Services ("DFS") issued Insurance Circular Letter No. 15 regarding climate change and financial risks. The Circular Letter advises insurers doing business in NY to begin considering the financial risks of climate change and incorporating such considerations into their governance frameworks, risk management processes, and business strategies. Among other things, the DFS stated:

"At a high level, DFS expects all New York insurers to start integrating the consideration of the financial risks from climate change into their governance frameworks, risk management processes, and business strategies."

DFS also stated:

"In this process, each insurer should take a proportionate approach that reflects its exposure to the financial risks from climate change and the nature, scale, and complexity of its business."

The Committee was asked to discuss whether their companies have undertaken any actions to develop or implement ESG strategies or initiatives, whether based on DFS's directives or other business/regulatory reasons.

One Committee Member indicated their company is in the process of implementing an ESG strategy. The Committee Member noted the effort is considered a high priority for 2021.

D. NAIC Suitability in Annuity Transactions Model Regulation Compliance.

1. General.

As more states begin to adopt the revised Model Regulation, questions have arisen concerning steps companies may be taking to modify their current suitability related practices to accommodate the requirements of the revised Model Regulation.

The Committee was asked to discuss the extent to which their companies have modified their current suitability practices to accommodate the requirements of the revised NAIC Suitability in Annuity Transactions Model Regulation.

One Committee Member indicated that the NAIC's development of a revised Model Regulation resulted in an opportunity for the company to revisit their entire suitability process. As a result, the company has made modifications to its forms, its training materials, and to its supervisory procedures. The company is also in the process of updating its monitoring controls. The Committee Member also indicated that the company is closely monitoring the 6-month implementation periods in adoption states, to ensure all producers complete required training in a timely manner.

2. Sales Contests, Quotas, Bonuses and Non-Cash Compensation.

Section 6C(2)(h) of the revised NAIC Suitability in Annuity Transactions Model Regulation requires insurers to "… *eliminate sales contests, quotas, bonuses and non-cash compensation based on the sale of specific annuities within a limited period of time*."

The NAIC is working on completing a Frequently Asked Questions ("FAQs") document to assist insurers to comply with the revised Model Regulation. In their FAQs, the NAIC states:

> *The requirements of Section 6C(2)(h) are not intended to prohibit general incentives regarding sales of an insurance company's products where there is no emphasis on a particular product. As the provision states, insurer business practices involving sales contests, quotas, bonuses, and non-cash compensation based on the sale of a specific annuity or annuities within a specified limited period of time are prohibited and should be identified and eliminated.*

Committee Members were asked to discuss how they interpret and apply the requirements of Section 6C(2)(h) of the revised Model Regulation to their business practices associated with providing general incentives such as bonuses and non-cash compensation.

Mr. Walters indicated the NAIC Working Group recently met on March 9.

He noted the Working Group approved the following FAQ content during that meeting:

> ***Q 12: Section 6C(2)(h) requires an insurer as part of its supervision system to identify and eliminate sales contests, quotas, bonuses, and non-cash compensation based on the sale of specific annuities within a limited period of time. What type of business practices does this provision intend to address?***
>
> *A 12: As the provision states, insurer business practices involving sales contests, quotas, bonuses, and non-cash compensation based on the sale of a specific annuity or annuities within a limited period of time are prohibited and should be identified and eliminated. For example, this provision would apply where a producer's eligibility for a particular bonus is tied to his or her sales of one particular annuity product during a particular month. However, the requirements of Section 6C(2)(h) are not intended to prohibit general incentives regarding sales of an insurance company's products where there is no emphasis on the sale of specific annuities within a limited period of time.*

One Committee Member shared that their company continues to have a bonus structure for overall production, but not for product-specific production.

Another Committee Member indicated their company has interpreted that the Model Regulation allows certain bonuses to be paid to IMOs and producers. The Committee Member noted their company recently sent a bulletin to its sales organizations, advising of the new regulatory requirements and explicitly noting that sales contests tied to the production associated with a specific product is prohibited. Other Committee Members signaled their companies had the same interpretation.

A copy of the February 22 draft FAQ document, reviewed during the Working Group's March 9 meeting, can be found on page 12 of this linked document.

E. New DOL Fiduciary Rule - Prohibited Transaction Exemption 2020-02 - Effective - February 16, 2021.

The Committee has been monitoring activities associated with the effective date of the new DOL Fiduciary Rule (Prohibited Transaction Exemption 2020-02, Improving Investment Advice for Workers & Retirees) issued by the Department of Labor on September 18, 2020. The new DOL Fiduciary Rule became effective on February 16, 2021.

CEFLI recently added to the Additional Resources section of the CEFLI website three articles developed by CEFLI Affiliate Member Faegre Drinker regarding the new DOL Fiduciary Rule and its requirements.

The Committee was asked to discuss the extent to which their companies have instituted new procedures or have modified existing procedures to comply with the requirements of the new DOL Fiduciary Rule.

Committee Members indicated they are currently working on their compliance solutions, they are developing their 84-24 disclosures, and they are drafting communications to be used with their distribution partners.

One Committee Member indicated their company informed its field partners of the new requirements. The company also offered to meet with its Independent Marketing Organizations (IMOs) to suggest specific steps the IMOs may want to take, recognizing that the industry may no longer operate under a business-as-usual approach. Individuals and organizations must be acting in good faith to comply.

F. Independent Marketing Organizations - Know Your Customer and Anti-Money Laundering Compliance Reviews.

Many life insurance companies distribute their products through independent marketing organizations ("IMOs"). In some instances, life insurance companies will require their IMOs to undergo reviews to determine compliance with applicable Know Your Customer ("KYC") and Anti-Money-Laundering ("AML") requirements.

Several questions were presented concerning company practices with respect to determining compliance by IMOs with KYC and AML requirements. Such questions included:

- *Does your company require its IMOs to undergo review by the life insurance company to determine the IMO's compliance with KYC and AML requirements?*
- *If so, what are the elements of your IMO KYC and AML review procedures?*
- *Is a review using various technological tools or third-party monitoring programs a part of your KYC and AML review procedures for IMOs?*
- *If you do not currently have an IMO KYC and AML review program, are you planning to initiate such a program?*

The Committee was asked to discuss their practices, if any, with respect to requiring IMOs to undergo KYC and AML compliance reviews.

One Committee Member indicated that most insurance companies conduct such reviews in-house; they do not delegate that type of responsibility to IMOs or other third-party distributors.

G. Tools to Manage Regulatory Issues.

One the perennial challenges faced by all life insurance companies is establishing appropriate systems to manage, analyze and implement new regulatory issues related to the business of insurance.

The Committee was asked to discuss the technological tools they may use to manage regulatory issues affecting their businesses.

One Committee Member indicated their company currently uses RegEd's Code software but noted the package does not work well for tracking global regulatory change items.

Another Committee Member noted their company has explored both Wolters Kluwer and Thompson Reuters tools in recent years. Another Committee

Member offered that their company uses the Archer tool but noted it is still a lot of work.

IV. Reporting Items. **CEFLI Staff.**

A. Revised NAIC Suitability in Annuity Transactions Model Regulation.

1. State Adoptions.

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

To date, CEFLI is aware of the following state adoptions of the revised Model Regulation: Arizona, Arkansas, Delaware, Iowa, Michigan, Ohio, and Rhode Island.

It is anticipated that other states will be introducing similar legislation /regulations over the next several months. CEFLI is aware of proposals in the following states: Alabama, Idaho, Kentucky, Maine, Nebraska, North Dakota, and Virginia.

The Committee was 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. No comments were offered.

2. Michigan Training Requirement - Effective Date.

Michigan recently adopted the revised version of the Model Regulation. The Michigan legislation was signed into law on December 29, 2020 and is scheduled to become effective on June 29, 2021.

However, the provision of the amended law to address annuity training requirements indicated that producers must complete this training "… within six months after the effective date…" of the amended law which, for some, implied a compliance date of December 29, 2021.

These provisions created confusion among insurers as to the application of the training requirement relative to the effective date of the amended law.

CEFLI staff contacted Renée Campbell, the Director of Consumer Services at the Michigan Department of Insurance and Financial Services seeking to confirm the Department's position with respect to the application of the effective date pertaining to the amended law and its training requirements.

Ms. Campbell confirmed that, although the June 29, 2021 effective date applies to most provisions of the amended law, the training requirements under Section 4160 (7) are effective December 29, 2021.

B. 2021 SEC Examination Priorities.

The SEC's Division of Examinations (formerly known as the Office of Compliance Inspections and Examinations (OCIE) published its Examination Priorities for 2021. In 2021, the SEC will focus its Examination Priorities on a broad range of issues including:

- Regulation Best Interest and Form CRS;
- The Importance of Compliance;
- Cybersecurity;
- Fraud, Sales Practices and Conflicts;
- FinTech and Innovation; and
- RIA Compliance Programs.

One Committee Member noted that the SEC has indicated that ESG is a top priority.

C. Maryland Insurance Administration - Bulletin 21-08 - US Mail Delays.

The Maryland Insurance Administration recently issued Bulletin 21-08, dated March 5, 2021. The Bulletin outlines the Maryland Insurance Administration's expectations with respect to the impact of delayed mail service on companies' timely receipt of premium payments from policyholders. The Maryland Insurance Administration will be reviewing cancellations and non-renewals in instances in which the delay may have been attributable to US Mail delays.

One Committee Member indicated the state has suggested insurers offer a way for consumers to remit their premium payments on-line, as an option.

D. Advance Notification - Proposed Utah Senate Bill 79 - Proof of Delivery.

Proposed Utah Senate Bill 79 has not been enacted into law thus far but is anticipated to be passed within the remaining legislative session.

Senate Bill 79 contains a provision that pertains to Proof of Delivery as follows:

> *"Proof of delivery… may include a certified mail receipt or, for electronic delivery, a read receipt."*

To the extent the legislation gets enacted in its current form, the Utah proof of delivery requirements pose several possible questions including:

- *How does an insurer record a "read receipt" for electronic delivery of a policy?*
- *For those companies opting to use physical mail, will you be using certified mail or some other form of delivery confirmation?*
- *If Utah Senate Bill 79 is enacted, would you consider implementing these requirements solely for business in the state of Utah or would you implement these requirements across all jurisdictions?*

CEFLI will continue to monitor developments pertaining to the possible enactment of Utah Senate Bill 79 and revisit these operational issues, as appropriate.

V. CEFLI Activities.

A. Webinar – Leveraging Data Analytics - Joint Webinar: Compliance Systems Legal Group – Wednesday, March 17, 2021.

CEFLI will be conducting the next installment of its Educational Webinar Series with a session devoted to data analytics presented by CEFLI Affiliate Member organization Compliance Systems Legal Group. Evolving regulatory requirements and heightened regulatory scrutiny place greater demands on the use of data and analytics to serve as evidence of a company's commitment to an effective compliance and ethics program.

The webinar will review regulatory expectations regarding the use of data analytics so your company can be prepared to consider these implications for your compliance and ethics program.

B. Webinar – Ethics: Training the Next Generation of Compliance Leaders.

CEFLI recently conducted a webinar on the issue of Ethics: Training the Next Generation of Compliance Leaders. During the webinar, a panel of leading ethics professors discussed how colleges and universities are training the next generation of compliance leaders to address ethical decision-making in everyday business practices.

The recorded webinar and presentation materials can be accessed from this page of CEFLI's website.

C. 2021 CEFLI Summit Meeting - The State Insurance Regulatory Perspective - A Discussion of Marketplace Challenges - Tuesday, April 6, 2021.

CEFLI will be conducting its 2021 Summit Meeting to explore The State Insurance Regulatory Perspective - A Discussion of Marketplace Challenges on Tuesday, April 6, 2021 via Cisco Webex.

Our Summit Meeting will feature panels on selected subject matters comprised exclusively of representatives of state insurance departments. Subject matters to be reviewed will include:

- Examinations and Data Calls;
- Market Conduct Annual Statement (MCAS) issues;
- NAIC Suitability in Annuity Transactions Model Regulation; and
- Complaint Management.

The Summit Meeting will also include an opportunity for early registrants to submit questions prior to the event. CEFLI will moderate a panel of state insurance regulators for a rapid-fire Q&A discussion during the closing session of the Summit Meeting.

D. Advertising Review Networking Forum.

CEFLI's Advertising Review Networking Forum will meet on Tuesday, April 13th. The Forum meets bimonthly to discuss current compliance challenges related to advertising review. Individuals interested in joining the Forum may contact Nancy Perez at NancyPerez@CEFLI.org.

VI. Next Meeting.

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

Wednesday, April 14, 2021 - 2 PM EDT/1 PM CDT/12 Noon MDT/11 AM PDT

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

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.

There being no additional business, the meeting was adjourned.