

Agenda

CEFLI Compliance & Ethics Committee Meeting
Wednesday, May 12, 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 – April 14, 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. New York Regulation 187 Deemed “Unconstitutionally Vague.”

On April 29, the Appellate Division of the New York State Supreme Court struck down New York’s Regulation 187 for being “unconstitutionally vague.” (A copy of the Appellate Division decision can be found [here](#).)

In its unanimous decision, the Appellate Division stated, in pertinent part, that “...[Regulation 187] fails to provide sufficient concrete, practical guidance for producers to know whether their conduct, on a day-to-day basis, comports with [Regulation 187’s] corresponding requirements for making recommendations in compiling and evaluating the relevant suitability information of the consumer.”

The question presented to the Committee concerns the compliance strategies life insurance companies may be pursuing with respect to Regulation 187 in light of the Appellate Division’s decision deeming Regulation 187 to be unconstitutional.

The Committee will be asked to discuss their company strategies in light of the recent New York State Supreme Court Appellate Division decision deeming Regulation 187 to be unconstitutional.

C. Utah Senate Bill 79 - Proof of Delivery of Lapse Notices.

Utah recently enacted [Senate Bill 79](#) which contains a provision regarding proof of delivery of lapse notices. The requirements under the new law became effective on May 5.

The Utah legislation poses operational challenges for many life insurance companies. Among its provisions, the Utah legislation requires insurers to have proof of delivery of lapse notices (not proof of mailing) and also requires lapse notices to be delivered 30 days before the lapse date identified in the policy. The new Utah law includes the following provision:

“Proof of delivery...may include a certified mail receipt or, for electronic delivery, a read receipt.”

Typically, life insurers will send lapse notices between 5-10 days after the policy due date. Generally, these notices will indicate that the policy will lapse unless the premium is paid within 30 days of the original due date.

However, since the new Utah law requires lapse notices to be delivered 30 days prior to the lapse date (i.e., which would require delivery of the lapse notice on the actual due date), compliance with the Utah legislation may effectively extend the grace period provided for in the policy. If so, this would establish special treatment for Utah policies that differs from other states.

Given the passage of this legislation, several operational questions have been posed for discussion:

- *What steps will life insurers undertake to ensure proof of delivery of lapse notices?*
- *Will life insurers extend the policy lapse date for Utah policies to 30 days past the date of the reminder bill or lapse letter?*

The Committee will be asked to discuss their practices to comply with the proof of delivery and timing of lapse notice requirements contained within Utah Senate Bill 79.

D. Suppression of Contract Features or Indices.

When life insurance companies distribute products through broker-dealers, some broker-dealers may request that certain features or indices associated with a particular annuity product be “suppressed.” These preferences may be due to the distributor’s confidence in the indices..

In these scenarios, many BD’s do not require marketing materials to be customized to delete the product features that may have been “suppressed.”

Customers may receive disclosures which indicate that “not all strategies are available in all states and firms.”

Life insurance companies may be interested in “suppression” to reach more distribution partners for more efficient launching of new products into the marketplace.

Several questions have been presented concerning “suppression” practices:

- *Does your company allow broker-dealers to request “suppression” of contract features or indices?*
- *If so, are the “suppressed” features or indices available on renewal?*
- *If so, are the “suppressed” features or indices included in the contract materials or contract summary?*
- *If the “suppressed” features or indices are included in marketing materials, do you have a disclosure indicating that “some indices are not available in all states?”*

The Committee will be asked to discuss their company practices with respect to requests from broker-dealers to “suppress” features or indices of certain annuity contracts.

E. CCPA - Right to Know and Delete Requests.

The California Consumer Privacy Act (CCPA) grants California residents the right to know and delete personal information collected about them by a company.

Since the enactment of CCPA, life insurance companies have received requests from California consumers exercising their right to know and delete personal information maintained by their companies and affiliates (“CCPA requests”).

CCPA and other applicable laws (Graham Leach Bliley Act) contain various exemptions that may allow life insurance companies to maintain (rather than delete) a consumer’s personal information.

Several questions have been presented concerning the process that is used by life insurance companies to respond to CCPA requests. For example:

- *Does your company provide a narrative response to CCPA requests?*
- *Does your company provide a chart containing the consumer's information maintained by the company (or is this information also provided in narrative form)?*
- *Do you describe a consumer's information in general categories or are specific details provided?*
- *What process is used to determine whether any exemptions apply, what information (if any) should be disclosed, and what information (if any) should be deleted?*

The Committee will be asked to discuss their practices concerning how they may respond to CCPA Right to Know and Delete requests.

F. Fraud Prevention.

1. Verification of Identity of Claimants.

In order for beneficiaries of life insurance policies to receive policy benefits, they are required to submit a claim form to request receipt of benefits.

In order to prevent possible fraud, life insurance companies have implemented various procedures to confirm the identity of those submitting claim forms to receive policy benefits.

The question presented for discussion by the Committee pertains to the practices that companies may implement to confirm the identity of those submitting claim forms to receive policy benefits.

For example:

- *Does your company require claim forms to be notarized?*
- *Does your company use any third-party identity validation services (e.g., Accurint) to confirm the identity of claimants?*

The Committee will be asked to discuss their practices to confirm the identity of policy claimants.

2. Verification of Identity - Phone Withdrawals.

During last month's Committee meeting, the Committee discussed practices implemented by life insurance companies to prevent possible fraud associated with withdrawal requests submitted via phone.

During our discussion, the Committee was asked to identify various third-party vendors that might be available to work with life insurance companies to verify the identity of individuals that may be submitting withdrawal requests via phone.

A question has been presented to revisit the issue in an effort to identify additional vendors that may assist life insurance companies in verifying the identity of individuals submitting withdrawal requests via phone.

The Committee will be asked to discuss any third-party vendors that provide services to assist life insurance companies to verify the identity of individuals submitting withdrawal requests via phone.

3. Verification of Identity - Electronic Signatures/Wet Signature - Policy/Contract Holder Service Requests.

Life insurers are interested in simplifying the customer experience by allowing electronic signatures to suffice for purposes of purchasing life insurance policies or annuity contracts.

However, when life insurance policies or annuity contracts are issued with an electronic signature, questions arise with respect to verifying the identity of individuals requesting subsequent policy/contract holder services.

For example, since there is no wet signature on file to use for comparison purposes, some companies may return the service request to the policy/contract holder and require the policy/contract holder to have the request signed in front of a notary.

The Committee will be asked to discuss their practices to verify the identity of policy/contract holders that may have purchased their life insurance policies or annuity contracts through an electronic signature and then may submit subsequent policy/contract holders service requests.

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, Nebraska, 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, Montana, Nevada, Texas 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. NAIC Approves Anti-Rebating Amendments to Unfair Trade Practices Model Act.

At its Spring National Meeting, the NAIC approved amendments to allow insurers to offer no cost or reduced cost value-added goods and services that may not be specified in the insurance contract. These products and services would have to provide related benefits such as mitigating losses, assessing risks, educating policyholders and enhancing personal or financial health.

The efforts undertaken by the Innovation and Technology (TX) Task Force were designed to modernize out-of-date anti-rebating laws to allow more innovative practices to take place within the industry.

C. New York Issues \$3 Million Cybersecurity Fine.

In March 2017, New York issued Regulation 500 which imposed cybersecurity requirements for financial services companies including life insurance companies.

Recently, the New York Department of Financial Services fined National Securities Corporation \$3 million for violations of Regulation 500.

According to the NYDFS consent order, National Securities Corporation incurred its fine for data breaches that exposed sensitive, non-public personal data including a failure to implement multi-factor authorization and inaccurately certifying compliance with Regulation 500.

The consent order reinforces the seriousness of the NYDFS with respect to compliance with Regulation 500.

D. Advance Notification - Colorado Senate Bill 21-169 - Use of Data in Automated Underwriting.

A Bill is advancing within the Colorado legislature that may impact insurers ability to use external consumer data, algorithms or predictive models to underwrite life insurance policies.

Among its provisions, Colorado Senate Bill 21-169 would, as currently written:

Prohibit insurers from using external consumer data, algorithms or predictive models that unfairly discriminate against individuals based on membership in one of several protected classes.

E. Personnel Issues .

1. New Minnesota Insurance Commissioner - Grace Arnold.

Minnesota Governor Tim Walz appointed Grace Arnold as the Commissioner of the Minnesota Department of Commerce on April 15. Ms. Arnold served previously as Deputy Commissioner and has prior experience in healthcare and insurance policy.

2. SEC Acting Director Division of Enforcement - Melissa Hodgman.

Following the resignation of Alex Oh due to personal reasons after a few days on the job, the SEC announced that former Acting Director of the Division of Enforcement Melissa Hodgman will return to that role at the SEC.

V. CEFLI Activities.

- A. Webinar - An Insurer's Guide to the DOJ's Guidance for Effective Compliance Programs - Joint Webinar: Deloitte - Wednesday

CEFLI will be conducting the next installment of its Educational Webinar Series with a session devoted to evaluating what steps companies may want to take in response to the recent updating of the DOJ's Guidance for Effective Corporate Compliance Programs. The webinar will explore the increasing sophistication expected by regulators regarding insurers' ability to demonstrate that their Corporate Compliance Programs, in both design and practice, work effectively.

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!

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

CEFLI recently conducted another 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, featuring Kathy Donovan of CEFLI Affiliate Member Wolters Kluwer Financial Services, provided an analysis of recent market conduct enforcement actions to identify potential areas for heightened compliance scrutiny by life insurance companies.

The recorded webinar and presentation materials can be accessed from [this page](#) of CEFLI's website.

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

CEFLI conducted 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.

The recorded webinar and presentation materials for all sessions can be accessed from [this page](#) of CEFLI's website.

D. Advertising Review Networking Forum.

CEFLI's Advertising Review Networking Forum will meet on Tuesday, June 8th. 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, June 9, 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, 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
April 14, 2021**

A meeting of the CEFLI Compliance & Ethics Committee (the “Committee”) was held via conference call on Wednesday, April 14, at 2 PM EDT/1 PM CDT/12 Noon MDT/11 AM PDT.

The following CEFLI member company representatives participated in the meeting:

Norman Von Seggern, AAA Life
Keith Schroeder, American-Amicable Life
Megan Knapp, American Enterprise
Dave Milligan, American Equity
Bill Turner, American Fidelity
Paul Arvin, American Fidelity
Chris Lamendola, Amica Life
Laurie Lewis, Amica Life
Amanda Dutton, Assurity Life
Chad Batterson, Athene
Jill Jones, Bankers Fidelity
Christine Williams, Boston Mutual
Ann Binzer, Cincinnati Life
Amira Li, Cincinnati Life
Steve Corbly, Cincinnati Life
Rick Riser, CNO Financial
Matthew Schmanski, CNO Financial
De Keimach, Delaware Life
Anne Sarina, Delaware Life
Matthew Chisholm, Erie Life
Jenna Austin, Guggenheim Life
Marla Lacey, Homesteaders Life
Kyle Galecki, Guggenheim Life
Heather Russo, Illinois Mutual
Emily Wilburn, Illinois Mutual
Amy Mulligan, John Hancock
Leta Grigsty, Kemper
Laura Priode, Kemper
Melanie Talton, Kemper
Monica Sole, Lincoln Heritage

Minutes – CEFLI Compliance & Ethics Committee Meeting

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Sally Roudebush, Lincoln Heritage
Donna Brown, Lombard International
Kristi Diehl, Lombard International
Valarie Murray, Lombard International
Amy Capocci, MassMutual
Ellen Reynolds, Modern Woodmen of America
Jerie Olson, National Guardian
Meagan Gonzales, Oxford Life
Martin Karp, Oxford Life
Lisa Hankins, Pacific Guardian Life
Dina Miyahira, Pacific Guardian Life
Monique Pascual, Pacific Guardian Life
Andrea Horrobin, Pacific Life
Patrick Lamarche, Pacific Life
Robert Martinez, Pacific Life
Matt Missik, Pacific Life
Rania Sarkis, Pacific Life
Ricardo Nunez, Penn Mutual
Vickie Bulger, Primerica
Belinda Howard, Principal Life
Megan Phillips, Principal Life
Michelle Holmes, Resolution Life US
Brandon Trudell, Resolution Life US
Patrick Wallen, Resolution Life US
Jessica Edmonds, RiverSource
Tracy Gardner, RiverSource
Mark Lasswell, RiverSource
Ryan Meehan, RiverSource
Dan LeBlanc, SBLI MA
Amy Burggarf, Securian Financial
Deb Cooper, Securian Financial
John Hite, Securian Financial
Jeff Holm, Securian Financial
Nate Kolle, Securian Financial
Diane Boyette, Southern Farm Bureau
Kathy Mangum, Southern Farm Bureau
Nicole Blakney, State Farm Life
Kathy Deputy, State Farm Life
Mary Fleischmann, State Farm Life
Samantha Knackmuhs, State Farm Life
Donna Kiernan, Symetra Life
Scott Kvavle, Symetra Life
Sandy Ray, Symetra Life
Leigh Mumford, TIAA-CREF
Hannah Krone, Western & Southern

Ben Kuebbing, Western & Southern
Cathy Schweitzer, Western & Southern
Rochelle Walk, Wilton Re
Michelle Walker, Woodmen Life

Donald J. Walters, President & CEO, Carla Strauch, Vice President - Compliance & Ethics, and Mallory Hart, Director of Member Relations, Communications & 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 – March 10, 2021.

On motion, duly made and seconded and unanimously carried, the Committee: RESOLVED, that, the Minutes of the March 10, 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.

Two Committee Members provided insight regarding their companies' return-to-office strategies. One Committee member indicated they remain in Phase One, with approximately 9% of staff onsite. The company plans to move to Phase Two, with approximately 25% of staff onsite soon. The company anticipates moving to Phase Three, with approximately 50% of staff onsite, after Labor Day.

Another Committee member indicated their company plans to have staff return to the office on June 1st.

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.

Committee members were asked to share their practices regarding their CGAD and compliance reporting and to share insight regarding the audience for such reports.

A few Committee members indicated their companies provide a report to the Audit Committee of their Board of Directors, approximately quarterly. Two Committee members indicated their reports are shared with the full Board of Directors.

Committee members were also asked to share company practices with respect to whether they provide training to their Directors and the way such training may be provided.

While a few Committee members indicated they do not provide training to their Board of Directors, two Committee members indicated they provide virtual training to their Directors on such topics as AML and Code of Conduct.

A Committee member noted that the Corporate Governance Annual Disclosure (CGAD) model contains a question about Board training.

C. Fraud Prevention - Withdrawals via Phone.

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.

Committee members were asked to discuss their company practices with respect to permitting withdrawal requests via phone.

Several Committee Members indicated they process withdrawal requests received by phone if proper client authentication takes place, provided the dollar amount of the request is under a certain threshold, and provided the client has not had a recent address change. In some cases, a GIACT or Pindrop check is also conducted.

One Committee member indicated their company also requires the client have a telephone authorization request on file.

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.”

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

Several Committee members indicated they rely on third party services (i.e., Accurant/Lexis-Nexis, etc.) to help identify the correct address for undelivered mail. Several Committee members also indicated they either suppress future mailings or they temporarily change the client’s address to the home office address to ensure future communications are not sent to a bad address.

One Committee member commented on their company’s efforts to search for such clients on the Social Security Death Master File (SS-DMF) list if a correct client address cannot be identified.

Several Committee members indicated they conduct address searches, at least annually, for clients with an invalid address on file.

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.

The Committee was 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.

Committee members offered few comments regarding company practices in this area aside from one member indicating they try to avoid lapsing a contract, when possible.

Following the Committee meeting, CEFLI conducted additional research on the topic. The state’s [Emergency Order](#) seems to indicate the Governor has extended the order several times. The order appears to be in effect until at least

April 17th unless the order is further extended.

Additionally, a [related New Jersey order](#) and [press release](#) appears to address insurer responsibilities related to the handling of insurance premiums. The last paragraph on page six of the order, issued 4/9/20, appears to suspend certain aspects of insurance law for the duration of the Public Health Emergency.

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.

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

Committee members provided insight regarding the use of third-party vendors to help with SIU training-related needs. The vendor names shared included: North American Training Group, Meridian, and Covent Bridge.

Several members of the Committee indicated they understood that New Jersey's training requirements for life insurers were materially less than the 9-hour and 4.5-hour requirements referenced.

Following the Compliance and Ethics Committee call, CEFLI researched the requirements of [New Jersey Administrative Code § 11:16](#). That section of the code applies to automobile and health insurance, not to life insurance. However, to the extent a life insurance company also maintains a health insurance line of authority (for currently sold or legacy business) in New Jersey, the company may be subject to the 9-hour and 4.5-hour training requirements if the company 10,000 or more covered lives (for its health insurance business) in the state.

G. Processing of State Insurance Department Complaints.

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

The Committee was asked to discuss company practices related to the processing of state insurance department complaints and whether they direct

state insurance departments to send complaints to an individual or to a group email mailbox.

Committee members shared a variety of practices. These practices included having complaints directed to the company's General Counsel, Corporate Secretary, CCO, or Head of Consumer Relations. In some cases, an individual's email address is utilized. However, in many cases, a group email address is used.

One Committee member indicated the New York Department of Financial Services will not send complaints to a group email address.

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.

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

CEFLI also indicated it was aware of proposals in the following states: Alabama, Connecticut, Kentucky, Maine, Nebraska, and Virginia.

Committee members were asked to discuss any recent developments with respect to plans by states to introduce legislation/regulations to adopt the revised NAIC Suitability in Annuity Transactions Model Regulation.

Committee member indicated a Nebraska proposal, [Legislative Bill 22](#), had been adopted, a Texas proposal, [Texas HB 1777](#), was heard on March 23, and that proposed [Montana SB 363](#) deviates from the NAIC Model.

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 were 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 a Joint Educational Webinar with CEFLI Affiliate Member Wolters Kluwer. The webinar will include an analysis of recent market conduct enforcement actions and will identify potential areas for heightened compliance scrutiny by life insurance companies.

- 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.

- E. 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

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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.

A Committee member indicated the DOL recently published two documents that provide clarification regarding the fiduciary standard:

[New Fiduciary Advice Exemption: PTE 2020-02 Improving Investment Advice for Workers & Retirees Frequently Asked Questions](#)

[Choosing the Right Person to Give You Investment Advice: Information for Investors in Retirement Plans and Individual Retirement Accounts](#)