

Season 2: Episode 10: Newly Elected NAIC President David Altmaier Discusses the Impact the NAIC Will Have in 2021

[Podcast Music]

Mike Consedine: The NAIC's Fall National Meeting went off without a hitch, and as is customary, new officers were elected and announced for the coming year. So my next guest and final guest for this 2020 season of The Regulators podcast will be the new president of our organization effective January 1st, 2021. He is, and this should come as no surprise, Florida Insurance Commissioner David Altmaier.

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Commissioner Altmaier was appointed commissioner of the Florida Office of Insurance Regulation in 2016 and has been a very integral part of steering the ethics goals and objectives and helping advance the mission of our organization, both domestically and internationally for many years. So thanks for joining me, Commissioner, and congratulations.

David Altmaier: Thanks, Mike, for having me. And it's good to be back.

I think this is my second tour on The Regulator's podcast, so I'm hopeful that means that the first episode got rave reviews.

Mike Consedine: Indeed, it is one of our personal favorites. And we'll get to one of our topics of discussion during that podcast here in a little bit. So you come in during a pretty auspicious year our sesquicentennial - 150th anniversary. You heard that, correct. That's a big deal. So I guess the first and most important question before we dive a little bit deeper is, are you ready for this, commissioner?

David Altmaier: Well, I think it's going to be one of those years where no matter how much preparation you do ahead of time, you never really know what you're going to get. I think if 2020 taught us anything, it taught us that. But I'm as ready as I'm going to be very thankful that we've got a staff here in Tallahassee that's very supportive of this, very talented and will be able to ensure that we keep our eye on the ball here in Florida and be of and be of service to our members at the NAIC as well.

So we're excited. We're ready, and we're looking forward to what 2021 has in store for us.

Mike Consedine: Well, before we start talking too much about 2021, let's talk a little bit about 2020, which we're still in, and you just helped finish off our last and hopefully final virtual national meeting we will have.

We'll see about that. But during one of the sessions, I think you referenced a quote from famed college basketball coach John Wooden, who said and you quoted him, "Things turn out best for the people who make the best of the way things turn out." I have to admit, I had to think that one through for a little bit. It is one of those that can go around in your head.

But I think it's a probably more profound way of saying if life serves you a bunch of lemons, make lemonade. And as I look back and sort of the NAIC and our members performance

during 2020, I can't think of a better example, living example of that quote. But maybe give us your thoughts on, you know, when you reference that quote sort of what resonated with you and how does it impact your vision going into 2021?

David Altmaier: Yeah, you know, my staff and I were preparing for an event sometimes towards the end of the year. I honestly can't remember which one. And we came across that quote and it seemed to fit perfectly for the event that we were preparing for.

But we all collectively decided it fit even better as a way to sum up 2020 as we wrapped up our fall national meeting. And really, it was really intended for Director Farmer as a way of thanking him for his work in 2020 because certainly I know he probably had a different viewpoint on, on how things were going to turn out for 2020 back in January and February.

And, clearly they didn't and it's hard not to in my opinion, feel a little angry about the things that you might have missed out on this year, the things we wanted to work on but had to reprioritize. And that certainly goes both professionally and personally for many of us, if not all of us. But the hard truth was that this was the reality that was before us for 2020. And it reminds me of an anecdote from a history teacher that I had in high school. And we came in one day and he gave us a pop quiz. And so like typical high school students, we all threw a fit. And he said, listen, he said, "You can be angry about this or you can be excited about this. But either way, you're going to take this pop quiz." And that's kind of what this quote is for me, is that this is the reality that we're living in. And these are the things that we have so many people depending on us to deal with. And I think we can be angry and upset about the things that we didn't get to work on in 2020 or the people we didn't get to see. But at the end of the day, we've got to deal with these challenges anyway.

And so we might as well go about it with a positive attitude and and be ready to get things done.

Mike Consedine :Yeah, I couldn't agree more, and I think there are going to be a lot of leadership books that come out of the last year, you know, in terms of the the psychology that goes along with a year or any event, that just proves to be far more challenging than you planned for. And as Director, Farmer was fond of saying, "It was not the year we planned for. It was the year we got." And as you said, so many organizations and leaders would have just, I think, been resentful or angry at that. And instead, we we saw a membership that really embraced, to some extent, the opportunities and rose to the challenge. Some of those challenges, you know, are still present and really will help shape the 2021 agenda. And obviously COVID-19 and its continued impact is one of them. The other is, you know, the outcome of a national election experience we just all went through and the implications of a new White House in Congress. We'll talk a little bit about both, but maybe we'll stay on COVID-19 and its impact because it really did rewrite the playbook for 2020 and perhaps for the foreseeable future, both in terms of the NAIC, our memberships, and how state agencies run and operate in a pandemic environment and for the larger insurance sector as a whole. But you've lived through this year and congratulations on making it almost to the end here. But maybe just if you would, reflect a little bit about how this pandemic has really reshaped your thinking about all of those areas and how it plays into, again, our planning for our 2021 priorities.

David Altmaier: It's been, as you said, an educational year, if nothing else, I think there's so many lessons and takeaways from what COVID-19 presented to us from a regulatory standpoint.

And I think that many of those things are probably going to be things that we look at and say, you know, I know we started this because we're in a pandemic, but there's this was a more efficient way of doing things. And perhaps going forward, we can continue to do this. Whether or not there's a there's a pandemic happening or not. I know a lot of people are going to be thinking about, you know, their workforce, how effective they've been working remotely and whether or not it makes sense to continue to have some working remotely and whether or not that is a new avenue to be able to attract talent to insurance, to insurance regulatory offices, which I know is historically been a challenge for many of us. And so I think as we get into 2021 and as we start to see some light at the end of the tunnel of the pandemic, I think there will be a lot of conversations, a lot of looking back on what happened and looking back on what we did and deciding what are some of these things that have some positive momentum behind them, that we can continue going forward to be of better service to the people that we serve.

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Mike Consedine: You're listening to The Regulators, the podcast, where we break down important insurance issues.

Mike Consedine: Yeah, I guess maybe just more of a state based level - as you look around your own department and your own state agencies and your marketplace there, what's your sense of how 2021 looks? Are you all back in the workplace at some point midyear? What's your sense of how companies are operating? I guess maybe if there's room for some optimism, maybe share some of that with us at this point in their future.

David Altmaier: Yeah, well, certainly, I think yesterday was a big day as we received our first batches of the COVID-19 vaccine, and then obviously that will take some time to distribute in a widespread way.

But certainly in a year where there hasn't been a whole lot of good news, that was certainly a pretty good day I know, for a lot of us. And I know that that was happening in Florida, but it was happening in other states around the country as well. So I know a lot of people really share those sentiments. I think as we head into 2021 from a workforce standpoint, I think we're starting to think about and prepare for what it looks like for our staff to come back into the office. We're having some conversations among our senior management team.

We're engaging with our middle management team and we're having the conversations about when do we come back, who do we bring back to? We phase people in and things of that nature. And we're going to we're keeping, as I mentioned, really a flexible air about those conversations, because the reality is, is that we've done a pretty effective job over the past year, completing our mission critical tasks, getting our work done, and even in a lot of cases, being just as productive as we would have been had we been in the office.

And so I think we have the ability to be a little bit flexible on this as we head into 2021 in terms of our workforce and bringing everybody back in. I think the one thing that we've all missed out on, both here in our office and I know all around the country and the globe, is that personal interaction.

You know, being productive is one thing, but it's another thing to have a connection to the people that you work with and the people that are doing the same thing, trying to achieve the same goals as you are. And so I think while we're going to have some flexibility around this. I think all of us are excited to be back in a setting where it's a little easier to be social and a little easier to kind of have that that unifying team element to what we do and what we what we're about.

Mike Consedine: So let's make it an interesting one and keep going on the 2021 outlook. And again, I noted the two forces we kind of have shaping this year. One, the pandemic we just talked about, two, is a new sort of dynamic in Washington, D.C. We've got a President-Elect, Biden, who will be taking office here in mid-January. We've got a new Congress, the contours of which are still being shaped, but potentially looks like a Democratic controlled House, although barely and potentially undecided. Still Senate down to a Georgia race. More broadly, though, Commissioner, you know, as you look at this incoming administration, as you look at its priorities, particularly around areas like Climate and Race and Insurance, how well do you think the NAIC is positioned to be effective in in that environment and continuing to advocate for a state based system?

David Altmaier: Well, I'm very optimistic about this. I think that we've done a great job as an organization of establishing ourselves as really....experts on a very technical fields of insurance regulation, and we've done that in a way that leaves partisanship at the door, and I think that that's going to go a long way as we work on some of these critical issues and as we work with new faces in the federal government on the executive side. And then as we work through some of the dynamics in in Congress as well, I always think back to the Dodd-Frank Act from the financial crisis back in the I guess it was the late aughts and that was one of the most comprehensive reforms to the nation's financial regulatory framework. And with some minor exceptions, they largely left the state-based insurance regulatory framework alone. And I take that away as a testament from our colleagues in the federal government that despite the fact that this has been a pretty hairy situation in the financial sector, we're looking at state-based insurance regulation and deciding they're doing a pretty good job and pretty good is probably an understatement. And I always look back on that and think to myself that is the result of decades of advocacy for our system, of doing an excellent job around the country in each department. And I think that that's going to serve us very, very well as we have picked up throughout 2020 some very critical and pivotal, pivotal issues. And as we work with a transition in D.C., I think that that credibility is going to go a long way as these same conversations take place there in D.C.

Mike Consedine: When it comes to some of those really important issues, some of which, as you said, we really reengaged or engaged on in a significant way in 2020, the two that come to mind for me are obviously our initiative around Race and Insurance, where you're one of our co-chairs, on that initiative, five work streams going. We've really put a marker down that the real work begins in 2021 and the other being Climate Risk and Resiliency. And again, I think particularly an issue that is of real importance to you as commissioner of a large coastal market coming out of, again, a historically busy hurricane season in 2020. You know, as you look at both of those initiatives and where we are and where we need to go. What are your thoughts about how 2021 starts to really shape the work around both of those?

David Altmaier: I think two critical areas of work that we've undertaken in 2020 so first of all, on the Special Committee on Race and Insurance, I think we've taken a couple of already critical first steps on that one. I think initiating the conversation was huge.

And I think that the way that we convened the five work streams under the Special Committee on Race and Insurance was really the most effective way to get that kicked off. And those workstreams are currently looking at what are the areas of the insurance sector that we can focus on to make a difference in this arena. And so I'm looking forward to the end of this year, around the end of this year, when those work streams bring back to the special committee the recommendations of those areas and what those things look like.

I think after that, as we move into 2021, I think the logical next step would be to take those recommendations and decide where in the end I see committee and task force framework can we most effectively and efficiently put charges in order to start to work on those recommendations? Do we have work streams that currently exist do we need to create new work streams? Can we leverage some of these work streams into the Special Committee on Race and Insurance and really begin to go through our transparent and thoughtful process of making some meaningful progress on those issues?

This is one of those areas. When we think back to your first question about the John Wooden quotes and making the best of the way things turn out, I think this Special Committee on Race and Insurance is a good example of that. And I'm always just amazed at the leadership of Director Farmer in the middle of a global pandemic. He was able to initiate such a huge and significant workstream in light of all of that. And so I'm personally really excited about where this work has the potential to go.

Fifty-three members, I think, so far on this Special Committee on Race and Insurance and so clearly a commitment from the membership to see this work continue not only into 2021, but beyond. So I know we're going to have a lot of meaningful and critical discussions very early in 2021 about where those work streams start to head on Climate and Resilience. You're absolutely right in that, you know, Florida obviously had our fair share of catastrophes.

And I think if you look back on 2020, you know, if it hadn't been the story of a global pandemic, it would have been the story of a year of natural catastrophes. And you look at the number of named storms that we had. We set a record that we haven't had that many named storms in history. I was wondering what we were going to do if we made it through the entirety of the Greek Alphabet. So that's how many storms we had. It felt like I was on the phone with Commissioner Donelon in Louisiana almost on a weekly basis, wishing good thoughts to his office and the people of Louisiana.

And then, of course, we had the wildfires out west, images of which are still burned in my mind. And, of course, a lot of Midwestern flooding issues and storms and wind events even out there. And so I think anytime, anywhere, anything has been kind of the mantra for natural catastrophes. It can happen to anybody. It can happen at any time, and it can be anything. And we need to ensure as regulators that when those happen, not only do we have safe and solvent insurance markets that can take care of their consumers during those times, but we're taking steps to ensure that those markets remain resilient in the face of these natural catastrophes going forward. It's obviously near and dear to me as a Florida insurance regulator, but I know it's going to become more and more important to my regulators around the table as well.

Mike Consedine: Yeah, you know, again, I think so many of your comments were right on the mark, particularly in terms of, you know, these are areas that are so big, so complex, and they need the engagement, involvement of stakeholders at so many different levels. It really is not a question of, you know, is this better handled at a state versus federal versus

international level? We're all going to have to be engaged in different ways. And so I think, as you noted, it is an exciting opportunity for us to be at the table and come up with some real solutions on both of those critical areas. So before we wrap up, Commissioner, I feel I've got to at least touch on international, if only briefly, because in addition to being NAIC president in 2021, you will continue to be vice chair of the executive committee of the IAIS, which is obviously also critically important on an international stage and has to been very focused on sort of the global response to the pandemic, as well as continuing to complete and chart out its course on some long standing initiatives, plus some new priorities. So as you look at the IAIS agenda and you look at our agenda, maybe talk about sort of how they complement each other or areas where you think you think, you know, internationally, we may need to provide a little bit more focus.

David Altmaier: I think internationally we've got, as we always do, another year ahead of us of some of some challenging conversations.

I think the most significant area of focus currently internationally is the development of the Com Frame and the ICS and our efforts to gain comparability for our aggregation method. And it's been it hasn't been easy. And I think people who have been involved in this process and who have been observing this process will attest to that. We did accomplish some milestones this year in getting some high-level principles done for comparability that took about a year from Abu Dhabi until just a couple of weeks ago. We were working pretty hard on those and doing some pretty significant word smithing. And now we've got to take those high level principles after the consultation and work them somehow into criteria, which I think is going to be similar types of conversations, except we'll be getting more granular and more into the weeds on what some of these things look like. And I think as we have those conversations, it just underscores the importance for us in the U.S., in state insurance departments to really on a day to day basis demonstrate to everybody watching what we're doing, how effective we are at this. And it just gives us much more credibility internationally when we can advocate for a system that has demonstrably over and over proven itself to be effective at protecting consumers and ensuring the health and stability of our of our insurance markets. And so it's going to be an interesting year. Obviously, we've got a few other international activities that are ongoing as well that are going to warrant a lot of significant discussion as well. And so I'm looking forward to it, but also understand that it'll certainly be a time when we'll have to roll our sleeves up and really get to work.

Mike Consedine: Well, I think this conversation has certainly highlighted that 2021 could, again, be a fairly tumultuous and exciting year. And thank you for taking the time, Commissioner, to share your insights and thoughts as the incoming NAIC president. And certainly on behalf of the NAIC, we look forward to working with you and all of our members to see what more we can do in 2021.

But before I let you go, you shared with me in our prior broadcast that you referenced your fondness for Lego. So I have to know, especially in this age of COVID and having lots and lots of home time, how is your Lego building game going, Commissioner?

David Altmaier: Well, it's funny you should ask, Lego is having a good year, we went online, my wife and I, to find some Christmas gifts and almost everything is sold out in the Lego store. And so they must have been a hit in 2020. I had to have lamented the last time we talked, you know, I know every parent gets a little sad when their children are growing up and are no longer quite as little as they used to be. And for me, part of that sadness is the fact that both of my children are now totally capable of building their own Lego sets.

And so I missed out on quite a bit of the fun. But their Advent calendars that they do are fun little. They open up a day of the Advent calendar and there's a little Lego set in there. My son's is Star Wars themes and my daughters is Harry Potter themed. And so I'm not sure which of the three of us is more excited when we wake up in the morning to find out what's behind the Advent calendar.

And so Legos have been featuring prominently in the Altmaier household this year for sure.

Mike Consedine: Well, I hope the remaining days of those calendars and Christmas Day are good for all of you when it comes to the Lego department. So thanks again for sharing that, Commissioner, and thank you all for listening to The Regulators join us each month and subscribe to The Regulators wherever you get your podcast.

See you next time.