

## **THE REGULATORS: Season 5: Episode 1 – Introducing the NAIC's New Secretary-Treasurer**

**(Preview) NAIC Secretary-Treasurer and Virginia Insurance Commissioner Scott White:** *I've really come to believe in the strength of the state-based system. It's proven the test of time. [It] needs to take on these issues in order to move forward. We've not shied away from tackling head-on some of the most vexing issues facing this country, really.*

**NAIC CEO Mike Consedine:** Welcome to *The Regulators*, a podcast where we break down important insurance issues facing consumers, regulators, and the industry. I'm your host, Mike Consedine, CEO of the NAIC. Today, I am joined by Commissioner Scott White, who is commissioner of the Virginia State Corporation Commission Bureau of Insurance and our newly elected Secretary-Treasurer of the NAIC in 2023. Commissioner, it's great to have you as we kick off a new year and a new season of *The Regulators*. Thanks for joining us.

**Commissioner White:** Well, thanks, Mike. And, first of all, it's great to be here and talk with you today as we begin a new year. You know, I'm excited and honored to be in this position. I know we have ambitious goals for the upcoming year, as we do every year. I'm ready to hit the ground running and work with the officers and the members and NAIC leadership and staff.

**NAIC CEO Mike Consedine:** Yeah, well, I appreciate that excitement and energy. And Commissioner, you and I have had the benefit of knowing each other for quite a long time, going back to your days as sort of a professional insurance regulator. So, it's a big deal after all of these years for you to step up into the senior leadership ranks of the NAIC, even though, as we'll talk about, you've been in leadership roles in the past. And I had the benefit of being at our recent Fall National Meeting in Tampa, where we had over 2,000 attendees joining us in person and virtually. And we had as part of that meeting our election of our new officers. And, again, congratulations on your election as Secretary-Treasurer, but maybe can you share with our audience what motivated you to seek the position as an NAIC officer?

**Commissioner White:** Yeah, that's a great question, you know, the issue of motivation. What I did, Mike, before I decided to run, I sought advice from both current and former officers. And they all came back with the same thing. It really boils down to two things. They tell you it's an extremely rewarding position, and, for many of them, it's the highlight of their career. But it's also very demanding, you know, with the additional meetings, additional travel on top of, you know, your job back home, which you still have to prioritize. And you also have to have a thick skin, knowing you won't be able to please everyone. So, it really has to be something you believe in, that you're really committed to. And that certainly describes the officers that I've been around. And as you mentioned, Mike, for me, it reflects a journey that, you know, where I spent most of my career learning, you know, the law and the policy underlying our state-based system. And when I became commissioner five years ago, really the focus for me those first few years were spent building relationships and working with members to advance different initiatives and priorities. And for the last three years, you know, I've been fortunate to take on leadership roles within the organization, whether that's E Committee, Long-Term Care, even Southeast Zone chair, which allowed me to be on the Executive Committee, that gave me more opportunities for which I was really grateful. So, you know, having spent most of my career as an insurance regulator, I've really come to believe in the strength of the state-

based system. It's proven the test of time, its resiliency through numerous crises, even since I've been around, to say nothing of before. And, frankly, I think sometimes we have a little chip on our shoulders when we look at our federal and international counterparts, who can sometimes be critical of our system. Sometimes there's reasons for that. We have strengths and areas where we can improve, but certainly I think we have a good story to tell. So, when you are in these roles and you're doing different things, you naturally begin to ask yourself, "What other ways can I contribute and add value to this organization that I so strongly support?" So, for me, that's really what led to the decision to, you know, throw my hat in the ring as an officer.

**NAIC CEO Mike Consedine:** And as part of your actual acceptance speech, I think you also touched on something that is very meaningful to me, which is the unique community that is the NAIC membership and, again, the important role that an officer plays in maintaining that culture. And, again, you and I have been around this organization for a while, and I would be hard pressed to name any other organization or entity that I've had the, you know, worked with that has such a unique culture where you have all of these members from across the country, different geographies, different politics, different backgrounds, and yet they are able to come together consistently, often in an otherwise very divided country, such as we have now, and get some tremendous work done. But you touched on, again, that culture as part of your acceptance speech, and you told a really moving story about your first meeting as a commissioner, which was really sort of your introduction to the organization. I'm not going to ask you to repeat the whole story, but can you give our listeners an idea of what stood out to you that day and some of what you took away from that experience?

**Commissioner White:** Yeah. I'd be happy to, Mike. You know, the story I told in Tampa was really about my initiation into the NAIC as a member, as a commissioner, and really how eye opening that was for me, even as someone who, as you said, spent almost 20 years as an attorney representing the department — deep understanding of the model laws and regs, the policies, but not so much the transactional relationship building that is really the life and blood of the NAIC. In my view, it's why it works. So, I spoke about being invited to a Southeast Zone conference meeting in Montgomery, Alabama, in the fall of 2017 after I had been appointed, but it was before I actually took on the job, which would begin that January. The current commissioner was unable to attend. So, I flew out to Montgomery and found myself in a small hotel conference room, the business meeting for that day. You know, these are smaller settings than our national meetings, and they're much more intimate. And so, again, I'm being surrounded by folks who I just met, commissioners. I think there were four or five former, future, or current presidents, NAIC presidents, around that table. These were a group of energetic, passionate members. And I just remember the discussion that day. Maybe not the specifics. I know we talked about the ACA markets that were undergoing difficulty at the time. We always spend time on our property markets. And it always got back to, "How is this impacting the policyholders in my state?" And I just remember at the end of that day my head spinning and really thinking about how removed this experience was from whatever unread memo was sitting back on my desk in Richmond. And, you know, the second part of the story, I described, you know, going to dinner afterwards with the zone members. Commissioner Ridling had scheduled it at an art museum. It was in a park-like setting. And as we pulled into the park, the bus pulls over. When we get out, we realize there's a dog park. And I was told at that time that it was a memorial to Commissioner Ridling's daughter, that he and his wife, Cathy, had bought that land and created this dog park in her memory. She had tragically died a few years earlier. So, you know, just standing shoulder to shoulder with that group, having that shared experience with folks I had just met a few hours earlier, that was, to me, a lesson in

what the NAIC really is and really what it needs to be in order to work well with all the complicated issues and the diverse membership we have. So, thanks for letting me share that.

**NAIC CEO Mike Consedine:** Yeah, well, it's a good thing we're not on video because, again, I'm getting choked up about it just listening to you tell that story for the second time. And that comes also from just, again, knowing Commissioner Ridling so well and his love for his daughter, Hannah. And, again, you know, I think the humanity of this membership is something that folks don't often see, as well as sort of their commitment to their jobs and the consumers they represent. You know, as we've said publicly, you know, one of the reasons our state-based system works so well is because our regulators are, you know, right there in those communities. Their, you know, their consumers are their friends and their neighbors and their loved ones. And I think that drives the passion that so many of you have for the work that you do. So, thank you again for sharing that. Well, maybe on a somewhat lighter, although substantively heavier note, let's turn our attention to some of the issues that we may be tackling as an organization in 2023. You know, we're talking in January, which is about the time we start to focus on the year ahead. And, again, as you pointed out, as a leader of letter committees and a zone, you've been involved in that process, and now you're involved as an officer. As I guess you look at the current insurance landscape, Commissioner, what would you say are the top issues you are concerned about or the areas where you are excited to see progress and the ability of our state-based system to set the agenda?

**Commissioner White:** Yeah. There's a lot we could talk about, and I tried to think of one that maybe is outside of our strategic priorities that we had last year. You know, a broad level, and something I bring up a fair amount, is this idea of protection gaps that seems to be becoming more and more of an issue. And you can put those in different buckets. We can be talking about risks that are not viewed as insurable but that may be impediments in some form to the private sector providing coverage. Obviously, the most common example is coverage for losses from terrorism that emerged after 9/11 and led to the creation of the federal backstop. Then, of course, a few years ago we had the pandemic and exclusions that led to denials of business interruption claims. And that also sparked conversation about the potential need for a similar-type backstop. And then, of course, everybody always thinks about the National Flood Insurance Program and the very small but growing role that private insurance plays for insuring those risks. Then you have areas that, where there's coverage, there's probably not as much as we would like there to be. I would point to long-term care insurance, where you have a market that's shrunk dramatically over the last ten years. Cybersecurity, I think, is one where it's growing more difficult for companies to price and underwrite this coverage, and that might lead to similar issues. Catastrophe claims, where it's becoming more difficult for companies to insure properties, especially in our coastal states. And even if you do have insurance, you could have problems with not having sufficient coverage because of things like inflation or supply chain issues that drive up the cost of insurance. And then, finally, the one thing I want to mention also was in our underserved areas. That's something that we have our eyes on at the NAIC and that we're tackling in our race and insurance task force. I think just all of these together are collectively things that we need to keep our eye on as state regulators. I think to the extent this is a large issue that that's not the best look for the state-based system. So, it's something we need to prioritize and make sure that we keep our eye on the ball. Certainly a lot of work to be done there. And I'll move from that to maybe some things that excite me. One thing I'll mention is I did want to talk about long-term care insurance, obviously, and I'm excited about the work we've accomplished the last three years by the task force. You know, we developed a broad framework that includes a multistate process for

approving long-term care filings. You know, again the idea here is to make sure that rates are fair, reasonable, actuarially sound, and really make sure they're consistent among the states. So, we put a lot of work into it, of course. Now we've got the foundation laid, and I'm really excited about this upcoming year, Mike. I think this could be the year we get a lot of filings from companies through our multistate actuarial process. And I hope that this process gets some traction. For that to happen, we're going to need participation. We're going to need it from the industry but also by the states. So, I know that's one of the goals that myself and the other officers will be to encourage participation in this area in the upcoming year.

**NAIC CEO Mike Consedine:** Well, thanks, Commissioner. Really appreciate those insights. And you're right about the protection gap, kind of providing sort of this common thread through a lot of the issues that we're tackling as an organization. And it goes right to, sort of, the heart of the mission of our state insurance regulators in, you know, protecting consumers and providing for a competitive, healthy marketplace. So, a lot that we have on our plate, and I do agree that they do present opportunities for us as an organization, particularly given the federal gridlock that we're seeing. And I think everybody's looking at the states as the place where things can continue to get done, and we will get them done with your leadership. So, Commissioner, one last substantive question before we maybe have a little bit of fun with you. And you've mentioned, again, you've worked the past three years, I think, as our E Committee Chair overseeing sort of our big financial condition, solvency issues. You've also served on the leadership for our Long-Term Care Executive Task Force. So, you're no stranger to having to find consensus on some of the toughest issues that are impacting both regulators and consumers. And as I mentioned before, we are, you know, we're working, admittedly, right now within a fairly divided society, certainly government at a federal level. And we've talked at an organizational level about how we maintain, you know, this commitment to an inclusive, collaborative culture, which has allowed the NAIC to get some amazing work done. So, I'm interested to hear your insights again on how both, in the past and maybe as an officer, what your leadership style is in terms of bringing people together on difficult issues.

**Commissioner White:** Yeah, well, the first thing I would say is this organization, as you mentioned, we've not shied away from tackling head-on some of the most vexing issues facing this country, really. If you think of climate, race and insurance, on top of just issues like long-term care insurance that are just really challenging. And the stakes can be high and spark debate on even the most technical accounting issues as we've seen at times, such as when to recognize commission expenses. The second thing I would point out is we have a very decentralized organizational structure, with a very diverse membership. It's diverse in terms of whether you're talking about geography, background, and, you know, even such things as whether you're elected or appointed. And what that means is, in order to get anything done, there has to be an organizational framework and culture that allows work to get done and decisions made, despite all the diverse views on issues by the members. And I also expand that to include different stakeholders. And, of course, you know, I like to think of myself as someone who will listen and incorporate ideas and gain a consensus. But I do, really, I would point to the NAIC culture as the reason why, you know, we are able to tackle these issues. And I'll give a quick example. This past summer, I participated on a panel at a conference. It was focused on, it wasn't strictly insurance related. It was more on the asset management side. The folks who were attending were not all that familiar with insurance regulation. I was asked to be there to talk about the NAIC work being done on asset-based securities. So, we're having a pre-meeting with the moderator and other panelists to go over the questions. Each of these folks had spent decades in the industry. They had a lot of experience working with state regulators, but

also the Fed and Treasury. And they were even aligned with and closely monitoring developments on the international front. So, you know, at the beginning of the call, the moderator turned to me and said, "Scott, most of these folks don't have a lot of knowledge about state regulation. Tell us a little bit of something about the culture of the NAIC." So, I said, "Sure. No problem." And then we go through the list, and when we're done, I turn back to the moderator and said, "You know, that question you asked before about the culture of the NAIC, that's pretty broad. I can talk about it. But is there anything that you had in mind?" And at that point, he said, "Yeah." And he explained it, you know, through his experience with decades and working with all these agencies and observing them, how unique the NAIC was and how fundamentally different it was given a couple different things. He mentioned the top-down approach you find with every other organization is not what we have at the NAIC. He talked about how transparent the NAIC is, how it provides ample timelines for comment, for discussion. And more importantly, he stressed how sincerely open it is for discussion on the feedback they get from various stakeholders and then how that approach was unique in his experience. I hope, maybe not everybody agrees to the extent he did, but that's something I know the NAIC strives for. And I do think he correctly identifies the nature and culture of the NAIC and, again, how it needs to take on these issues in order to move forward and make progress, slow though it may be at times.

**NAIC CEO Mike Consedine:** Now, again, well, thank you for sharing those insights, Commissioner, and completely agree. Well, in the time that we have left, and, again, with the goal of this podcast being to get to know our state insurance regulators a little bit better, we'd like to play a little game. It's our chance for our listeners to get to know that different side of our guests. So, it's time for "Regulator Risk Roulette." There are six categories involved: Risky Business, Keep It Professional, Childish Things, Very Interesting, Getting Personal, and That's Entertainment. So, we're going to spin the wheel once, and the category it lands on will be the question that I select that you can answer. Are you ready to play, Commissioner?

**Commissioner White:** I'm ready.

**NAIC CEO Mike Consedine:** Okay. Well, let's go ahead and spin that wheel. (Wheel spins.) Well, it ended up on Getting Personal, and I get the benefit of host privilege and figuring out one of the questions, and here's one I haven't asked before, I don't think, to any of our guests, but I'll pose it to you. And I'll give you a second to maybe think about this. "What is the one thing that you will never do or try again?"

**Commissioner White:** Well, Mike, given that I am a risk-averse personality and also fairly boring, there are not a lot of things on my checklist that I have done and that need to cross out as something I won't do again. I could probably think of some things, but something comes to mind that I won't do, and that would be to jump out of a plane and skydive. That's something that, as folks come to me and relay their adventures doing that, I have no interest or desire and actually don't understand why anybody would want to engage in that activity. So, I'm going to go with that.

**NAIC CEO Mike Consedine:** Well, I mean, that seems to be a pretty consistent theme amongst many of our members is the risk-averse nature of their personalities, which makes them very well-suited to their day job. So, thank you again, Commissioner White, for joining me on *The Regulators*, especially for our inaugural podcast of this year. And thank you all for listening to *The Regulators*. Join us each month and subscribe to *The Regulators* wherever you get your podcasts. We'll see you next time.