

## **“The Regulators”’: Season 6, Episode 1: Welcoming the NAIC’s New Secretary-Treasurer**

*(Preview) NAIC Secretary-Treasurer and Rhode Island Department of Business Regulation Director Elizabeth (Beth) Dwyer: [T]he insurance industry is really changing and needs to change to serve the customer of tomorrow. ... [T]he NAIC provides a very valuable role here because it allows us to operate together as states while still preserving our own, you know, domestic jurisdiction. ... [I]t gives you a different perspective if you understand why the other person is taking the position that they are.*

**NAIC COO, CLO, and Acting CEO Andy Beal:** Welcome to “The Regulators.” It’s a podcast where we break down important insurance issues facing consumers, insurance regulators, and the insurance industry. I’m Andy Beal, and I’m your host for this episode. I’m the chief operating officer and chief legal officer at the NAIC, and I currently serve as the acting CEO. As we kick off “The Regulators” sixth season, I’m pleased to be joined by a returning guest from the second season. Beth Dwyer is the director of the Rhode Island Department of Business Regulation. She’s joining us today. In addition to having served as chair and vice chair of many NAIC committees, task forces, and working groups, Director Dwyer has recently served as the secretary/treasurer of the National Insurance Producer Registry’s Board of Directors and was the 2023 immediate past president of the Interstate Insurance Product Regulation Commission. In 2022, Director Dwyer was appointed as the NAIC representative to the U.S. Department of Treasury’s Financial Stability Oversight Council, affectionately known as FSOC, and she’s a member of the International Association of Insurance Supervisors’ Executive Committee, as well as the vice chair of its Climate Risk Steering Group. Most recently, during the NAIC’s Fall National Meeting in Orlando last December, NAIC Members elected Director Dwyer as the NAIC secretary-treasurer for 2024. As should be no surprise from that introduction, Director, I know you’re already off to a busy start this year, so we are especially grateful that you could spend some time with us today and help get our sixth season rolling. Congratulations again on your election as an NAIC officer. The first question for you. I mentioned in my introduction that you are the director of the Rhode Island Department of Business Regulation, which you were appointed to in May of 2023 after serving as superintendent of financial services. To help our audience get to know the newest NAIC officer, we’d love to hear a bit more about this expanded role for you back in Rhode Island. I understand one of the areas you now oversee includes the bomb squad?

**NAIC Secretary-Treasurer and Rhode Island Department of Business Regulation Director Elizabeth (Beth) Dwyer:** So, that is true. But don’t expect to see me out there looking at any actual bombs anytime soon. We have a squad of very experienced and trained individuals that do that, but the Department of Business Regulation, really, in Rhode Island, oversees a lot of things. In addition to insurance, it’s banking and securities. We have commercial licensing, which includes things such as real estate, auto body upholstery, short-term rentals, and every year, it seems like the legislators give us one more responsibility in that area. We have gaming and athletics, liquor, cannabis. The fire marshal, which includes the bomb squad, as you mentioned, building commissioner, contractors. And, so, the question would be, well, how can I do all of that and insurance? And the reason I’m able to do it is we have excellent managers in each of these areas. Unlike some states, I’m not actually the fire marshal. The fire marshal reports to me, and he is a very experienced person, with a lot of fire experience. And he is separately confirmed by the Senate here. So, I feel very secure in the feeling that I’ll never be called to assist with a fire or bomb because I have these wonderful, experienced professionals running these areas. Interestingly, I think that I’m the only agency in the country with both

insurance and the building codes. So, the building code administrator also reports to me, and we are going to be taking advantage of that fact, because, as you know, Andy, we talk a lot about catastrophes and building code issues. And we are talking to the building code commissioner right now about ways to address potential catastrophes and retrofits for Rhode Islanders facing the increased risk of catastrophes. So, what I'm not doing, though, is what my predecessor in this director role did, is a lot of economic development. So, the woman who preceded me still works for the state of Rhode Island. She actually has been promoted to secretary of economic development. And she has taken a lot of what took up her time off of my plate so that I can continue to operate as the superintendent of insurance in Rhode Island.

**Beal:** That's great. You definitely have a lot on your plate. So, it's great to have a number of really good staff and other personnel on board to help manage all those responsibilities. Director, looking back to your first appearance on "The Regulators," and this would have been back in March of 2020, and that's right before everyone's lives took a little bit of a turn. As you will recall, that month, the World Health Organization declared COVID-19 as a pandemic. I'm curious to hear your thoughts on how insurance regulation and the insurance industry have evolved over the past three to four years, not only in response to COVID but also, you know, other events since that time. And, also, which areas would you most like to see further innovation in for regulators and the industry as the world continues to change?

**Dwyer:** So, I very clearly remember recording that podcast—I'm sure I'll never forget it—because it was literally the day before we were all ordered to go home. And just like everybody else, you know, it seems like we knew about the pandemic, but we had no idea, right, that we were all going to go home. And I remember talking to Mike Consedine, who at the time was the CEO, and people walking around the office and cleaning surfaces, and the next thing, next morning, it was like, "Oh, no one come in, please. We'll work from home." But I think the pandemic accelerated improvements in the insurance industry, most of which were available but not yet deployed. So, for example, in March of 2020, there was only one state in the nation that allowed virtual producer exams. We worked through, at the time, I was the chair of the Producer Licensing Task Force at the NAIC. And immediately we started getting calls. "Wait a second. We have people in the pipeline ready to start jobs." And they can't take the producer exam, right? You couldn't go into a location and take an exam. And I'm sure it wasn't just producers. It was all sorts of exams. You know, securities exams. Everything. I remember seeing some of those places in Rhode Island, and every person at a computer would be taking a different licensing exam. But, we were, working through the NAIC, we were able to work with the exam vendors that give the exams in most states to move to virtual exams in just a few months, which was really an extraordinary lift. You know, we had here been talking about going to virtual exams, because there's really a lot of, you know, there's people with physical disabilities who have trouble getting to a physical place to take an exam. We don't have this in Rhode Island, but in other states, the exam center might be two or three hours from your house, you know, so there were good reasons to go to it. But, like many of my fellow commissioners, we hadn't quite pulled the trigger yet. So, we did pull the trigger, and we were very careful to ensure that the integrity of the exams existed. That was one of our overall concerns. "Well, will this be as secure, and will, you know, will we really be judging, you know, whether or not the particular individual is qualified?" We found with all the statistics, yeah, the technology allows us to do this while still ensuring the integrity of the exam. And I think that's a lesson that a lot of these newer technologies can, you know, can provide, really, things that people need, both in terms of insurance products, in term[s] of process. And it's a lesson that we should always be looking for continuous improvement. You know, one of

the arguments against the exam issue was, you know, we'll never be able to make sure that the people are not cheating. And I think we have been able to. So, I think we should always kind of revisit some of these issues that we haven't, we decided not to go forward with, to see whether the technology has improved to allow us to. So, you know, I think the insurance industry is really changing and needs to change to serve the customer of tomorrow. Previous generations had the insurance producer that was local, that would come to their house and discuss products with the family. The new consumer wants to order off of his or her phone and, you know, maybe not meet one on one with someone. Meet virtually. We actually had some laws in place that provided impediments to that. So, a few years ago at the NAIC, I led a group of regulators to update our rebating laws. So, there were rebating laws that had been in effect for 100 years, but they were being interpreted to prevent some really beneficial things that insurers wanted to do with consumers. For example, we heard from some of our domestic companies here, there are ways to prevent floods these days that didn't exist even a decade ago. Water detection meters that the insurer could partner with the consumer, get a water detection meter in the house, and, if a pipe were to burst, everyone would be notified right away to prevent damage. So, why wouldn't we want to prevent damage? That's a win-win for insurers and the consumers. But, in that case, our older language, which, of course, was—none of this stuff existed when it was adopted—was preventing some of that. So, we were able to work, all of the states were able to work, together through the NAIC and get changes to that. And I think we have to keep our eyes open for items like this, items that might be preventing the newer economy, the newer way of selling or of producing insurance. And, you know, I don't know of any off the top of my head, but I can tell you that I'll be continuing to look for areas that we can make it easier for consumers to get the products that they need.

**Beal:** Right. Right. That's a good point. And I think the flip side of that, Director, is, you know, as the insurance industry is innovating and exploring, you know, more efficient ways to do business, so, too, are the insurance regulators looking at ways to do things so that on the regulation side, you know, they're able to do things maybe a little bit more efficiently, more effectively, leveraging technology. Do you have some thoughts you'd like to share with us from that perspective?

**Dwyer:** Yeah. And, again, you know, the data, just like everyone else, the data that we as insurance regulators have at our fingertips now because of technology and because, honestly, of the efficiencies that we get through the NAIC allows us to really understand a lot more. You know, I, my predecessor in this role was an examiner, and he used to tell me about physically going out to insurance companies and looking at their books. We don't do that anymore. We have brought—not ever, I mean, we do go to our domestic companies for doing exams, but we don't park in their conference room and stay there for ten months like we used to because we had to look at hardcopy documents. We've, you know, we've moved to, while we still certainly meet with our, you know, the officers and directors, we are able to look at electronic documents. This is going to continue. You know, AI [artificial intelligence], so, many states are exploring the use of AI and looking at forms and rates. That's going to be greatly expanded over the next couple of decades. And I really think that the NAIC provides a very valuable role here because it allows us to operate together as states while still preserving our own, you know, domestic jurisdiction. We couldn't separately set up these AI programs, right? That wouldn't be efficient. But I think it's something that we're really going to be able to use in the future to make this regulation of insurers easier.

**Beal:** Yes. And I couldn't agree with you more, Director. Changing topics, I mentioned earlier that you were recently elected to serve as the NAIC's secretary-treasurer for 2024. So, I'm curious. Can you tell the listeners what led you to seek an NAIC officer position?

**Dwyer:** Well, as you know, Andy, I have been around for 23 years. I believe you were, you came into the NAIC right around the time I came to Rhode Island, because I specifically remember your promotion to chief legal officer early on. And I think that kind of depth of knowledge and knowing, you know, how things have developed, I felt would really bring solutions to the body as a whole. It's easier to understand a process when you actually saw it develop, and you remember, you know, things that occurred 23 years ago. So, although it might seem a little ridiculous with an expanded role here, too, I really felt that I could provide some leadership and some knowledge that would help all the states. And that's why I sought the role.

**Beal:** Well, we're looking forward to having you serve as one of our officers this year. I think we have a great leadership team in place. You also have the opportunity to not only serve at the state level but also to interact with your federal and international counterparts in numerous capacities. These types of environments could easily lead to division, but to have successfully built relationships and accomplish important work that you've done, can you speak a little bit about the importance of this collaboration and what you've learned about bridging differences while staying true to your priorities?

**Dwyer:** Yeah. I have always, the way I tend to operate if I disagree with someone is try to understand the position the other person is taking. So, you know, even if I don't agree with the position that you've just espoused, you probably have a really good reason you believe that, in the position you took. If I can understand that, at least I can, sometimes you can determine what the commonalities are, you know, to bridge your different positions. Even if you can't bridge the differences, and you can very often, it gives you a different perspective if you understand what the other person is, why the other person is taking the position that they are. In insurance, for instance, I think all federal and international regulators believe the optimal situation is financially sound insurers that are able to offer products that consumers want at the lowest possible price. So, that's a very easy statement. The devil lives in the details. You know, what does that mean in terms of financial standards? So, you know, sometimes the more strict the financial standards, the higher the price to the consumer. But, you know, certainly they're more solvent, but there has to be a happy medium, or the consumer isn't going to be able to obtain the product, or the insurer isn't going to be able to sell it at a price that they could afford. And, so, a lot of times that really, as a bottom line when it comes to financial issues, you know, try to understand why somebody might want a higher financial center. What is this that they're worried about, and how will it affect consumers? And can you come to some agreement as to why it should maybe be a middle ground? So, anyway, that's what I try to do. And I hope we're usually successful. And it's not just me. Working with other commissioners who are Members, who participate in all of these things, I think we all, people who are successful in bridging those gaps, do tend to come to an understanding of where the other side is coming from.

**Beal:** Yes. Yes. Well, Director, I have only one more serious question for you today. And as someone who has taken on many leadership roles, is there one leader or leaders who have inspired you?

**Dwyer:** So, you know, as I mentioned, I am a lawyer by trade, and as a female lawyer, you know, coming out of law school in the '80s, I'd have to say Sandra Day O'Connor and Ruth

Bader Ginsburg. You know, I'm a generation behind those women. But they paved the way for the understanding that women could be equal to men in the practice of law. It's hard to believe that there was a time when that wasn't the standard belief. But there really was. I'm sure many of your listeners have heard the story of Justice O'Connor graduating the top of her class at Stanford and was offered a position by only one California law firm, and that position was as a secretary. There's also a 1920s case of the Rhode Island Supreme Court. And the subject matter was whether or not a female was included in the word "person." And what was the reason for that? Well, the first woman who had ever applied to take the bar in Rhode Island had done so, and somebody took the position that she wasn't a person and therefore couldn't take the bar. But, anyway, she was allowed to. And, by the way, she passed it in a year when only 50% of the people taking it did pass it. It's almost shocking to us to understand things like that, because today it just doesn't exist at all. But I can't imagine what it was like for those women taking those positions, and they certainly have my undying gratitude. But Justices O'Connor and Ginsburg did this and did it with a, you know, incredible grace and amazing intellect. And it's sad that we've lost both of them now, but their legacy lives on in the thousands of women who practice law and never even think about it, never even think about, you know, being any different than any other lawyer.

**Beal:** Those are two great leaders and, you know, sorely missed, but their legacies will live on. Considering how much has changed in the world since the last time you were on "The Regulators," Director, I'm sure you'll be glad to hear that at least one thing remains the same. It's time for our segment on "Regulator Risk Roulette." It's a podcast tradition that offers our listeners a chance to get to know a different side of our guest. We have six categories, as you may recall. One is Risky Business. Then we have Keep it Professional. Next, we have Childish Things. That's followed by Very Interesting. Next, Getting Personal. And, last but not least, That's Entertainment. If I remember correctly, the last time you were on the show, you answered a question about your best vacation. So, Director, are you ready to play again?

**Dwyer:** I am.

**Beal:** Okay, let me spin my wheel here.

(Wheel spins.)

**Beal:** And the category that comes up is Risky Business. So, the question for you is, what was the greatest risk you've ever taken, and how did you work it out?

**Dwyer:** So, I actually went to law school in California, which in and of itself was somewhat of a risk considering I got into a 1979 Chevette and drove 3,000 miles to California. But I went on to practice in California. And I always kind of knew that I wanted to return home to Rhode Island. But once you've been out of school for a bit of time, it becomes, you know, there's a lot of bars to doing that, such as, you know, moving 3,000 miles back, passing another bar, interrupting my career. But I finally, after about ten years, decided—I had paid off my student loans, so, I was able to do it—and I relocated, after passing the Rhode Island bar. But I did come back without a job, so I found one. But it was pretty risky. I did eventually obtain my job as the general counsel of insurance at DBR. I've been with the agency for 23 years, so I think it all worked out, but it definitely was something a few people at the time—I said, "Well, I'm going to move 3,000 miles home without a job"—thought that was a little nuts. So, I'd say that was probably the riskiest thing I've done.

**Beal:** Well, that turned out really well. And we're glad that you did decide to move back to Rhode Island and choose the career path that you've chosen. So, Director, thank you again for joining me on "The Regulators." It's been great to have you with us today. And to our listeners, thank you for joining us today. Make sure to subscribe to "The Regulators" wherever you get your podcasts so you don't miss out on any future episodes. See everyone next time. Goodbye.