

**Minutes of the Meeting of the Management Committee of  
The Interstate Insurance Product Regulation Commission (IIPRC)  
Monday, June 25, 2007  
Teleconference**

**Management Committee Members in attendance:**

Commissioner Jane Cline, Chair, West Virginia  
Fran Wallace as a designated representative for Commissioner Linda Watters, Michigan  
Pat Nelson as a designated representative for Commissioner Glenn Wilson, Minnesota  
Margaret Witten as a designated representative for Commissioner John Oxendine, Georgia  
Carol Cutter as a designated representative for Commissioner Jim Atterholt, Indiana  
Joe Murphy as a designated representative for Commissioner Nonnie Burnes, Massachusetts  
Louis Belo as a designated representative for Commissioner Jim Long, North Carolina  
Peg Ising as a designated representative for Director Mary Jo Hudson, Ohio  
Brad Harker as a designated representative for Acting Commissioner Randy Rohrbaugh, Pennsylvania  
Sara Waitt as a designated representative for Commissioner Mike Geeslin, Texas  
Kevin Moriarty as a designated representative for Commissioner Paulette Thabault, Vermont  
Don Beatty as a designated representative for Commissioner Al Gross, Virginia  
Beth Berendt as a designated representative for Commissioner Mike Kreidler, Washington

**Commission Members in attendance:**

Shelly Santo as appointed representative for Hawaii  
Commissioner Roger Sevigny, New Hampshire

**Regulators in attendance:**

Julie Horner, Colorado  
Shawn Hawk, Tennessee  
Marlin Burch, Kansas  
Ted Hamby, North Carolina  
John Postolowski, Colorado  
Betsy Jerome, Utah  
Brian Pennington, Minnesota  
Casey Mashburn, Maryland  
Tom Record, Maine  
Melinda Shepherd, Kentucky  
Beth Dwyer, Rhode Island  
Amy Foxworthy, Indiana  
Stewart Johnson, North Carolina  
Carol Sureau, Washington  
John Rink, Nebraska

**Legislative Committee Members in attendance:**

Susan Nolan, NCOIL  
Kevin Horan, NCOIL  
Heather Morton, NCSL

**Industry Advisory Committee Members in attendance:**

Miriam Krol, ACLI  
Cande Olsen, New York Life  
Gary Sanders, NAIFA  
Dennis Herchel, Mass Mutual

**Consumer Advisory Committee Members in attendance:**

Ryan Wilson, AARP

**Interested Parties in attendance:**

Josh May, Coventry

Jack Kelly, Kelly & Associates

Lynn Espelan, Woodmen of the World

Monica Rutkowski, Florida

Gayle Woods, Oregon

Elia Khan, Office of the Public Insurance Counsel, State of Texas

Mary Kosinski, Arizona

Susan Ezalarab, Wisconsin

**IIPRC Staff:**

Frances Arricale, Executive Director

Sara Bamford, Administrative Coordinator

**NAIC Staff:**

Kay Noonan, General Counsel

Becky McElduff, Staff Attorney

Commissioner Cline started the meeting of the Management Committee of the Interstate Insurance Product Regulation Commission. Commissioner Cline, before turning to the Agenda for the meeting highlighted that the Commission received its first product filing. Commissioner Cline noted that this puts the Commission on schedule with plans to have the product filing operation in place by June of this year. Commissioner Cline thanked the members for working so diligently on the standards and operating procedures which enabled the Commission to be open for business as of June 1. Commissioner Cline thanked the Legislators, Consumer Advisory Committee members and the Industry Advisory Committee members for continued support all of which has been very valuable throughout this process.

Moving to the first item on the Agenda, Commissioner Cline asked Commissioner Sevigny to give the Report and Recommendation of the Product Standards Committee.

Commissioner Roger Sevigny began his report and noted that the Product Standards Committee has reached a final recommendation on four (4) sets of individual life insurance policy standards. In order, these are the Individual Endowment Policy Standards, including Joint, Single Premium and Combined Joint and Single Premium products. Commissioner Sevigny stated that the Committee is recommending the Management Committee initiate the rulemaking process by issuing these four (4) proposed uniform standards for a 60 day public comment period. Commissioner Sevigny noted a transmittal that was distributed with the recommended drafts to explain the revisions made to the drafts prepared by the NAIC Interstate Compact National Standards Working Group. Commissioner Sevigny continued that this recommendation does not include any conforming amendments because these standards are materially consistent with other standards that have been adopted previously. Commissioner Sevigny highlighted that in addition to the open meetings of the NAIC Working Group when these standards were first drafted, the Product Standards Committee held meetings on both April 20<sup>th</sup> and June 1<sup>st</sup> to receive public comments on the proposed standards. Commissioner Sevigny concluded his Report.

Commissioner Cline thanked Commissioner Sevigny for the Report and asked if any members of the Management Committee have any comments or questions. Hearing none, Commissioner Cline then asked if the Members of the Commission had any questions; the members of the Legislative Committee; the members of the Consumer Committee; and the members of the Industry Advisory Committee.

Miriam Krol, from ACLI and on behalf of the Industry Advisory Committee, stated that the standards are fine.

Commissioner Cline thanked Ms. Krol for the comments and asked if there were any comments from any Interested Parties.

Hearing none, Commission Cline asked if there was a motion to adopt the Product Standards Committee Report which includes the Recommendations as noted. Louis Belo, from North Carolina, motioned and Kevin Moriarty, from Vermont, seconded the motion. Commissioner Cline asked if there were any further comments or discussion. Hearing none, Commissioner Cline asked Frances Arricale, Executive Director of the IIPRC, to take a roll call. The motion passed unanimously.

Commissioner Cline then proceeded to the next agenda item -- Coordination with the NAIC National Standards Working Group. Commissioner Cline noted that the NAIC National Standards Working Group does the important initial drafting of proposed uniform standards which are then forwarded to the Commission to review and further develop for adoption. Commissioner Cline continued that there are members from both Compacting and Non-Compacting States in the Working Group. Commissioner Cline explained that a recommendation has been suggested to enhance the cooperative efforts to speed up the Uniform Standard development process. Commissioner Cline continued that there have been discussions between the NAIC leadership and the Commission leadership to determine how to best improve the coordination. Commissioner Cline noted that the Commission Office would keep the Commission members informed with respect to that ongoing discussion. Commissioner Cline asked if Commissioner Sevigny had any further comments to make as he has been involved in these discussions.

Commissioner Sevigny stated that Commissioner Cline characterized it well. Commissioner Sevigny also noted that he chairs the Product Standards Committee with the Commission and he is also the chair of the Speed to Market Task Force to which the NAIC Working Group reports. Commissioner Sevigny explained that during the Speed to Market Task Force meeting in San Francisco, one of the revisions that will take place in the near future is the chairing of the NAIC Working Group by a Compacting State.

Commissioner Cline asked if there were any comments or questions from any Management Committee Members with respect to this discussion. Hearing none, Commissioner Cline asked if there were any comments from the Members of the Commission; the Legislative Committee; the Consumer Advisory Committee; and the Industry Advisory Committee.

Ms. Krol asked if Commissioner Sevigny would clarify what was stated at the National Meeting in San Francisco, as she has thought that he had said was that all the chairs would be replaced with Compacting states. There are two (2) chairs of the Working Group then there are four (4) chairs on the Product Team. Ms. Krol asked that it would be clarified as to what chairs are being changed.

Commissioner Sevigny asked Commissioner Cline if he would like him to respond to Ms. Krol. Commissioner Cline answered affirmatively. Commissioner Sevigny responded that at this point, what we are addressing is the chairing of the Working Group itself and what we want to do is to have participation from the persons that are selected as chair to move down the other chairs.

Ms. Krol stated that the Industry Advisory Committee was concerned that one state would have more than one committee chair seat. Commissioner Sevigny asked Ms Krol if the greater diversity among the states with regard to the chairing was their recommendation. Commissioner Cline stated that the committee is currently discussing how to make this work as it is intended to have the non-compacting states involved as they have done a significant amount of work and also want them involved in the discussion as we are hoping to encourage them to become members of the Compact. Commissioner Cline thanked Ms. Krol for her comments and asked if there were any other comments.

Kevin Moriarty, from Vermont, asked if there was an expectation that there be recommendations for changes both in the NAIC with respect to Working Groups and the Compact in terms of the Product Standards Committee or just going to be an NAIC initiative.

Commissioner Cline stated that what the Commission is looking at now is the concept of the NAIC Working Committee. Commissioner Cline assured everyone that they will be kept apprised of the process going forward.

Don Beatty, from Virginia, stated that this is still in a working progress, but he wanted to make sure that the Commission keeps the two advisory committees and the legislative committee in the loop in particular. Mr. Beatty continued and stated that he would not want to see a scenario where some kind of a consensus is reached and have not had those members present.

Commissioner Cline thanked Mr. Beatty for his comments and stated that is one reason why we wanted to have that discussion today with the Management Committee and continue to try to keep everyone informed, so that everyone can have their opportunity to provide input. Commissioner Cline then asked if there were any other comments.

Hearing none, Commissioner Cline proceeded to the fourth item on the Agenda. This is an update on the public notice/comment process for the proposed IIPRC Filing Fees Structure. Commissioner Cline continued that as discussed during the June 1<sup>st</sup> meeting in San Francisco, the Management Committee received the proposal from Ms. Arricale for a filing fee structure for the Commission. Commissioner Cline asked Ms. Arricale to provide an update on this process.

Ms. Arricale reminded the members of the Management Committee that she was directed to create a proposal to begin the discussion which was completed. Ms. Arricale continued that the proposal that was issued in memo form was then translated into a public notice and a procedure format and that was sent out on June 14<sup>th</sup> publicly to initiate the public comment period. Ms. Arricale stated that the Commission Office encourages anyone with comments to please send them in and comments will be received until August 14<sup>th</sup>. Ms. Arricale informed the members of the Management Committee that some preliminary comments have been received and that she will be reaching out to all of the advisory committees and legislative committee to receive their comments as well, but certainly all interested parties are welcome to submit comments to the Commission.

Commissioner Cline asked if there were any comments or questions for Ms. Arricale. Mr. Moriarty wanted to state that Vermont is very concerned about preserving the existing state filing fees. Mr. Moriarty continued, the study that is mentioned in the proposal is just a study on the feasibility, but Vermont is very concerned about any discussion that would impact the state filing receipts portion of this whole structure. Mr. Moriarty stated that Vermont would submit formal, written comments for the record, but wanted it known that they are very concerned about receiving the full amount of the state filing fees.

Commissioner Cline stated that we are all in agreement there that the states filing fees would remain intact. Mr. Moriarty replied that conducting the study may be a bit premature. Commissioner Cline asked Ms. Arricale to clarify for Mr. Moriarty what the impact would be.

Ms. Arricale responded that with regard to a feasibility study, it is always intended that all the members' state fees would be correctly calculated according to the states, including the retaliatory fees. Ms. Arricale explained that the study would look into the collection of one lump sum on the SERFF System all of the state fees that would be due. Ms. Arricale continued, the Commission office would then properly disperse them according to the calculations of the member states. Ms. Arricale highlighted that in no way would it affect what is appropriately due to the member states. Ms. Arricale continued her explanation as to why it was a feasibility study; it is to see if it's even possible to have one fee that would cover all of the state fees and then a portion which would cover the Compact fee. Ms. Arricale reiterated that this is a proposal for a study; and that all state fees are being collected in SERRF and according to our product filing rule if the fee is not correct, the review cannot proceed until the correct fees are collected.

Commissioner Cline asked if there were any comments or questions from the Management Committee; from other Commission members; Legislative Committee members; the Consumer Advisory Committee; the Industry Advisory committee; and then from other Interested Parties. Hearing none, Commissioner Cline thanked Ms. Arricale for providing the update.

Commissioner Cline proceeded to the next Agenda item and asked Ms. Arricale to provide a brief operational update.

Ms. Arricale stated that the Commission has received the first filings; and are therefore considered operational and we would encourage more companies to file. Ms. Arricale reiterated that the Member state fees are in place and are being collected through SERFF. Ms. Arricale explained that the Commission Office has provided some demonstrations on the SERFF System and that there has been some feedback from companies that have taken advantage of these demonstrations. The Commission has made some improvements to the SERFF System. Ms. Arricale concluded her comments and stated that the Commission is looking forward to continuing to receive more filings.

Commissioner Cline asked if there were any questions for the Members of the Management Committee; and other members of the Commission.

Beth Dwyer, from Rhode Island, asked how the states would be informed that a product filing has been submitted. Ms. Arricale replied that all of the member states have the ability to register with SERFF to view the status of Compact filings that have been submitted in their respective states. Ms. Arricale encouraged the Members to register. Ms. Arricale stated that she would be sending an email shortly to the Members with some additional information on how to proceed in registering. Ms. Arricale reiterated that the Member States do have the ability to see what's been filed in the states.

Commissioner Cline asked if there were any other comments or questions from other Commission members; the Legislative Committee; the Consumer Committee; the Industry Committee; and other Interested Parties.

Sue Ezalarab, from Wisconsin, asked about the status of posting the names of the state regulators who would be involved in the reviewing of the Product Filings to the web site as this was mentioned during the meeting in San Francisco.

Ms. Arricale replied that the Commission office has been very fortunate to have a few of Commission members step forward and provide the secondment of their staff or on-loan staff to the Commission. Ms. Arricale noted that under the "About Commission" page of the web site, there is a section that notes "Seconded Staff" and this highlights who the examiners are at this point. Ms. Arricale noted that the Commission has been fortunate to have assistance from the state of Nebraska. Ms. Arricale stated that the way that this will work is that when the reviewer is working on the Commission filings, all of the rules and standards of the Commission apply not those of the member states. Ms. Arricale highlighted that these secondments are for a time certain as we continue through our startup and it is anticipated that the Commission will have full-time staff.

Ms. Ezalarab recalled that it was mentioned that there was some actuarial expertise as well. Ms. Arricale replied that this is in the process of being worked on and finalized.

Commissioner Cline asked if there were any other comments. Hearing none, Commissioner Cline thanked Ms. Arricale for providing that update. Commissioner Cline then asked if there were any other matters to be brought before the Commission today. Commissioner Cline congratulated the members of the Commission for their hard work in making filings a possibility and thanked everybody for their hard work. Commissioner Cline having heard no other matters for the meeting asked if there was a motion for adjournment. Don Beatty from Virginia motioned and there was a second. The meeting adjourned with a unanimous voice vote.