

**Minutes of the Meeting of the Management Committee of
The Interstate Insurance Product Regulation Commission (IIPRC)
September 27, 2007
Marriott Wardman Park Hotel, Washington,DC**

Members of the Management Committee in Attendance:

Commissioner Jane Cline, Chair, West Virginia
Commissioner Linda Watters, Michigan
Brian Pennington as a designated representative for Commissioner Glenn Wilson, Minnesota
Margaret Witten as a designated representative for Commissioner John Oxendine, Georgia
Commissioner William Deal, Idaho
John Kissling as a designated representative for Director Jim Atterholt, Indiana
Joe Murphy as a designated representative for Commissioner Nonnie Burnes, Massachusetts
Commissioner Jim Long, North Carolina
Peg Ising as a designated representative for Director Mary Jo Hudson, Ohio
Michael Ridgeway as a designated representative for Commissioner Kim Holland, Oklahoma
Brad Harker as a designated representative for Acting Commissioner Joel Ario, Pennsylvania
Ana Smith-Daley as a designated representative for Commissioner Mike Geeslin, Texas
Commissioner Paulette Thabault, Vermont
Don Beatty as a designated representative for Commissioner Al Gross, Virginia
Beth Berendt as a designated representative for Commissioner Mike Kriedler, Washington

Commission Members in attendance:

Commissioner Roger Sevigny, New Hampshire
Director Tim Wagner, Nebraska
Commissioner Kent Michie, Utah
Shelley Santo, as a designated representative of Hawaii

Legislative Committee Members in Attendance:

Representative Bob Damron, Kentucky
Senator Delores Kelley, Maryland
Representative Mike Ripley, Indiana
Representative Brian Patrick Kennedy, Rhode Island
Susan Nolan, NCOIL

Industry Advisory Committee Members in Attendance

Michael Lovendusky, ACLI
Miriam Krol, ACLI
Cande Olsen, New York Life
Nancy Johnson, UNUM
Michael Gerber, NAFIA
Steve Buhr, AEGON

Consumer Advisory Committee Members in Attendance:

Ryan Wilson, AARP
Rod Bordelon, Texas Office of the Public Insurance Counsel
Brendan Bridgeland, Center for Insurance Research

Interested parties in attendance:

Josh May, Coventry
Mary Keim, State Farm via conference call

Regulator Staff in Attendance:

John Postolowski, Colorado
Tim Murphy, West Virginia
Phil Keller, Vermont
Sean Hawk, Tennessee via conference call
Stewart Johnson, North Carolina
Ted Hamby, North Carolina
Beth Dwyer, Rhode Island

IIPRC Staff in Attendance:

Frances Arricale, Executive Director
Sara Bamford, Administrative Coordinator

NAIC Staff in Attendance:

Kay Noonan, General Counsel
Becky McElduff, Staff Attorney
Karen Schutter, Senior Manager, Business Initiatives

Commissioner Cline called the Management Committee meeting of the Interstate Insurance Product Regulation Commission to order. Commissioner Cline noted that there was a conference call line for the meeting to provide all the opportunity to participate. Commissioner Cline asked those on the conference call to identify themselves.

Commissioner Cline moved to the first item on the Agenda, a meeting with the Legislative Committee. Commissioner Cline noted that under the Bylaws, the Management Committee and the Legislative Committee are to meet in person at least once annually. Commissioner Cline introduced the members of the Legislative Committee who were present: Representative Bob Damron, from Kentucky, Senator Delores Kelley, from Maryland, Representative Brian Patrick Kennedy, from Rhode Island, and Representative Mike Ripley, from Indiana. Commissioner Cline asked Representative Damron, as Chair of the Legislative Committee to make any comments. Representative Damron noted that the Legislative Committee was pleased to be at the meeting. Representative Damron also noted that Legislative Committee has met from time to time to discuss how they can assist the Compact move forward. Representative Damron noted that the Committee has worked with NCSL and NCOIL in advancing the Compact. Representative Damron noted that the Committee is going focus in the coming year on encouraging more members to join the Compact. Commissioner Cline thanked the Committee for their participation and encouraging the other states to join the Compact.

Commissioner Cline moved to the next item on the Agenda, an update on the annual formation of the Management Committee. Commissioner Cline noted that under the Bylaws, the IIPRC Management Committee is required to be formed annually based upon the NAIC premium volume date for the prior year at each Annual Meeting. Commissioner Cline continued, under the Bylaws, the Management Committee is a three-tier representational structure with the top six (6) Members by premium volume are automatically accorded a seat on the Committee; followed by the selection of four (4) seats accorded to the "tier 2" Members with more than 2% of the premium volume; and "tier 3" Members with less than 2% of premium volume are accorded four (4) seats elected to represent each of the four NAIC zones. Commissioner Cline noted that the premium volume numbers indicate that the top six (6) states will remain the same – Texas, Pennsylvania, Ohio, Michigan, North Carolina and Massachusetts. Commissioner Cline continued, the middle tier states will remain the same – Virginia, Georgia, Minnesota and Indiana. Commissioner Cline reported that under the bylaws, the tier 3 zone representatives are required to be elected annually and each zone held the required elections before the

meeting. Commissioner Cline asked Ms. Arricale to report on the results of their respective IIPRC Tier 3 Zone Representative.

Ms. Arricale noted that each of the four (4) NAIC zones held elections to choose their representative. Ms. Arricale reported that for the Northeastern Zone, Vermont was elected; for the Southeastern Zone West Virginia was selected; for the Midwestern Zone Oklahoma was elected to represent the zone; and for the Western Zone, Idaho was selected. Ms. Arricale noted that Washington State had previously represented the Western Zone. Ms. Arricale thanked Washington State for their service on the Management Committee.

Commissioner Cline thanked Washington for their service to the Management Committee. Commissioner Cline noted that a motion to approve the formation is not needed and the Management Committee will take effect at the conclusion of the Annual Meeting.

Commissioner Cline moved to the next item on the Agenda, the consideration of reappointments of Subcommittees. Commissioner Cline reminded the Members that during the last Management Committee meeting, it was proposed that the Management Committee consider reappointing the current roster of Member Subcommittees given that the terms have been shortened during the start-up of the Commission. Commissioner Cline asked for a motion to reappoint the Member Subcommittees. The motion was approved.

Commissioner Cline moved to the next item on the Agenda, to consider the reappointments of Advisory Committees. Commissioner Cline reminded the Members that during the last Management Committee meeting it was proposed that the Management Committee consider reappointing the current Advisory Committees as they to have had shortened terms. Commissioner Cline made one note of change to the Industry Advisory Committee membership. Commissioner Cline reported that Cande Olsen, from New York Life, will be retiring from New York Life and since the Industry Advisory Committee membership is also on behalf of the Member's company, the Commission office has accepted a replacement from New York Life. Commissioner Cline noted that Tom English, who serves as Senior Vice President and Chief Insurance Counsel to New York Life, will replace Ms. Olsen. Commissioner Cline thanked Ms. Olsen for her valuable input as a Member of the Industry Advisory Committee as well as for her participation in the process during the early discussions on the Compact over the past few years.

Commissioner Cline proposed that the Consumer Advisory Committee members be reappointed and extended through the next year. Commissioner Cline thanked them for their valuable service to the Commission.

Commissioner Cline asked if there was a motion to reappoint the Advisory Committees as noted. Ms. Berendt made the motion and Commissioner Watters, from Michigan, seconded the motion. The motion was approved by unanimous voice vote.

Commissioner Cline reminded the Members of the Management Committee that there were still five (5) open seats on the Consumer Advisory Committee. Commissioner Cline stated that if anyone wishes to apply or nominate a candidate, that they should speak with Frances Arricale, IIPRC Executive Director.

Commissioner Cline moved to the next item on the Agenda, the Public Hearing on Uniform Standards, Operating Procedures and the Proposed Technical Amendment to the IIPRC Bylaws Concerning Electronic Legislative Notice. Commissioner Cline noted that the Hearing will allow for public comment on the six (6) proposed Uniform Standards, one Operating Procedure, and a Technical Amendment to the Bylaws. Commissioner Cline asked Ana Smith-Daley, from Texas, as the Vice Chair of the Product Standards Committee to highlight the Uniform Standards.

Ms. Smith-Daley reported that there are six uniform standards slated for public hearing today. Four of them are individual endowment products, and two of them are individual deferred annuity products. The Uniform Standards are: Individual Endowment Insurance Policy Standards, Individual Single Premium Endowment Insurance Policy Standards, Individual Joint Last to Die Survivorship Endowment Insurance Policy Standards, Individual Single Premium Joint Last to Die Survivorship Endowment Insurance Policy Standards, Individual Flexible Premium Deferred Variable Annuity Contract Standards (With Separate and General Accounts), and Individual Fixed Premium Deferred Variable Annuity Contract Standards (With Separate and General Accounts). Ms. Smith-Daley reported that the comment deadline for the endowment products was August 26 and no written comments were received. Ms. Smith-Daley noted that the comment deadline for the annuity products – individual deferred variable flexible premium and individual deferred variable fixed premium – was September 24 and no written comments were received. Ms. Smith-Daley stated that the Product Standards Committee is ready to receive any comments presented orally and asked that any commentors take special care to walk the Committee through the suggestions so that they may be captured for the record. Ms. Smith-Daley noted that if any changes are proposed, the Commission staff will mark them into the documents on screen for the Management Committee's consideration. Ms. Smith-Daley asked if there were any comments on the standards.

Miriam Krol, from the ACLI on behalf of the Industry Advisory Committee, noted that the Industry Advisory Committee had submitted comments on the Modified Single Premium Variable Life. Ms. Krol asked if the Committee would want to discuss the Fixed and Flexible Premium. Ms. Smith-Daley noted that the Annuity Contract Standards being discussed at this time are the Individual Flexible Premium Deferred Variable Annuity Contract Standards (With Separate and General Accounts) and Individual Fixed Premium Deferred Variable Annuity Contract Standards (With Separate and General Accounts). Ms. Krol asked if the Committee would like to proceed with the annuity standards given that the intent is to develop "core" standards for the annuities. Ms. Smith-Daley noted that it was correct the Commission will move to a "core" standard approach. Ms. Smith-Daley continued and noted that it is in the best interest of the Commission to move forward and to make some annuity standards available for product filing. Ms. Krol noted that there were some changes in the standards that were being discussed. Ms. Krol presented the changes on behalf of the Management Committee.

Commissioner Cline then moved to receiving comments on the Operating Procedures. Commissioner Cline called upon Commissioner Thabault to advise on the Operating Procedures.

Commissioner Thabault noted that the Management Committee issued the Rule for the Adoption of Conforming Amendments to a Uniform Standard for notice and comment on July 25, 2007. Commissioner Thabault provided a brief summary, this proposed rule establishes the means by which existing Uniform Standards, meaning those that have already been adopted by the IIPRC, can be amended in order to conform with new Uniform Standards that are being adopted by the IIPRC. The amendment procedure under this rule maintains the normal review and adoption procedure for Uniform Standards, yet allows conforming amendments to existing Uniform Standards to become effective in an expedited manner. Commissioner Thabault noted that no written comments were received on this proposed rule and asked if there were any oral comments at this time from members of the Management Committee. There were no comments.

Commissioner Cline then turned to the proposed Bylaws Technical Amendment and asked Ms. Arricale to highlight the proposed changes and then ask if any Members of the Legislative Committee would like to comment before taking any public comments.

Ms. Arricale noted that the Commission office emails out the electronic notices to all the Member State Legislatures. Ms. Arricale noted that the Commission, working with the Legislative Committee derived

this proposed Technical Amendment to the Bylaws. Ms. Arricale stated that the changes to the Bylaws will make the notice more effective. Ms. Arricale highlighted who the notice would be sent to under the proposed changes. Ms. Arricale asked if the Legislative Committee Members would care to comment.

Representative Damron stated that the focus was to streamline the process as much as possible but also have the leadership in each state informed of the process. Representative Damron stated that when the notice goes out, that the information should also be shared with the departments of insurance and if the Legislators have any questions, they should contact the Commissioner. Senator Delores Kelley stated that the Committee is unanimous in this recommendation.

Ryan Wilson, from the AARP, would like to recommend that it needs to be in writing to ensure that it goes to the professional staff as well. Ms. Arricale responded that it is the hope that the legislators will share with the staff because it is very difficult for us to maintain the staff contacts as well. Representative Damron noted that by sending it to the appropriate chair they will send to the professional staff.

Commissioner Cline moved to the next item on the Agenda, consider approval of Uniform Standards and Operating Procedure from the Public Hearing. Commissioner Cline noted that the Management Committee will formally take up the previous six (6) Uniform Standards as well as the three (3) Uniform Standards from the August Public Hearing. Commissioner Cline called on Sara Bamford, IIPRC Administrative Coordinator, to list the Uniform Standards now being considered for approval. Ms. Bamford read the list of the Uniform Standards: Individual Endowment Insurance Policy Standards, Individual Single Premium Endowment Insurance Policy Standards, Individual Joint Last to Die Survivorship Endowment Insurance Policy Standards, Individual Single Premium Joint Last to Die Survivorship Endowment Insurance Policy Standards, Individual Flexible Premium Deferred Variable Annuity Contract Standards (With Separate and General Accounts), Individual Fixed Premium Deferred Variable Annuity Contract Standards (With Separate and General Accounts), Individual Current Assumption Whole Life Insurance Policy Standards, Individual Modified Single Premium Variable Life Insurance Policy Standards, and Individual Modified Single Premium Joint First to Die Variable Life Insurance Policy Standards.

Ms. Krol noted that the Industry Advisory Committee had submitted comments and they do not appear in the Uniform Standards. Ms. Krol asked if they were accepted by the Committee. Commissioner Cline noted that the comments were included in the Standards. Ms. Bamford pulled the standards up for Ms. Krol to review.

Commissioner Cline asked if there was a motion to approve all nine (9) Uniform Standards just noted. Ms. Smith-Daley made the motion to accept the Standards with the changes as mentioned by the Industry Advisory Committee; Peg Ising, from Ohio, seconded the motion. There was no further discussion and the motion was approved by unanimous voice vote.

Commissioner Cline then turned to the approval of the Operating Procedure on Conforming Amendments. Commissioner Cline asked if there was a motion to approve this Operating Procedure. Director Hudson made the motion and Commissioner Jim Long, from North Carolina, seconded the motion. There was no further discussion and the motion was approved by unanimous voice vote.

Commissioner Cline moved to the next item on the Agenda, the report of the Product Standards Committee and consider approval of the recommendations of the Product Standards Committee. Commissioner Cline asked Ms. Smith-Daley to made the Report and Recommendation of the Product Standards Committee.

Ms. Smith-Daley provided a brief summary of the work the Product Standards Committee has accomplished since the last annual meeting. Ms. Smith-Daley noted that the Committee continues to meet every week. Ms. Smith-Daley thanked everyone for their continued participation. Since last September, the Commission has adopted 27 uniform product standards, with another 9 today, for a grand total of 36 uniform standards. Ms. Smith-Daley noted that the Commission is making a recommendation to the Management Committee to initiate the rulemaking process. Ms. Smith-Daley stated that with the adoption of the Operating Procedure for the Filing and Approval of Product Filings in June, the Product Standards Committee was charged with developing Appendix A. Appendix A is designed to set forth all of the uniform standards available for the temporary procedure of combining Commission product components with state product components. Ms. Smith-Daley noted that this has been an accelerated, but very thorough and open drafting process. The Committee held five public meetings to discuss the Appendix and other standards for future consideration. Ms. Smith-Daley highlighted briefly some of the key points found in the transmittal memo. First, there was a last-minute change related to advertising and rate filing standards. Despite all of the public involvement the Committee had in drafting, it was realized late in the process that the definition of "Product Component" includes only "policy forms, applications, riders, amendments and endorsements." Therefore, the Committee removed the advertising and rate filing standards from the Appendix so as not to introduce a conflict. Ms. Smith-Daley noted that it was certainly not intentional to act on this issue after the public comments were received, but given the timeline for final adoption of the Appendix, the Committee felt it had to act to finalize its recommendation. Ms. Smith-Daley also referred the Management Committee to the reference to the 2001 CSO Mortality Table note. Standards for a form to update to the new table are not included on this Appendix. Ms. Smith-Daley asked that the Product Standards Committee be given more time to consider this type of form and the implications of amending an existing state form with an IIPRC product. Ms. Smith-Daley concluded her report.

Ms. Krol asked if the rate filing standards for long-term care would be considered in the future for inclusion in the Appendix. Ms. Smith-Daley noted that further discussions would be needed. Ms. Krol replied that the Industry Advisory Committee has some concerns with the standards not being included in the Appendix.

Josh May asked questions about the applications included in the Appendix and then the time clock established for the limit on "mix and match". Ms. Smith-Daley replied to his questions and stated that the time clock would start when the last product was developed within the product line. Ms. Berendt noted that the applications were put in a separate category because most companies will file their application with the Compact long before they file other types of products. Commissioner Cline noted that there will be other opportunities to make comments on Appendix A.

Commissioner Cline asked for a motion to approve the report and recommendation of the Product Standards Committee. A motion was made and seconded to recommend the proposed Uniform Standards for public comment. The motion passed by unanimous voice vote.

Commissioner Cline moved to the next item on the Agenda, the report of the Rulemaking Committee and consider approval of the recommendations of the Rulemaking Committee. Commissioner Cline asked Commissioner Thabault to provide the Report and Recommendations of the Rulemaking Committee.

Commissioner Thabault reported that the Rulemaking Committee remains very active as it works toward completion of the basic rules and operating procedures for the Commission. Commissioner Thabault noted that the Rulemaking Committee held a public meeting on Friday, September 21 by conference call to discuss drafts of two proposed operating procedures. The first is the Operating Procedure For Providing Notice Of Opt Out Of Uniform Standard By Regulation And For Submission And Consideration Of Petitions For Stay of Uniform Standards. The second is the Operating Procedure for

Dissolution and Withdrawal or Termination of State Participation. Commissioner Thabault continued, at the September 21 meeting, the Rules Committee voted to approve these procedures and to recommend that the Management Committee approve these procedures for the formal rulemaking process. Copies of each draft operating procedure and a cover memo from the Rules Committee were distributed to the Management Committee as part of the materials for this meeting. Commissioner Thabault reported on other rulemaking matters. The first, a working group of the Rules Committee continues to look into whether to recommend to the Management Committee one or more amendments to the Procedure for Public Inspection of Commission Records. Secondly, a working group of the Rules Committee is considering whether to recommend to the Management Committee an amendment to Section 115 of the Rule on Rulemaking, to specify that the effective date of a Uniform Standard after it is adopted by the Commission is determined from date of promulgation of the Uniform Standard rather than from the date the Commission votes to adopt the Uniform Standard. Commissioner Thabault continued, a working group is considering revisions to the Operating Procedure for the Issuance of Advisory Opinions, which was pulled from the formal rulemaking process for further consideration of fees and persons to be consulted in drafting an advisory opinion. Commissioner Thabault noted that the Committee is working on rules dealing with advertising, self-certification, rate filings, and monitoring state compliance with Compact rules and procedures. Commissioner Thabault concluded her Report, the Committee is working toward having drafts of all of these rules and procedures completed before the end of the year.

Rod Bordelon stated that in section 104 (d) of the Operating Procedure For Providing Notice Of Opt Out Of Uniform Standard By Regulation And For Submission And Consideration Of Petitions For Stay of Uniform Standards the “will” needs to be changed to a “shall”.

Commissioner Cline asked if there was a motion to approve the report and recommendations of the Rulemaking Committee. Mr. Beatty made the motion and Director Hudson seconded the motion. The motion was approved unanimously.

Commissioner Cline moved to the next item on the Agenda, the report of the Communications Committee. Commissioner Cline asked Mike Ridgeway, from Oklahoma and Commissioner Holland’s proxy, to provide the report of the Communications Committee.

Mr. Ridgeway noted that the Communications Committee met via teleconference on September 18 to review with the Commission staff and the NAIC Communications staff the progress that has been made on the Compact’s Communications Agenda. Mr. Ridgeway reported that the Communications Committee has comprised an “IIPRC State Resource Group” of Member Commissioners who have kindly volunteered to serve as a resource within the regulatory community on Compact issues. This includes answering questions from fellow commissioners who may be seeking to join the Compact, as well as speaking about the Compact at events. Mr. Ridgeway thanked all the Compact Members who have agreed to serve in this capacity and will work with Ms. Arricale on the schedule for the Group. Mr. Ridgeway noted for anyone who may be looking for a speaker on the Compact, a Speaker Request Form will be posted to our website shortly which will allow requests to be directed to the Commission in a timely manner. Mr. Ridgeway stated that if there are any questions or requests for a speaker on the Compact for an event, please talk with Ms. Arricale. Mr. Ridgeway reported that the Commission staff works with the NAIC Communications staff continuously to upgrade the IIPRC website. Mr. Ridgeway highlighted that the website serves as the main portal of communication. All of the proposed and adopted Standards are posted to the website, including their rulemaking histories – so these are easily accessible to not only the Members, but to consumers, insurers and the general public. Mr. Ridgeway noted that the website has a wealth of information on the Commission, and the staff is continually looking for feedback and ways to make it more user-friendly. Mr. Ridgeway highlighted that one of the upgrades made was to simplify the Commission’s Event Calendar, so users may click on any day of the week and see the meetings for that day and the corresponding materials under consideration. Mr. Ridgeway mentioned one

website upgrade that is currently being planned is to provide a separate page on the website for “Filing Insurers” which will have specific and practical information readily available for those companies looking to make a Compact filing. The NAIC Communications staff is assisting the Commission office in launching this part of the website which is expected will happen over the next few months. Mr. Ridgeway noted that the Communications Committee will continue to work with Ms. Arricale and the NAIC Communications staff on the outreach to non-Compacting states as we encourage colleagues to join the Compact, to the consumers and general public through the vital public notice platforms, and to the industry as the Commission looks forward to more insurers utilizing the central point of electronic filing and uniform standards of the Compact.

Commissioner Cline asked if there was a motion to approve the Report of the Communications Committee. Hearing none, Commissioner Watters made the motion. The report was approved unanimously by voice vote.

Commissioner Cline moved to the next item on the Agenda, the report of the Finance Committee. Commissioner Cline asked Massachusetts to make the report of the Finance Committee as Vice Chair.

Mr. Murphy reported that the Finance Committee met via teleconference on September 11 to review with the Commission staff and the NAIC Finance staff a draft proposed 2008 Budget. Mr. Murphy briefly highlighted the Committee’s discussion on the 2008 Proposed Budget and provided the Committee’s recommendations on next steps in the budget process. Mr. Murphy noted the Commission is continuing to work through the start-up of our product filing operations. The 2007 Approved Budget was funded with the remaining amount of funds from the NAIC initial \$500,000 Grant as well as a \$550,000 Line of Credit from the NAIC. The NAIC has supported the Commission with this funding as we work towards becoming self-sustaining operation. During 2007, the Commission has worked in a cost-efficient manner, implementing cost savings measures in order to meet all its operating expenses during 2007 with its available funds. The Commission intends to utilize all its available funds through to the end of 2007 to meet its expenses as it builds out its product filing operation. Mr. Murphy noted that on the revenue side, as of September 10, 2007, the Commission implemented its adopted Compact Filing Fees structure and the Commission is now charging a \$500 per Product Filing Fee. Mr. Murphy noted that this fee is due to the Compact and is separate from the Member State Filing Fees which are also being collected by the Compact and remitted to our Members. As of January 1, 2008, the Commission also will initiate an Annual Registration Fee of \$5,000 for all insurers wishing to submit Compact filings. As directed in our Bylaws, fees are to be collected by the Compact to fund its operations and budget. Mr. Murphy reported that while the Commission anticipates revenue from these Compact fees in 2008, the Commission will still require funding to meet all of the operating expenses the our start-up phase continues. Therefore, the proposed 2008 Budget also proposes a request to the NAIC for an Additional Line of Credit. Mr. Murphy explained that the proposed 2008 Budget that the Finance Committee worked with the Commission and NAIC staff on finalizing provides an analysis of the Commission’s projected 2008 revenues, funding and operating expenses. It also provides information on the funding and expenses through to the end of 2007 for comparison purposes. Mr. Murphy noted that for 2008, the main projected expenditures will be for salaries and consultants as the Commission expands its product filing operations. Upgrades to SERFF and the NAIC Services Agreement/Line of Credit payments are also part of the main projected expenditures. Mr. Murphy stated that the Finance Committee has agreed with the proposed 2008 Budget developed by the Commission staff in cooperation with the NAIC Finance staff. Mr. Murphy reported that at this time, the Committee is recommending to the Management Committee that the proposed 2008 Budget Proposal be noticed to the public for 30 days followed by a public hearing in order to take public comments. As part of this recommendation, the Committee would urge the Management Committee to move forward expeditiously in its final consideration of the Proposal after the public hearing, so a final adopted Budget will be available to submit to the NAIC with the Commission’s Request for an Additional Line of Credit before the December Houston Meeting. Mr. Murphy concluded by stating that this is not

the time meant for discussion on the Budget, but rather just the beginning of the public notice process – so all may have time to review and comment.

Representative Damron stated that he was concerned that the Compact will not be taken care of with the NAIC if non-compacting States are in the NAIC Leadership. Representative Damron asked if the Commission has done a pro-forma with regard to the date of independence from the NAIC. Ms. Arricale replied that there is still significant support by the NAIC in the day-to-day operations because there are only two (2) Commission staff during the start-up phase. Senator Kelley asked how the on-loan staff is working.

Ms. Arricale noted that the Budget reflects the revenue and about half of the budget overall with regard to when independent, which will most likely be one to two years from the present. Ms. Arricale also noted that some of the larger costs will be reduced as time moves on. Representative Damron asks what the legal constraints are. Ms. Arricale also noted that the draw downs were done to minimize the interest.

Commissioner Cline asked if there was a motion to approve the report and recommendations of the Finance Committee. Mr. Beatty made the motion and Ms. Ising seconded the motion. The motion was approved by unanimous voice vote.

Commissioner Cline moved to the next item on the Agenda, the report of the Technology Committee. Commissioner Cline asked Ms. Ising to provide the report.

Ms. Ising reported that the Technology Committee met via teleconference on September 13, 2007 to review with the Commission staff, and the NAIC and SERFF staff the upgrades that have been made to the Compact Filing Pages of the System for Electronic Rate and Form Filing (SERFF); the technology upgrades to the Commission's IT capabilities; and the plans for new upgrades to meet the requirements of the Compact's expanding product filing operations. Ms. Ising continued, the Compact Filing Pages on SERFF were prepared by the SERFF Team in accordance with the directions of the Technology Committee decisions made last year. This included the loading of the Uniform Standards and Filing Instructions into the systems with the accompanying TOI information; as well as the provision to accept all Member State Filing Fees. Ms. Ising noted that due to this good work, the Compact was ready to receive filings this past June with a fully functional filing platform on SERFF. Ms. Ising highlighted that the Compact is continuing to receive product filings. Ms. Ising noted that the initial filings allows the Commission and SERFF staff to make continuous improvements to the Compact filing system while also identifying new development needs. Ms. Ising reported that the Technology Committee reviewed, with the staff, the plans to develop new upgrades to accommodate the Compact Annual Registration Fee which will be collected as of January 1, 2008. Ms. Ising state that staff strategy with regard of how to scale new development plans in the most efficient manner with the understanding that the Commission is continuing through its start-up. Ms. Ising stated that the Technology Committee agreed with the staff's ongoing work plan to continue to make the appropriate upgrades to the Compact Pages on SERFF. Ms. Ising explained that the Committee was advised of technology upgrades to the public notice platforms which included migrating the Commission's public emailing system to a system with greater capacity given the increasing number of mailings and interested parties. This is being accomplished by the NAIC IT staff under our Services Agreement. The Technology Committee agreed with these upgrades as well. Ms. Ising concluded the report by noting that the Technology Committee will continue to work with staff to oversee the SERFF and technology upgrades, and build upon the initial success in utilizing technology to provide a central, electronic filing platform for the Compact. The Technology Committee will continue to engage on plans for future technology requirements of the Compact as we move forward in expanding our modern product filing operation.

Commissioner Cline asked if there was a motion to approve the report and recommendations of the Technology Committee. Commissioner Long made the motion and Washington seconded the motion. There were no further comments and the motion passed with a unanimous voice vote.

Commissioner Cline then moved to the next item on the Agenda, consideration of prior meeting minutes. Commissioner Cline noted that with the assistance of the NAIC, the Commission office is working on bringing the transcription of all the meeting minutes up-to-date. Commissioner Cline reported that all of the meetings have been captured on audio. Commissioner Cline noted that the Commission office expects to catch up with the minutes and will make them available to the public shortly. Commissioner Cline asked Fran to provide an update as to where the Commission office is with meeting minutes and manage the review process.

Commissioner Cline asked if there was a motion to adopt the minutes with the noted changes. A motion was made and seconded. The motion was approved and the minutes were adopted by unanimous voice vote.

Commissioner Cline then moved to the next item on the Agenda, an operational update from the Executive Director. Commissioner Cline turned to Ms. Arricale who recognized the seconded staff from Nebraska, Ohio and Washington. MS. Arricale also noted that the product filing submissions and reviews are continuing.

Commissioner Cline asked if there were any other matters to be considered during the meeting. Mr. Lovendusky recognized Ms. Olsen and announced her next step with John McBain of Actuarial Resources.

Washington proposed that the Commission quarterly meetings that immediately preceeding the NAIC quarterly meetings take place in the afternoon. Ms. Arricale replied that the Commission office will look into the request.

Commissioner Cline asked if there was a motion to adjourn. Mr. Beatty made the motion and Michigan seconded the motion. The meeting adjourned with unanimous voice vote.