

INTERSTATE INSURANCE
PRODUCT REGULATION COMMISSION



States, Strength & Speed Aligned

TELECONFERENCE MEETING
OF THE MANAGEMENT COMMITTEE OF THE
INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION (IIPRC)

Monday, August 25, 2008
1:30 pm ET / 12:30 pm CT / 11:30 am MT / 10:30 am PT

AGENDA

1. Roll Call
2. [Public Hearing on Uniform Standards and Operating Procedures Issued June 6, 2008](#)
3. [Consideration for Approval the Uniform Standards and Operating Procedures from Public Hearing](#)
4. [Report and Recommendation of Product Standards Committee and Consider Adoption of Report and Recommendation of the Product Standards Committee](#)
5. [Report and Recommendation of the Rulemaking Committee and Consider Adoption of Report and Recommendation of the Rulemaking Committee](#)
6. [Operational Update](#)
7. Any Other Matters
8. Adjourn

**Minutes of the Meeting of the Management Committee of
The Interstate Insurance Product Regulation Commission (IIPRC)
Monday, August 25, 2008
Teleconference**

Management Committee Members in attendance:

Commissioner Jane Cline, West Virginia, Chair
Sue Real as a designated representative for Director Hudson, Vice Chair, Ohio
Manny Munson-Regala as a designated representative for Commissioner Glenn Wilson, Minnesota,
Treasurer
Margaret Witten as a designated representative for Commissioner John Oxendine, Georgia
Joe Murphy as a designated representative for Commissioner Nonnie Burnes, Massachusetts
Commissioner Jim Long, North Carolina
Michael Ridgeway as a designated representative for Commissioner Kim Holland, Oklahoma
Brad Harker as a designated representative for Commissioner Joel Ario, Pennsylvania
Sara Waitt as a designated representative for Commissioner Mike Geeslin, Texas
Commissioner Paulette Thabault, Vermont
Don Beatty as a designated representative for Commissioner Al Gross, Virginia

Commission Members in attendance:

Shelley Santo, Hawaii
Commissioner Jim Donelon, Louisiana

Regulator Staff in attendance:

John Kissling, Indiana
Marlon Burch, Kansas
John Burkholder, Kentucky
Malinda Shepherd, Kentucky
Al Perkins, Kentucky
Ron Henderson, Louisiana
Tom Record, Maine
Joan Moiles, Michigan
Louis Belo, North Carolina
Ted Hamby, North Carolina
Stewart Johnson, North Carolina
Elizabeth Ramon, Puerto Rico
Beth Dwyer, Rhode Island
Heather Griffin, South Carolina
Shawn Hawk, Tennessee
Betsy Jerome, Utah
Alan Hudina, Washington
Susan Ezalarab, Wisconsin
Jim Guidry, Wisconsin

Legislative Committee members in attendance:

Representative Robert Damron, Kentucky, Chair
Susan Nolan, NCOIL
Mike Humphreys, NCOIL

Consumer Advisory Members in attendance:

Brendan Bridgeland, Center for Insurance Research

Industry Advisory Members in attendance:

Cande Olson, Actuarial Resources Corporation
Miriam Krol, ACLI
Nancy Johnson, UNUM
Amanda Mathison, AHIP
Nancy Johnson, UNUM
Dennis Hershel, Mass Mutual
Tom English, New York Life
Gary Sanders, NAIFA & AHIA
Joe Muratore, New York Life

Interested Parties in attendance:

Linda Elston, Riversource Life

Interested Regulators in attendance:

James Hulme, New York
Dennis Lauzon, New York
Mary Kosinski, Arizona

IIPRC Team:

Frances Arricale, Executive Director
Sara Bamford, Operations Manager
David Morris, Product Review Consultant
Charlie Rapacciuolo, Development Consultant
Alice Fontaine, Actuarial Consultant

NAIC Staff:

Becky McElduff, Senior Counsel
Kay Noonan, NAIC General Counsel
Kara Binderup, Staff Attorney

Commissioner Jane Cline, from West Virginia, called to order the meeting of the Interstate Insurance Product Regulation Commission. The first item on the Agenda, was a Public Hearing on the Uniform Standards and Operating Procedures issued on June 6, 2008.

Commissioner Cline stated that the Public Hearing will allow for comments to be heard on the Uniform Standard and Operating Procedures which were issued for 60-day public comment on June 6. Commissioner Cline highlighted that there was an index that was issued in advance of the call which listed the majority of the Uniform Standards and amendments to already adopted standards. Commissioner Cline explained that there were some comments received on the Standards and amendments and they were noted on the index. Commissioner Cline highlighted that there was on amendment that was not included on the index and that was the Amendment to the Current Assumption Whole Life Insurance Policy Standards. Commissioner Cline stated that there were no comments received regarding the amendments. Commissioner Cline asked if there were any comments on the Uniform Standards from the Members of the Management Committee. Hearing none, Commissioner Cline asked if there were any comments from members of the Commission. Hearing none, Commissioner Cline asked if there were any comments from the members of the Legislative Committee. Hearing none, Commissioner Cline asked if there were any comments from members of the Consumer Advisory Committee. Brendan Bridgeland, from the Center for Insurance Research, stated that he was a little

disappointed that the Standards used for Excluding Based on the Underwriting Process that more of the work was not included into the final version of the drafts with regard to the Foreign Travel Language. Frances Arricale, IIPRC Executive Director, asked Mr. Bridgeland to expand on his comments. Mr. Bridgeland stated that he would have preferred to see the amendments refer to the “NAIC Model on Foreign Travel Underwriting” and use some of the language. Mr. Bridgeland understands that this is relatively new. Mr. Bridgeland likes the reference in the Model Law to the actuarial support to the underwriting. Mr. Bridgeland noted that the industry believes that the IIPRC is not to regulate the underwriting, but rather the forms. Ms. Arricale noted that there were discussions regarding this very issue during the drafting of the standards. Commissioner Cline thanked Mr. Bridgeland for his comments and asked if there were any comments from the members of the Industry Advisory Committee. Miriam Krol, from the ACLI on behalf of the Industry Advisory Committee, noted that the language delved into the process of the underwriting and that use of the forms is subject to state law. Hearing no other comments, Commissioner Cline asked if there were any comments from either the interested regulators or parties. There were no additional comments on the Uniform Standards.

Commissioner Cline proceeded with the Public Hearing and move to receiving comments on the Operating Procedures. Commissioner Cline reminded those participating that a Public Hearing is scheduled for September 21 to receive comments on the Amendments to the “Public Access Rule”. Commissioner Cline asked if there were any comments on the Operating Procedures for the Issuance of Advisory and Interpretative Opinions (“Advisory Rule”) and the Operating Procedure for the Filing of Certifications for Foreign Language Translations of Product Filings (“Foreign Language Translation Rule”). Commissioner Cline noted that comments were received from the Industry Advisory Committee and as such, would like to proceed with the Advisory Rule first. Commissioner Cline asked if there were any comments on the Advisory Rule. Hearing none, Commissioner Cline asked if there were any comments on the Foreign Language Translation Rule.

Don Beatty, from Virginia, as one of the authors of the rule, noted that based on the comments received, the provision may not be needed anymore. Mr. Beatty suggested that maybe the rule be revised to remove the provision from the Foreign Translation Rule. Mr. Beatty noted that Section 102 (d) could be removed and (e) could be renumbered to (d). Commissioner Thabault, Vermont, asked if Puerto Rico was represented on the conference call. Hearing no response, Commissioner Thabault noted that Puerto Rico is agreeable to striking the language based on the comments received and the conversations between Puerto Rico and Vermont. Commissioner Thabault continued that, Puerto Rico believes that it is important to move forward on the rule. Representative Robert Damron, Kentucky, stated that there was unanimous support from the Members of the Legislative Committee to remove Section 102 (d). Mr. Bridgeland asked what state laws would have been impinged to have the provision in the Rule. Representative Damron replied that the Legislative Committee that it was best if left silent and the states individual rights to interpret accordingly. Mr. Bridgeland then asked if would be a state law where the opposite would be true. Representative Damron noted that the Legislative Committee did not have the data to reflect on that issue. Ms. Krol noted that the Industry Advisory Committee appreciates the language removal. There were no other comments. Commissioner Cline concluded the Public Hearing portion of the Management Committee.

Commissioner Cline proceeded with the next item on the Agenda, consideration of approval of the Uniform Standard and Operating Procedures from the Public Hearing. Commissioner Cline asked if there was a motion to approve the Uniform Standards from the Public Hearing. Commissioner Thabault made the motion and Commissioner Long seconded the motion. Commissioner Cline asked Ms. Arricale to conduct the Roll Call vote. The Uniform Standards were approved by unanimous vote. Commissioner Cline asked if there was a motion to approve the Advisory Rule. Commissioner Long made the motion and Mr. Beatty seconded the motion. Commissioner Cline asked Ms. Arricale to conduct the Roll Call vote. The Advisory Rule was approved by unanimous vote. Commissioner Cline asked if there was a

motion to approve the Foreign Language Translation Rule. Mr. Beatty made the motion to approve the Foreign Language Translation Rule with Section 102 (d) stricken and (e) renumbered to (d). Commissioner Thabault seconded the motion. Commissioner Cline asked Ms. Arricale to conduct the Roll Call vote. The rule was approved by unanimous vote.

Commissioner Cline proceeded to the next item on the Agenda, the report and recommendation of the Product Standards Committee. Commissioner Cline asked either New Hampshire or Texas to make the report.

Sara Waitt, Texas, provided the report of the Product Standards Committee. Ms. Waitt reported that the Committee continues to meet on a weekly basis and is working on several projects as the Committee awaits the development of the group life and annuity standards. Ms. Waitt stated that the Committee understands that the industry is prepared to provide an initial draft of the group standards to the NAIC Working Group by the end of the month. Ms. Waitt reported that at this time the Product Standards Committee has one new standard and one amendment ready to recommend to the Management Committee for public comment. Ms. Waitt noted that the standards were developed by the National Standards Working Group and taken up by the Product Standards Committee immediately. Ms. Waitt noted that the Product Standards Committee conducted a meeting to receive comments on the Bonus Benefits Standards and no written comments were received. There were no changes made to the standards draft by the Committee. The Guidance for Completing Appendices A-1 and A-2 for Annuity Nonforfeiture Minimum Value Compliance for use with Bonus Benefits Contained as Part of the Individual Deferred Non-Variable Annuity Contracts which were also issued were combined with the Bonus Benefits Standards. Ms. Waitt reported that there was an amendment to the Individual Deferred Non-Variable Annuity Contract Standards which was reviewed during the Committee meeting. There were no written comments received on the Annuity Standards amendment. Ms. Waitt did note that during the call of the Management Committee there was a minor additional amendment made to the Scope section which was approved by the Committee to move forward with the other amendments. Ms. Waitt concluded her report by recommending the new standard and amendment for the 60-day public comment period.

Commissioner Cline asked if there were any comments or questions for Ms. Waitt regarding the report. Hearing none, Commissioner Cline asked if there was a motion to approve the report and recommendation. Mr. Beatty made the motion and Manny Munson-Regala, from Minnesota, made the second. Hearing no comments, Commissioner Cline asked Ms. Arricale to conduct the Roll Call vote. The report and recommendation were approved by unanimous vote.

Commissioner Cline moved to the next item on the Agenda, the report of the Rulemaking Committee. Commissioner Cline asked Ms. Thabault to make the report.

Commissioner Thabault reported that on June 6, 2008, upon the recommendation of the Rulemaking Committee, the Management Committee commenced the rulemaking process to amend the Public Access Rule. Commissioner Thabault reminded all on the call that the proposed amendment repealed the exemption of pending, disapproved and withdrawn filings from public access. Commissioner Thabault highlighted that one of the concerns expressed by the industry, among others, was the treatment of innovative products. Commissioner Thabault noted that Vermont agreed to work on further amendments that may address these concerns. Vermont proposed a newly amended version that expands the definition of "trade secret" to include and define an "innovative product". Commissioner Thabault explained that this draft would permit a filer who has requested innovative product status to withdraw their product filing before it is approved or disapproved if the Commission later determines that the filing in fact does not satisfy the criteria for consideration as an Innovative Product. Commissioner Thabault noted that during the July 28 Management Committee meeting a motion was approved to have the Rulemaking

Committee convene a Public Call to allow for comments to be heard on the Vermont draft. Commissioner Thabault noted in the same motion that the deadline for comments to be submitted was extended to five (5) business days after the Rulemaking Committee teleconference; the new deadline is August 28. Commissioner Thabault noted that during the teleconference a few Compact members expressed support for the Vermont draft and there were a few members of the Compact who expressed concerns about the costs and operational impact on the Commission. Commissioner Thabault reported that the Industry Advisory Committee reiterated their written comments regarding confidentiality and proprietary information; and concerns about issues of additional costs and operating impact for filings of the Compact. Commissioner Thabault noted that the Consumer Advisory Committee stated that the Vermont draft is unnecessary, and supported the original amendment. Commissioner Thabault noted that the Center for Economic Justice opposed the Vermont amendment and finds the industry's position on secrecy on pending filings impractical in an open, competitive market. Commissioner Thabault concluded her report.

Commissioner Cline thanked Commissioner Thabault for her report. Commissioner Cline asked if there was a motion to approve the report of the Rulemaking Committee. Commissioner Long made the motion and Mr. Beatty seconded the motion. Commissioner Cline asked if there was any further discussion. Ms. Krol asked what the process is going to be with regard to the Vermont draft as no action was taken at the end of the Rulemaking Committee teleconference. Ms. Krol asked if this means that the Rulemaking Committee will recommend the Vermont version in substitution to the original amendment or will the original amendment be considered with Vermont submitting the draft as comments. Commissioner Cline replied that the Rulemaking Committee is accepting comments until August 28. Herb Olson, Vermont General Counsel, noted that the Rulemaking Committee held a public hearing on the Vermont further proposal amendment and that the original amendment and the Vermont further amendment are both before the Management Committee for their consideration in September. Commissioner Cline replied that the Rulemaking Committee has exposed the Rule and the hearing in September will be on the complete Rule. Commissioner Thabault added that Vermont acted as a facilitator with this amendment to meet the concerns that have been raised and that it is up to the Management Committee as to how it will be considered. Hearing no other comments, Commissioner Cline asked Ms. Arricale to conduct a Roll Call vote. The report was approved by unanimous vote.

Commissioner Cline proceeded to the next item on the Agenda, an Operational Update. Commissioner Cline asked Ms. Arricale to report on the impact of the amendments to the IIPRC Office with regard to the changes proposed by these amendments. Ms. Arricale reported the IIPRC Office has been asked by the Industry Advisory Committee for logistical information with regard to the impacts the amendments to the Public Access Rule would have on the operations of the IIPRC Office. Ms. Arricale noted that she would be happy to provide a one page report detailing these logistics. Commissioner Cline asked Ms. Arricale to provide an Operational Update. Ms. Arricale reported that the Commission has recently approved its 100th Product Filing. Ms. Arricale noted that all should have received the press release on this momentous occasion. Ms. Arricale noted that despite the current situation, the companies are still willing to make filings. Ms. Arricale then reported that the IIPRC Office will be hosting webinars as a way to outreach to the industry and educate them on the Compact filing process. Ms. Arricale noted that with travel costs being prohibitive for the IIPRC Office and the companies, the webinars will allow the IIPRC Office to reach those who could not travel. Ms. Arricale highlighted that the first few sessions were full and that there will be more sessions schedule throughout the remainder of the year. Ms. Arricale advised that all who are interested should monitor the Event Calendar on the IIPRC web site. Ms. Arricale noted the schedule of events for the Annual Meeting. Ms. Arricale also reminded all Members that their Committee Preference Forms were due this week to the IIPRC Office. Ms. Arricale advised that the Industry Advisory Committee one-year terms were expiring at the Annual Meeting. Ms. Arricale asked if there were any questions. Ms. Krol noted that there was a schedule conflict on Sunday, September 21 at the same time as the hearing on the Public Access Rule. Commissioner Cline noted that

she was aware of this issue and has brought this to the NAIC's attention. Ms. Arricale noted that while the IIPRC Office does appreciate all of the time and effort that the Compact Members put forward, it is important for the conference call participants to call on one single line. Ms. Arricale noted that as a cost saving measure for the Commission it would be nice if the states could participate in the calls on one line. Ms. Arricale concluded her report.

Commissioner Cline thanked Ms. Arricale and the IIPRC Staff for all of the work and understand that it has been a challenge. Commissioner Cline then asked if there were any comments or questions for Fran. Hearing no other comments, Commissioner Cline asked if there was motion to adjourn. Commissioner Long made the motion and Mr. Beatty seconded the motion. The meeting was adjourned by unanimous voice vote.