

INTERSTATE INSURANCE  
PRODUCT REGULATION COMMISSION



*States, Strength & Speed Aligned*

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

**Saturday, March 14, 2009**

San Diego Convention Center

500 Hotel Circle North

San Diego, CA 92108

Meeting Room: Ballroom 6A-Upper Level

**1:00pm – 2:00pm PT**

1. Roll Call
2. **Meeting with the Legislative Committee**
3. **Report of the Communications Committee and Consider Adoption of Report of Communications Committee**
4. **Report of the Finance Committee and Consider Adoption of Report and Recommendation of the Finance Committee**
5. **Report of the Technology Committee and Consider Adoption of Report and Recommendation of the Technology Committee**
6. **Report of the Rulemaking Committee and Consider Adoption of Report of the Rulemaking Committee**
7. **Report of the Product Standards Committee and Consider Adoption of Report and Recommendation of the Product Standards Committee**
8. **Consider Adoption of February 23, 2009 Management Committee Meeting Minutes**
9. **Report of the Search Committee**
10. **Operational Update**
11. Any Other Matters
12. Adjourn

**Minutes of the Meeting of Management Committee of  
The Interstate Insurance Product Regulation Commission (IIPRC)  
Saturday, March 14, 2009**

**Members of the Management Committee in attendance:**

Commissioner Jane L. Cline, Chair, West Virginia  
Director Mary Jo Hudson, Vice Chair, Ohio  
Sue Ezalarab as a designated representative for Commissioner Sean Dilweg, Treasurer, Wisconsin  
Justin Durrance as a designated representative for Commissioner John Oxendine, Georgia  
Director William Deal, Idaho  
Carol Mihalik as a designated representative for Commissioner Jim Atterholt, Indiana  
Joseph Murphy as a designated representative for Commissioner Nonnie Burnes, Massachusetts  
Louis Belo as a designated representative for Commissioner Wayne Goodwin, North Carolina  
Commissioner Kim Holland, Oklahoma  
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 Alfred W. Gross, Virginia

**Members of the Commission in attendance:**

Shelley Santo, Hawaii  
Commissioner Kent Michie, Utah  
Commissioner Sandy Praeger, Kansas  
Commissioner Ralph Tyler, Maryland  
Commissioner Sharon Clark, Kentucky  
Commissioner Susan Voss, Iowa  
Commissioner James Donelon, Louisiana

**Regulator Staff in attendance:**

Betsy Jerome, Utah  
Beth Berendt, Washington  
David Browning, Mississippi  
Ron Henderson, Louisiana  
Neal Gooch, Utah  
Manny Munson-Regala, Minnesota  
Peg Brown, Colorado  
Beth Dwyer, Rhode Island  
Robert Wake, Maine  
Ted Hamby, North Carolina  
Sue Real, Ohio

**Members of the Legislative Committee in attendance:**

Representative Robert Damron, Chair, Kentucky  
Senator Ralph Hudgens, Vice Chair, Georgia  
Senator Delores Kelley, Maryland  
Senator Keith Faber, Ohio  
Representative Brian Patrick Kennedy, Rhode Island  
Susan Nolan, NCOIL Executive Director

**Members of the Industry Advisory Committee in attendance:**

Steve Buhr, AEGON  
Michael Lovendusky, ACLI

Randi Reichel, AHIP  
Dennis Herchel, Massachusetts Mutual  
Tom English, New York Life  
Maureen Adolf, Prudential

**Members of the Consumer Advisory Committee in attendance:**

T. Ryan Wilson, AARP  
Brendan Bridgeland, Center for Insurance Research  
Ken Libertoff, Vermont Association for Mental Health

**IIPRC Staff in attendance:**

Karen Schutter, Interim Executive Director  
Sara Dubsy, Operations Manager  
Charles Rapacciuolo, Development Consultant  
David Morris, Product Review Consultant  
Alice Fontaine, Actuarial Consultant

**NAIC Staff in attendance:**

Kay Noonan, General Counsel  
Becky McElduff, Senior Counsel  
Julie Fritz, SERFF  
Jolie Matthews, Senior Health Policy Advisor and Counsel  
Amanda Yanek, Government Relations Policy Analyst

Commissioner Cline called to order the meeting of the Management Committee of the Interstate Insurance Product Regulation Commission (IIPRC) and asked for a roll call of the Management Committee members as well as the members of the Legislative Committee, Consumer and Industry Advisory Committees. Commissioner Cline noted that there were members of the Management Committee participating via teleconference and the votes today would need to be roll call votes, unless the members of the Management Committee were in agreement that the votes may be conducted via voice vote. There were no objections. Commissioner Cline noted that Mississippi is expected to join the Compact to become the newest IIPRC member. Commissioner Cline then turned to the first item on the Agenda, a meeting with the Legislative Committee.

Representative Damron welcomed Mississippi as the newest Compact Member and anticipated that more states would pass Compact legislation prior to the Summer Quarterly Meeting in June. Senator Kelley agreed with Representative Damron. Representative Kennedy noted that outreach efforts were also underway with legislators in New York. Senator Kelley noted that she is still trying to reach out to New Jersey.

Commissioner Cline advised that the Compact would continue to communicate to states the national importance of Compact membership. Commissioner Cline stated that New York would play an important role if it became a Member state and may allow the Compact to reach for even higher standards. Commissioner Cline expressed appreciation to the members of the Legislative Committee as well as the NCOIL and NCSL staffs for all of their work in reaching out to non-Compacting states.

Commissioner Cline asked Commissioner Holland to provide the Report of the Communications Committee. Commissioner Holland reported that the Communications Committee met several times since the December Management Committee meeting. Commissioner Holland noted that during the most recent meeting, the Committee discussed the development of a focus group for the purpose of providing customer feedback to the IIPRC Office with regard to the product filing process operations. Commissioner Holland noted that the

focus group, which would be comprised of industry users and consumer representatives, would allow existing IIPRC filers and consumers to effectively communicate the benefits and usefulness of the IIPRC's central point of product filing system. Commissioner Holland stated that the Communications Committee would meet in April to review its recommendations of the focus group in greater detail. Commissioner Holland stated that in 2008, there were over 15,000 unique users who visited the IIPRC website; and from January to February this year, there had been almost 5,000 unique visitors to the website which was a 1,500% increase in activity from last year. Commissioner Holland stated that the web results demonstrated that the IIPRC website is a central portal for communication and information about the Compact. Commissioner Holland commented that there had been several Compact Members who have conducted outreach sessions to their domestics. Commissioner Holland stated that webinars were particularly becoming an effective method in introducing the Compact and were also effective in reaching out to potential Compact states in demonstrating the ease of the product filing process. Commissioner Holland stated that the Communications Committee would be sending letters to Members encouraging the use of webinars as a means to successfully communicate the ease of filing with the Compact. Commissioner Holland expressed her appreciation to the Legislative Committee for their continued efforts in reaching out to non-Compacting states to pass Compact legislation.

Commissioner Cline asked if there were any questions regarding the Report of the Communications Committee. Hearing none, Commissioner Cline asked for a motion to adopt the Report of the Communications Committee. Mr. Belo made the motion and Director Hudson seconded. The Report of the Communications Committee was approved by a unanimous voice vote.

Commissioner Cline asked Mr. Murphy to provide the Report of the Finance Committee. Mr. Murphy reported that the Finance Committee met via teleconference in February for the purpose of adopting amendments to the IIPRC Terms and Procedures for IIPRC Filing Fees. Mr. Murphy noted that there were two (2) amendments specific to regional companies, which are defined as companies that file in five (5) or less states annually. The first amendment would reduce the Annual Registration Fee to \$2,500 from \$5000 and then would be prorated to \$1,250 on July 1. The first amendment would also reduce the per product filing fee for regional companies to \$250. The second amendment would require a filing fee for amended filings, with the exception of amendments that correct typographical or formatting errors; add states to or update the Statement of Intent and Certification. Mr. Murphy explained that the amendments were currently in the 60-day public comment period and will be considered for adoption by the Management Committee and the Commission in April. Mr. Murphy stated that there would be a regulator-only Finance Committee meeting via teleconference in early April for the purpose of reviewing IIPRC monthly financials and budget projections for 2009. Mr. Murphy also stated that the Finance Committee will continue to work closely with the IIPRC Office to regularly review the finances.

Commissioner Cline asked if there were any questions regarding the Report of the Finance Committee. Hearing none, Commissioner Cline asked for a motion to adopt the Report of the Finance Committee. Mr. Murphy made the motion and Commissioner Holland seconded. The Report of the Finance Committee was approved by a unanimous voice vote.

Commissioner Cline asked Commissioner Voss to provide the Report of the Technology Committee. Commissioner Voss stated that the IIPRC Team has been exploring possible enhancements to the System for Electronic Rate and Form Filing (SERFF) which would provide filers with the ability to track and monitor IIPRC forms submitted through SERFF under the "Mix and Match" process. Commissioner Voss noted that the Technology Committee would meet via teleconference to further explore these possible SERFF enhancements. The first enhancement would modify SERFF to allow field-based input of Statement of Intent information. The second enhancement would develop an indicator to locate "Mix and Match" product filings. Commissioner Voss noted that a teleconference would be held in April to take comments on the proposed enhancements to SERFF.

Commissioner Cline asked if there were any questions. Hearing none, Commissioner Cline asked for a motion to adopt the Report of the Technology Committee. Director Hudson made a motion and Mr. Belo seconded the motion. The Report of the Technology Committee was approved by a unanimous voice vote.

Commissioner Cline called on Commissioner Thabault to provide the Report of the Rulemaking Committee. During the Rulemaking Report it was reported that the Rulemaking Committee had met to propose an IIPRC Operating Procedure draft and also to draft possible amendments to the Operating Procedure for the Filing and Approval of Product Filings. It was reported that the Rulemaking Committee held a public meeting via teleconference on February 25 to discuss to the proposed IIPRC Rule for Self-Certification of Products and Advertisements Filed with the IIPRC. It was reported that the comments from the Industry Advisory Committee were received during this teleconference and the Rulemaking Committee would take the comments into consideration during the drafting process. It was stated that the Rulemaking Committee had been considering possible amendments concerning the “Mix and Match” process and timeframes. It was noted that on March 5, the Rulemaking Committee held a regulator-only teleconference in which a consensus was reached to amend the product filing Rule to remove the reference to a deadline for being able to offer or sell Compact-approved product components with state-approved product components. It was advised that the Rulemaking Committee would convene a public teleconference to expose these proposed amendments before recommending them to the Management Committee. It was noted that the Rulemaking Committee would work with the IIPRC to find other ways for companies to move away from “Mix and Match” product filings in the favor of moving their product portfolio to the IIPRC over a reasonable period of time.

Commissioner Cline asked if there were any questions regarding the Report of the Rulemaking Committee. Mr. Bridgeland asked the Rulemaking Committee to provide a background on the scope of the Rule for Self-Certification and to explain specifically the intention of the Rule and whether the IIPRC had authority to oversee advertising. Ms. Ezalarab stated that the scope of the Rule for Self-Certification would layout a process whereby the IIPRC would oversee which of the product types and advertisements would be able to use the self-certification process.

Commissioner Cline asked if there were any other questions or comments. Hearing none, Commissioner Cline asked for a motion to adopt the Report of the Rulemaking Committee. Mr. Beatty made a motion and Commissioner Holland seconded. The Report of the Rulemaking Committee was approved by a unanimous voice vote.

Commissioner Cline asked Ms. Smith-Daly to provide the Report of the Product Standards Committee. Ms. Smith-Daley stated that the Product Standards Committee had a recommendation to initiate the rulemaking process for amendments to the Individual Immediate Non-Variable Annuity Contract Standards. The amendment would clarify that these standards apply to annuity contracts used to fund structured settlements. Ms. Smith-Daley stated that the Product Standards Committee has begun the review of standards for long-term care policies and rates and had developed a policy proposal to guide the more detailed drafting discussions. Ms. Smith-Daley stated that with regard to rate filings, this proposal would allow the Committee to develop standards for the IIPRC to accept both initial rate filings and rate adjustment filings rather than bifurcating initial and subsequent rate filings between the IIPRC and its Members. Ms. Smith-Daley reported that the Product Standards Committee has considered which types of long-term care rate structures would be available for filing with the IIPRC. Ms. Smith-Daley noted that with respect to long-term care rates, the Product Standards Committee planned to develop new Uniform Standards that include issue age rates that are available in all states. Ms. Smith-Daley stated that there would also be Uniform Standards available for “modified attained age” rate structures which would provide schedule rate increases until age 65 with inflation protection. Ms. Smith-Daley noted that these products are not as common as issue age rates in today’s market but that there was a consensus within the NAIC National Standards Working Group about the appropriate product requirement. Ms. Smith-Daley stated that before rate filing standards were made available for filing, Member States would need to identify which of the rate structures would be available for use in their state. Ms. Smith-Daley stated that no formal action was necessary from the

Management Committee at this time and that the updates provided by the Product Standards Committee were meant to demonstrate the progress of the development of long-term care standards. Ms. Smith-Daley recommended to the Management Committee to initiate the rulemaking procedure and to post the amendments to the Individual Immediate Non-Variable Annuity Contract Standards for a 60-day public comment period.

Commissioner Cline asked if there were any questions. Hearing none, Commissioner Cline asked for a motion to adopt the Report of the Product Standards Committee; to initiate the 60-day public comment period on the amendments to the Individual Immediate Non-Variable Annuity Contract Standards; and to develop long-term care rate standards as proposed by the Product Standards Committee for rate filings and rate adjustments. Ms. Smith-Daley made a motion and Director Deal seconded the motion. The Report and recommendations of the Product Standards Committee were approved by a unanimous voice vote.

Commissioner Cline turned to the next item on the agenda, which was to consider the adoption of the February 23, 2008 Management Committee Meeting Minutes. Commissioner Cline noted that the Management Committee received comments from Mr. Beatty which had been incorporated into the minutes and asked if there were any additional edits to the minutes. Hearing none, Commissioner Cline asked for a motion to adopt the Meeting Minutes. Mr. Beatty made a motion and Director Hudson seconded the motion. The February 23 Management Committee Meeting Minutes were approved by a unanimous voice vote.

Commissioner Cline turned to the next item on the agenda, a Report of the Search Committee. Commissioner Cline called on Director Hudson to provide the Report.

Director Hudson provided a Report of the Search Committee and highlighted the members of the Search Committee: Minnesota, Ohio, Oklahoma, Texas, West Virginia, and Wisconsin. Director Hudson noted that the Search Committee met on more than one occasion to make revisions to the job description for the IIPRC Executive Director position. Director Hudson stated that an employment posting for the Executive Director position was circulated to all IIPRC Members and the Legislative Committee and the Industry and Consumer Advisory Committee Members; and was also made available in publications such as the *National Underwriter*, *Business Insurance*, as well as a posting on CareerBuilder. Director Hudson stated that there were minimal administrative costs associated with posting the position online. Director Hudson stated that the list of potential candidates for the position would be narrowed to thirty out of the hundreds of applications received. Director Hudson stated that of the thirty applicants selected, at least five (5) applicants would be selected for an interview by the end of April which would be held in Chicago.

Commissioner Cline asked if there were any questions or comments for Director Hudson regarding the Report of the Search Committee. Hearing none, Commissioner Cline thanked the Search Committee as well as the NAIC Human Resources Department for all of their work.

Commissioner Cline turned to the next item on the agenda, an IIPRC Operational Update. Commissioner Cline called on Ms. Schutter to provide the update.

Ms. Schutter stated that Mississippi will become a Member of the Compact and it is expected that Governor Barbour will sign the Compact Legislation into law next week. Ms. Schutter noted that the IIPRC anticipated more states would join the Compact, particularly with regard to New Mexico and New York. Ms. Schutter stated that Connecticut still had Compact Legislation pending due to objections from the Attorney General. Ms. Schutter stated that the IIPRC had been working with other non-compacting states, including the District of Columbia, Delaware and Nevada, to provide a general background on the Compact. Ms. Schutter expressed her appreciation to the Legislative Committee, the National Conference of Insurance Legislators (NCOIL) and to the National Conference of States Legislatures (NCSL) for their assistance in circulating a joint memorandum to non-compacting legislators which contained background information on the Compact. Ms. Schutter noted that recent updates with regard to the product filings as well as SERFF

transaction activities have been made available to all in attendance. Ms. Schutter noted that the average approval time for a product filing was 14 days and credited the IIPRC Team for their work in being able to achieve this result. Ms. Schutter stated that since the beginning of 2009 there has been progress in the number of annual registrations received, thus exceeding the number of annual registrations received in the beginning of 2008. Further, Ms. Schutter stated that the number of product filings received to date had quadrupled this year compared to last year and anticipated that more companies were expected to submit their annual registration through July. Ms. Schutter noted that a new reference tool, known as the "IIPRC TOI Link", had been added to the Industry Resources page of the IIPRC website under Reference Materials. Ms. Schutter noted that the TOI Link illustrates how IIPRC Uniform Standards, correlate with the SERFF Product Coding Matrix. Ms. Schutter stated that the IIPRC Office had received good reviews about the TOI Link with regard to the benefits that it provides to states and filers. Ms. Schutter noted that an NAIC/NIPR E-Regulation Conference would be held at the NAIC Central Office in Kansas City, MO at the end of April. Ms. Schutter stated that IIPRC Staff as well the SERFF Staff would be present in order to provide information on the benefits of filing with the IIPRC.

Commissioner Cline asked if there were any questions for Ms. Schutter regarding the operational update of the IIPRC. Senator Kelley commented that she was impressed with the operational aspect of the IIPRC. Senator Kelley expressed concerns about non-Compacting states who oppose passing Compact legislation and stated that these non-Compacting states should be present during future Management Committee meetings to obtain information that would allow them to understand the impact that the Compact has had on its Member States.

Commissioner Cline thanked Senator Kelley for her comments and stated that the IIPRC Office is working with the NAIC Executive Offices in Washington, DC, together with the National Governor's Association and other state government associations, to continue outreach to non-Compacting states and will encourage their participation at future meetings of the Management Committee.

Director Hudson noted that handouts were provided before the Management Committee Meeting which outlined the active development status of IIPRC Uniform Standards. Director Hudson expressed her appreciation to Ms. Smith-Daley for a terrific job in coordinating with various Chairs at the National Standards Working Group to attain this information and noted that handouts which detail the active development status of Standards would be available during future Management Committee meetings.

Commissioner Cline provided an update of the meeting date for the Fall Quarterly Meeting in September. Commissioner Cline stated that the meeting would remain held on September 20, 2009 after a general consensus was reached from Members of the Commission, Legislative Committee, Consumer Advisory Committee and Industry Advisory Committee. Commissioner Cline apologized for any inconvenience for those who would not be able to attend the quarterly meeting due to the Rosh Hashanah holiday which falls on the date of this meeting.

Commissioner Cline asked if there were any comments. Hearing none, Commissioner Cline thanked the IIPRC Staff for their hard work in maintaining the operations of the IIPRC.

Commissioner Cline asked for a motion to adjourn the Management Committee Meeting. Mr. Beatty made a motion, seconded by Commissioner Holland to adjourn the meeting. The meeting of the Management Committee was adjourned.