

**Minutes of the Joint Meeting of the  
Interstate Insurance Product Regulation Commission (IIPRC)  
and the Management Committee  
Monday, July 27, 2009  
Conference Call**

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

Tim Murphy as a designated representative for Commissioner Jane L. Cline, Chair, West Virginia  
Director Mary Jo Hudson, Vice Chair, Ohio  
Commissioner Sean Dilweg, Treasurer, Wisconsin  
Margaret Witten as a designated representative for Commissioner John Oxendine, Georgia  
John Kissling as a designated representative for Commissioner Carol Cutter, Indiana  
Teresa Pizana as a designated representative for Commissioner Kenneth Ross, Michigan  
Ted Hamby as a designated representative for Commissioner Wayne Goodwin, North Carolina  
Michael Ridgeway as a designated representative for Commissioner Kim Holland, Oklahoma  
Brad Harker as a designated representative for 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:**

Director Linda Hall, Alaska  
John Postolowski as a designated representative for Commissioner Marcy Morrison, Colorado  
Commissioner Susan Voss, Iowa  
Commissioner Sandy Praeger, Kansas  
Commissioner Sharon Clark, Kentucky  
Commissioner James Donelon, Louisiana  
Commissioner Ralph Tyler, Maryland  
Manny Munson-Regala as a designated representative for Commissioner Glenn Wilson, Minnesota  
Aaron Sisk as a designated representative for Commissioner Mike Chaney, Mississippi  
Director Ann Frohman, Nebraska  
Michael Wilkey as a designated representative for Commissioner Roger Sevigny, New Hampshire  
Elizabeth Dwyer as a designated representative for Superintendent Joseph Torti III, Rhode Island  
Commissioner Leslie Newman, Tennessee  
Betsy Jerome as a designated representative for Commissioner Kent Michie, Utah  
Beth Berendt as a designated representative for Commissioner Mike Kreidler, Washington  
Commissioner Ken Vines, Wyoming

**Regulator Staff in attendance:**

John McBain, Kentucky  
Malinda Shepherd, Kentucky  
Ron Henderson, Louisiana  
Edward Charbonnier, Massachusetts  
Bruce Ramge, Nebraska  
Maureen Hartsmith, New Hampshire  
Shawn Hawk, Tennessee  
Neal Gooch, Utah  
Herb Olson, Vermont  
Barbara Hudson, West Virginia

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

Susan Nolan, National Conference of Insurance Legislators (NCOIL)

Mike Humphreys, NCOIL

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

Michael Lovendusky, American Council of Life Insurers (ACLI)  
Michael Gerber, National Association of Insurance and Financial Advisors  
Dennis Herchel, Massachusetts Mutual Life Insurance Company  
Carol Mayer as a representative for Tom English, New York Life Insurance Company

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

Ken Liberto, Vermont Association for Mental Health

**Interested Parties in attendance:**

Rebecca Aguirre, Americo Life  
Eugene Choate, Bankers Fidelity  
Nancy Johnson, UNUM  
Paula Kunkel-White, North American Life  
Miriam Krol, ACLI  
Helene Landow, John Hancock  
Sandra Potasky, New York Life  
John Proper, American General Life Companies  
Patrick Reeder, Genworth Financial  
Paula Witt, State Farm

**Interested Regulators in attendance:**

Mary Kosinsky, Arizona  
Matt Barton, Missouri  
Gayle Woods, Oregon

**IIPRC Team in attendance:**

Karen Schutter, Executive Director  
Sara Dubsky, Operations Manager  
Charles Rappaciuolo, Development Consultant  
Alice Fontaine, Actuarial Consultant

**NAIC Staff in attendance:**

Becky McElduff, Senior Counsel  
Kara Binderup, Staff Attorney III

Director Hudson called to order the joint meeting of the Interstate Insurance Product Regulation Commission (IIPRC) and its Management Committee. At the request of Director Hudson, a roll call of the Management Committee and the Commission was conducted. All other parties, including the Legislative Committee, Consumer Advisory Committee and Industry Advisory Committee members identified themselves.

Director Hudson asked Ms. Smith-Daley to provide the report of the Product Standards Committee. Ms. Smith-Daley reported that the Product Standards Committee has been diligently working on long-term care uniform standards though was not recommending any new uniform standards to the Management Committee at this time. Ms. Smith-Daley stated that the Product Standards Committee has a recommendation for the Management Committee's consideration to allow IIPRC product components submitted under the Additional Standards for Intermediate Period Endowment Benefit Features for Individual Life Insurance Policies (including Return of Premium) ("Return of Premium Standards") to be used for "mix and match" with state-approved forms under Section 110 of the IIPRC's Operating Procedure for the Filing and Approval of

Product Filings (“Product Filing Rule”). Ms. Smith-Daley advised that the Return of Premium Standards” became effective for filing with the IIPRC on June 25 and that the ability to “mix and match” this particular standard has been suspended, pending further clarification from the Management Committee and Commission. Ms. Smith-Daley noted that the Product Standards Committee distributed a memo detailing its recommendation to approve Return of Premium Standards for the “mix and match” product filing process. Ms. Smith-Daley explained that the State of Washington has raised objections to the recommendation because the combination with its state-approved policies would violate Washington law. Ms. Smith-Daley indicated no state, including Washington, had opted out of this standard but that the “mix and match” of Return of Premium Standards will not be available for the state of Washington as allowed for under the Product Filing Rule.

Ms. Smith-Daley reported that the Product Standards Committee continues to work on the suite of uniform standards for individual long-term care insurance products. Ms. Smith-Daley noted that a public conference call occurred on July 16 for the purpose of receiving initial comments on the long-term care policy and initial rate filing standards. Ms. Smith-Daley explained that the Committee is currently reviewing the uniform standards and the comments from the Industry Advisory Committee and American General Life Companies. Ms. Smith-Daley reported that other long term care uniform standards are currently being worked on by the Product Standards Committee—including the uniform standards for the long-term care application and outline of coverage. Ms. Smith-Daley noted that the Product Standards Committee intends to conduct another public conference call in the coming weeks to review more long-term care standards.

Director Hudson asked if there were any questions or comments regarding the report of the Product Standards Committee. Ms. Krol suggested that information on product filing procedures in the state of Washington, regarding the approval of Return of Premium Standards for use with “mix and match” under Section 110 of the Product Filing Rule, should be published to the IIPRC web site in a timely fashion. Ms. Schutter stated that a Filing Information Notice will be published shortly on the IIPRC web site which will provide filing instructions related to this issue. Ms. Schutter advised that the IIPRC Team will work with companies to understand how this process works and will have the ability to manually withdraw Washington from a "mix and match" Return of Premium filing if it was inadvertently selected.

Director Hudson asked if there were any other questions or comments. Hearing none, Director Hudson asked members of the Management Committee for a motion to approve the recommendations of the Product Standards Committee. Commissioner Dilweg made a motion and Commissioner Praeger seconded the motion. A roll call vote of the Management Committee was conducted and the motion passed unanimously. Director Hudson then asked members of the Commission for a motion to approve the recommendations of the Product Standards Committee as approved by the Management Committee. Commissioner Donelon made a motion and Commissioner Praeger seconded the motion. A roll call vote of the Commission was conducted and the motion passed unanimously.

Director Hudson asked Commissioner Thabault to provide the report of the Rulemaking Committee. Commissioner Thabault reported that in April, the Rulemaking Committee recommended amendments to the Operating Procedures for the Filing and Approval of Product Filings ("Product Filing Rule") that eliminated the two-year deadline for mix and match but maintained Appendix A to identify which product lines and Uniform Standards could be available for mix and match. Commissioner Thabault indicated that at the request of the Officers, the Rulemaking Committee considered the necessity of Appendix A. Commissioner Thabault noted that the Rulemaking Committee conducted a public conference call on July 23 for the purpose of adopting a recommendation to the Management Committee to make further amendments to Section 110 (b) (4) of the Product Filing Rule with regard to removing references to Appendix A. In this regard, the Rulemaking Committee recommended to the Management Committee that the current Section 110 (b) (4) be replaced with the following:

“An Insurer shall not offer or sell the combination of a Commission Product Component and a State Product Component, and an Insurer shall not offer or sell a rider, amendment or endorsement to a Product that would result in the combination of a Commission Product Component and a State Product Component, unless specifically authorized by the applicable Uniform Standard. Uniform Standards adopted by the Commission prior to July 31, 2009, and amendments thereto, shall be authorized to allow Commission Product Components to be combined with State Product Components unless the Commission has specifically determined otherwise”.

Commissioner Thabault stated that the Rulemaking Committee is still considering how to proceed with drafting a rule for the IIPRC's self-certification process. Commissioner Thabault noted that the Rulemaking Committee conducted a member-only conference call recently for the purpose of discussing the self-certification process. During this call, the members decided that they would wait at least 120 days before moving forward in drafting a rule. Commissioner Thabault noted that a public conference call was conducted by members of the Rulemaking Committee on July 23 in which members of the Industry Advisory Committee expressed concerns about postponing the process for drafting a self-certification rule. Commissioner Thabault stated that the Rulemaking Committee will conduct more due diligence before deciding whether to defer the self-certification rule drafting process and asked that the members of the Industry Advisory Committee and any other interested party to provide comments regarding how and why to proceed in drafting this particular rule.

Director Hudson asked if there were any questions or comments for Commissioner Thabault regarding the report of the Rulemaking Committee. There were none. Director Hudson asked members of the Management Committee for a motion to adopt the report of the Rulemaking Committee. Commissioner Dilweg made a motion and Mr. Beatty seconded the motion. A roll call vote of the Management Committee was conducted and the motion passed with the State of Washington voting in opposition.

Commissioner Dilweg made a motion that the Management Committee adopt the amendments to the Product Filing Rule with the inclusion of the amendments published by the Management Committee on May 5 and the additional amendments to remove Appendix A as recommended by the Rulemaking Committee, with the specification that these amendments take effect immediately. Mr. Beatty seconded the motion. Director Hudson asked if there were any questions or comments. Hearing none, a roll call vote of the Management Committee was conducted and the motion passed unanimously. Director Hudson then asked members of the Commission for a motion to adopt the Product Filing Rule as amended and approved by the Management Committee. Commissioner Dilweg made a motion and Commissioner Newman seconded the motion. Director Hudson asked if there was further discussion. Hearing none, a roll call vote of the Commission was conducted and the motion passed unanimously.

Director Hudson turned to the report of the Finance Committee and asked Director Frohman to provide the report. Director Frohman reported that the Finance Committee has been working with the IIPRC Office over the past several weeks in developing the draft 2010 annual budget. Director Frohman noted that the Finance Committee conducted a public conference call on July 24 for the purpose of receiving comments in reference to the draft 2010 annual budget. Director Frohman stated that the proposed budget was circulated to members of the Management Committee in advance of this joint meeting and noted that the draft provides actual revenue and expenses through June 30, 2009 and projections through the remainder of the year. Director Frohman asserted that the Finance Committee believes the budget is optimistic and realistic in terms of the Commission's financial outlook next year. Director Frohman noted that self-generating revenues were adjusted down from the 2009 adopted budget to reflect actual experience. Director Frohman indicated that additional time and experience is essential in order to more accurately predict product filing fee and registration revenues as the development of Uniform Standards continues and additional states join the Compact. Director Frohman noted that companies have expressed their satisfaction with using the IIPRC product filing process and noted that percentage of repeat filers is expected to increase. Director Frohman

also noted that the Finance Committee has been collaborating with the Finance Team of the National Association of Insurance Commissioners (NAIC) in taking a critical observation of expenses and noted that the Commission will continue to need assistance from the NAIC with regard to seeking a line of credit next year in the amount of \$850,000. Director Frohman stated that the Finance Committee will continue to closely monitor the financial performance and projections of the IIPRC through the remainder of 2009. Director Frohman affirmed that the IIPRC is moving in a positive direction this year, as compared to last year in terms of revenue, which demonstrates a growing trend. Director Frohman made a recommendation to the Management Committee to publish the draft 2010 annual budget for notice and comment.

Director Hudson asked for questions or comments regarding the report of the Finance Committee. Hearing none, Director Hudson noted that it is expected that a final version of the draft will be adopted during the IIPRC's Annual Meeting in September. Commissioner Dilweg noted that public comments on the draft 2010 annual budget will be accepted through September 1.

Commissioner Dilweg made a motion for the Management Committee to adopt the report and recommendation of the Finance Committee to publish the 2010 draft annual budget for notice and comment. Commissioner Thabault seconded the motion. Director Hudson asked if there were further discussion. Hearing none, a roll call vote of the Management Committee was conducted and the motion passed unanimously.

Director Hudson moved to the next item on the agenda, a recommendation from the Management Committee to adopt the June 12, 2009 Management Committee meeting minutes. Ms. Schutter advised that edits to the minutes were received and incorporated into the meeting minutes. Director Hudson asked if there were any additional edits to be made. Hearing none, Director Hudson asked members of the Management Committee for a motion to adopt the June 12, 2009 Management Committee meeting minutes. Mr. Beatty made a motion and Commissioner Dilweg seconded the motion. Director Hudson asked if there were further discussion. Hearing none, a voice vote of the Management Committee was conducted and the motion passed unanimously.

Director Hudson moved to the next item on the agenda, consideration of adoption of the June 12 Commission Meeting Minutes by the Commission. Ms. Schutter advised that edits to the minutes were received and incorporated into the meeting minutes. Director Hudson asked if there were any additional edits. Hearing none, Director Hudson then asked members of the Commission for a motion to adopt the meeting minutes. Mr. Beatty made a motion and Commissioner Clark seconded the motion. Director Hudson asked if there were any questions or comments. Hearing none, a voice vote of the Commission was conducted and the motion passed unanimously.

Director Hudson turned to the next item on the agenda, an operational update of the IIPRC and asked Ms. Schutter to provide the update. Ms. Schutter welcomed Mississippi and New Mexico as the two (2) newest members to join the Compact. Ms. Schutter noted several filers have requested that these states be added to already-approved product filings. Ms. Schutter also noted Missouri will soon join the Compact based on its recent adoption of Compact legislation which will be effective on August 28 and with an effective date for accepting product filings on September 14.

Ms. Schutter reported that the next Management Committee meeting will take place on September 14, via conference call and that the Commission's annual meeting has been rescheduled in order to avoid a conflict with Rosh Hashanah, to take place on September 21, during the Fall National Meeting in Washington, DC.

Ms. Schutter reported that the IIPRC is experiencing positive trends in its volume product filings and number of registrations. Ms. Schutter noted that there are 58 registered companies so far this year and 98 product filings submitted to date. Ms. Schutter stated that this trend demonstrates that the IIPRC is close to reaching and exceeding the total number of filings submitted in 2008 by the end of 2009. Ms. Schutter highlighted

that the IIPRC product review process still maintains an approval time of less than 20 days amid the increased activity of product filing submissions. Ms. Schutter stated that amendments to the Product Filing Rule just adopted by the Commission will take effect immediately and will apply to approved product filings as well as filings which will be submitted in the future. Ms. Schutter stated that the IIPRC Office will make efforts in providing this information to companies who may not be aware of the amended Product Filing Rule. Ms. Schutter also stated that instructions related to filing Return of Premium Standards with regard to “mix and match”, specific to the state of Washington, will be available on the IIPRC web site. Director Hudson asked if there were any questions for Ms. Schutter regarding the operational update of the IIPRC. There were no questions or comments following the report provided by Ms. Schutter.

Director Hudson asked if there were any other matters. Hearing none, Director Hudson asked for a motion to adjourn the joint meeting of the Management Committee and Commission. Commissioner Dilweg made a motion and Mr. Beatty seconded the motion. The meeting was adjourned.