



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

**Monday, September 14, 2009
1:30pm ET / 12:30pm CT / 11:30pm MT / 10:30pm PT**

AGENDA

1. Roll Call
2. [Report of the Communications Committee and Consider Adoption of the Communications Committee Report](#)
3. [Report of the Technology Committee and Consider Adoption of the Technology Committee Report](#)
4. [Report of Product Standards Committee and Consider Adoption of Product Standards Committee Report and Recommendation](#)
5. [Report of the Rulemaking Committee and Consider Approval of Rulemaking Committee Report and Recommendation](#)
6. [Report of the Finance Committee and Consider Adoption of Finance Committee Report](#)
7. [Consider Approval of 2010 Annual Budget](#)
8. [Consideration of Approval of July 27, 2009 Joint Management Committee and Commission Meeting Minutes](#)
9. [Operational Update](#)
10. [Update on Annual Formation of the Management Committee](#)
11. [Consider Reappointments of Advisory Committees](#)
12. Any Other Matters
13. Adjourn

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

Members of the Management Committee in attendance:

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 W. Oxendine, Georgia
Director William W. Deal, Idaho
Edward Charbonnier as a designated representative for Commissioner Nonnie Burnes, Massachusetts
Joan Moiles as a designated representative for Commissioner Kenneth Ross, Michigan
Ted Hamby as a designated representative for Commissioner Wayne Goodwin, North Carolina
Commissioner Kim Holland, Oklahoma
Sara Waitt as a designated representative for Commissioner Mike Geeslin, Texas
Commissioner Paulette J. Thabault, Vermont
Don Beatty as a designated representative for Commissioner Alfred W. Gross, Virginia

Members of the Commission in attendance:

Commissioner Marcy Morrison, Colorado
Shelley Santo, Hawaii
Commissioner Susan Voss, Iowa
Commissioner Sandy Praeger, Kansas
Commissioner Sharon P. Clark, Kentucky
Commissioner James J. Donelon, Louisiana
Commissioner Ralph S. Tyler III, Maryland
Commissioner Glenn Wilson, Minnesota
Commissioner Mike Chaney, Mississippi
Director John M. Huff, Missouri
Director Ann M. Frohman, Nebraska
Superintendent Joseph Torti III, Rhode Island
Commissioner Leslie A. Newman, Tennessee
Commissioner D. Kent Michie, Utah
Commissioner Mike Kreidler, Washington
Commissioner Ken Vines, Wyoming

Regulator Staff in attendance:

Malinda Shepherd, Kentucky
Tom Record, Maine
Maureen Hartsmith, New Hampshire
Thomas Bowling, New Mexico
Brad Harker, Pennsylvania
Elizabeth Ramon, Puerto Rico
Shawn Hawk, Tennessee
Betsy Jerome, Utah

Members of the Legislative Committee in attendance:

Representative Robert Damron, Chair, Kentucky

Members of the Industry Advisory Committee in attendance:

Michael Lovendusky, ACLI
Amanda Matthiesen, America's Health Insurance Plans
Michael Gerber, National Association of Insurance and Financial Advisors
Tom English, New York Life

Maureen Adolf, Prudential

Interested Parties in attendance:

Joseph Muratore, New York Life
Mary Keim, State Farm
Miriam Krol, American Council of Life Insurers (ACLI)

IIPRC Staff in attendance:

Karen Schutter, Executive Director
Sara Dubsky, Operations Manager
Karyn Onyeneho, Administrative Assistant
Charles Rapacciuolo, Development Consultant
Alice Fontaine, Actuarial Consultant

NAIC Staff in attendance:

Becky McElduff, Senior Counsel
Joy Morrison, Sr. Manager II-SERFF

Commissioner Cline called to order the meeting of the Management Committee of the Interstate Insurance Product Regulation Commission (IIPRC). Commissioner Cline asked for a roll call of the Management Committee members. Commissioner Cline proposed that all of the Committee Reports be adopted after all reports were provided with one motion. There were no objections to this proposal.

Commissioner Cline proceeded to the first item on the agenda, a report of the Communications Committee. Commissioner Holland provided the report. Commissioner Holland noted that the Communications Committee has convened two (2) conference calls since the June Minneapolis Meeting. Commissioner Holland provided a brief overview of the Focus Group. Commissioner Holland noted that the Focus Group held three (3) conference calls with the IIPRC Office, during which time the Focus Group provided useful feedback, to include a high-level of satisfaction with the IIPRC product filing approval process as well as its speed-to-market efficiencies. Commissioner Holland stated that companies who are actively filing with the IIPRC have recognized that the Uniform Standards are detailed, concise, comprehensive and user-friendly; and have expressed the ease of working with the IIPRC Office. Commissioner Holland reported that members of the Focus Group suggested that the reasons why some companies were reluctant to utilize the IIPRC were related to the registration costs, “mix and match” deadlines and the development of uniform standards. Commissioner Holland further reported that the members of the Focus Group rebutted these deliberations and believe that the costs of using the IIPRC were far outweighed by its prompt approval process that allows products to be used immediately in up to 35 states and Puerto Rico. Commissioner Holland stated that the Communications Committee has been working with the IIPRC Office on industry outreach communications and reported that the volume of visitor traffic to the IIPRC web site has increased significantly this year, so far, thus exceeding the total number of visitors in all of last year. Commissioner Cline asked if there were any questions for Commissioner Holland regarding the report of the Communications Committee. There were none.

Commissioner Cline moved to the next item on the agenda, a report of the Technology Committee. Mr. Hamby provided the report. Mr. Hamby noted that the Technology Committee plans to hold a conference call with the IIPRC Office and the SERFF Team in October for the purpose of reviewing the enhancements which are currently under development in the System for Electronic Rate and Form Filing (SERFF). Mr. Hamby reported that the enhancements are intended to address the ability for states to search and track “mix and match” product filings; and noted that these enhancements will be included in the SERFF Release 5.8 which is expected to be available in December. Commissioner Cline asked if there were any questions or comments regarding the report of the Technology Committee. There were none.

Commissioner Cline turned to the next item on the agenda, a report of the Product Standards Committee. Ms. Waitt provided the report. Ms. Waitt reported that there were no uniform standards ready for

Management Committee action and that the Product Standards Committee would continue to meet weekly to work on the package of individual long-term care standards. Ms. Waitt noted that the Product Standards Committee will hold a public conference call in October to unveil long-term care standards; and will complete advertising material standards and begin working on long-term care rate increase standards in the interim. Ms. Waitt encouraged member states to become familiar with the long-term care standards currently under development and noted that these draft standards are available on the IIPRC web site. Ms. Waitt stated that the Product Standards Committee will continue to develop standards for living and death benefits with the anticipation of having these standards, as well as annuity and individual long-term care standards, ready for recommendation to the Management Committee before the end of the year.

Commissioner Cline asked if there were any questions for Ms. Waitt regarding the report of the Product Standards Committee. There were none.

Commissioner Dilweg recommended the formation of an actuarial team and made a motion to create a formal Actuarial Working Group within the IIPRC that would provide an actuarial review process for member states. Director Hudson seconded the motion. Commissioner Cline asked if there were further discussion. Hearing none, a roll call vote was taken and the motion passed unanimously.

Ms. Schutter explained that the Actuarial Working Group will review any actuarial components of uniform standards and raise any issues to the Product Standards Committee to create a more formalized process for actuarial evaluation and deliberation.

Commissioner Cline proceeded to the next item on the agenda, a report of the Rulemaking Committee. Commissioner Thabault provided the report. Commissioner Thabault reported that the Rulemaking Committee is continuing to work on a proposal to a rule for the Self-Certification process of products and advertisements which are filed with the IIPRC. Commissioner Thabault expressed that the Rulemaking Committee is focused on having conceptual discussions on the role of the Self-Certification process in the IIPRC. Commissioner Thabault noted that the Rulemaking Committee held a public conference call on September 10 for the purpose of receiving comments about which products are appropriate for Self-Certification and how such process would operate within the IIPRC. Commissioner Thabault noted that the application of Self-Certification to limited products and forms within group annuity products would take place during the standards development process; and would require approval from the Management and Product Standards Committees before a product could be self-certified. Commissioner Thabault noted that Ohio, Vermont and Washington will take the lead in proceeding with drafting the Self-Certification Rule and advised that the Rulemaking Committee intends to recommend a rule to the Management Committee in December. Commissioner Cline asked if there were any questions regarding the report of the Rulemaking Committee. There were none.

Commissioner Cline moved to the next item on the agenda, a report of the Finance Committee. Director Frohman provided the report. Director Frohman noted that the Finance Committee held a conference call recently for the purpose of reviewing the IIPRC's June and July Financials. Director Frohman reported that companies have filed and registered with the IIPRC significantly more this year, so far, compared to last year. Director Frohman also reported that IIPRC expenses are under budget amid revenue being considerably under what was budgeted. Director Frohman stated that the Finance Committee will continue to work closely with the IIPRC Office to review actual results and projections moving forward through the end of the year. Director Frohman noted that the 2010 Annual Budget will be considered for adoption by the Commission during the Fall National meeting; and will be considered during this Management Committee meeting. Director Frohman indicated that the proposed budget provides a lower projected amount for registration and filing fees than was included in the 2009 Adopted Budget. Director Frohman noted that no written comments were submitted to the Finance Committee regarding the proposed budget. Director Frohman expressed that the proposed budget is a more realistic projection based on the uniform standards development process and noted that it assumed the necessity of an additional line of credit from the NAIC in the amount of \$850,000. Director Frohman reported that the Finance Committee is working with the IIPRC to determine the elements which will allow the IIPRC to generate self-sufficient revenue in order to cover its

operating costs; in addition to paying its loan obligations. Director Frohman acknowledged that the IIPRC will likely need up to three years of assistance from the NAIC and stated, nonetheless, that positive trends are apparent in terms of registrations and filings submitted this year. Director Frohman asserted that the IIPRC should be able to generate self-sufficient revenue in just a few more years.

Commissioner Cline asked if there were any questions or comments regarding the report of the Finance Committee. Hearing none, Commissioner Cline asked for a motion to adopt the reports of the Technology, Communications, Rulemaking and Finance Committees. Commissioner Holland made a motion and Commissioner Dilweg seconded the motion. Commissioner Cline asked if there were further discussion. Hearing none, a roll call vote was taken and the motion passed unanimously.

Commissioner Cline addressed the next item on the agenda, to approve the 2010 Annual Budget. Commissioner Cline noted that the Management Committee exposed the proposed budget for notice and comment for a period of 60 days. Commissioner Cline explained that no written comments were received and asked if there were any oral comments to be considered. Hearing none, Commissioner Cline asked for a motion to adopt the 2010 Annual Budget as published. Director Deal made a motion and Commissioner Thabault seconded the motion. Commissioner Cline asked if there were further discussion. Hearing none, a roll call vote was taken and the motion passed unanimously.

Commissioner Cline turned to the next item on the agenda; to adopt the meeting minutes from the July 27, 2009 Joint Management Committee and Commission Meeting. Commissioner Cline noted that the Management Committee received comments from Mr. Beatty which have been incorporated into the meeting minutes and asked if there were any additional comments. Hearing none, Commissioner Cline asked for a motion to adopt the meeting minutes. Mr. Beatty made a motion and Director Deal seconded the motion. Commissioner Cline asked if there were further discussion. Hearing none, a voice vote was taken and the motion passed unanimously.

Commissioner Cline asked Ms. Schutter to provide an operational update of the IIPRC. Ms. Schutter welcomed Missouri as the newest member of the IIPRC and reported that filers will have the ability to include Missouri on filings, both new and through the "Add a State" feature for previously approved filings. Ms. Schutter advised that filers should contact the IIPRC Office when requesting to add a state to an already approved product filing. Ms. Schutter noted that filers may view Missouri state filing fee information on the Industry Resources page of the IIPRC web site. Ms. Schutter noted that as a new member, Missouri will have until September 14 to opt-out of any of the adopted Uniform Standards. Ms. Schutter highlighted IIPRC product filing statistics noting that IIPRC company registrations and filing trends are growing. Ms. Schutter reported that more than 50% of company filings this year were submitted from new filers, and that repeat filers are actively filing. Ms. Schutter encouraged member states and companies to attend the IIPRC Filing Demonstration which will be held on September 23 during the NAIC's Fall National Meeting. Ms. Schutter noted that Committee Preference Forms have been distributed to member states and that these forms should be reviewed, completed and returned to the IIPRC Office. Ms. Schutter noted the NAIC Employee Handbook, which was adopted on an interim basis by the Management Committee in November 2006, will be used as a foundation for the IIPRC Employee Handbook in terms of its personnel policies and procedures and will apply to the IIPRC as a distinct organization. Ms. Schutter stated that the IIPRC will allow Commission members to review the Employee Handbook in camera when the Commission meets in Washington, D.C. and that a recommendation to adopt the handbook should be considered at the October Management Committee conference call. Commissioner Cline asked if there were any questions regarding the operational update of the IIPRC. There were none.

Commissioner Cline turned to the next item on the agenda, a report of the annual formation of the 2010 Management Committee. Commissioner Cline reported that at the upcoming Commission meeting, the 2010 Management Committee will be composed as follows: the six largest states, based on nationwide premium volume, to serve are: Texas, Pennsylvania, Ohio, Michigan, North Carolina and Massachusetts; and the states with 2% or more of premium volume to serve are: Wisconsin, Minnesota, Maryland and Missouri; and the states with 2% or less premium volume to serve are: Vermont, Mississippi, Oklahoma and Washington.

Commissioner Cline thanked Virginia, Georgia, Indiana, Idaho and West Virginia for their membership on the Management Committee during the past year. Commissioner Cline asked if there were any questions or comments regarding the formation of the 2010 Management Committee. There were none.

Commissioner Cline moved to the next item on the agenda, to consider the reappointment of Industry and Consumer Advisory Committee members. Commissioner Cline recognized the newest members of the Industry Advisory Committee who were appointed to serve staggering two (2) year terms; they were Michael Lovendusky of the American Council of Life Insurers; Michael Gerber of the National Association of Insurance and Financial Advisors; Amanda Matthiesen, America's Health Insurance Plans; and Mary Keim, State Farm Insurance Companies. Commissioner Cline asked for a motion to adopt the Industry Advisory Committee appointments. Director Hudson made a motion and Commissioner Dilweg seconded the motion. Commissioner Cline asked if there were further discussion. Hearing none, a roll call vote was taken and the motion passed unanimously.

Commissioner Cline recognized Dennis Herchel, Massachusetts Mutual, for his service on the Industry Advisory Committee since its inception; and expressed appreciation to his dedicated service to the IIPRC.

Commissioner Cline stated that Consumer Advisory Committee members did not require action as there were no expiring terms. Commissioner Cline encouraged interested parties who would like to serve on the Consumer Advisory Committee to submit an application.

Commissioner Cline moved to the next item on the agenda, to address any other matters. Commissioner Cline advised that Ms. Schutter asked for a motion to approve Karen Schutter as an authorized signatory for the IIPRC's bank accounts. Commissioner Thabault made a motion and Mr. Beatty seconded the motion. Commissioner Cline asked if there were further discussion. Hearing none, a roll call vote was taken and the motion passed unanimously.

Commissioner Cline asked if there were any other matters. Hearing none, the Management Committee meeting was adjourned.