



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

**Monday, January 11, 2010  
1:30pm ET / 12:30pm CT / 11:30am MT / 10:30am PT**

**AGENDA**

1. Roll Call
2. **Report and Recommendation of the Product Standards Committee and Consider Adoption of Product Standards Committee Report and Recommendation**
3. **Management Committee Consideration of Uniform Standards Issued on October 29, 2009 including Consideration of Written and Oral Comments:**
  - Additional Standards for Guaranteed Living Benefits for Individual Deferred Non-Variable Annuities;
  - Additional Standards for Guaranteed Living Benefits for Individual Deferred Variable Annuities;
  - Additional Standards for Guaranteed Minimum Death Benefits for Individual Deferred Annuities
4. Any Other Matters
5. Adjourn

**Minutes of the Meeting of the Management Committee of  
The Interstate Insurance Product Regulation Commission (IIPRC)  
Monday, January 11, 2010**

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

Director Mary Jo Hudson, Chair, Ohio  
Commissioner Sean Dilweg, Vice Chair, Wisconsin  
Commissioner Paulette Thabault, Treasurer, Vermont  
Acting Commissioner Elizabeth Sammis, Maryland  
Edward Charbonnier as a designated representative for Acting Commissioner Joe Murphy, Massachusetts  
Emmanuel Munson-Regala as a designated representative for Commissioner Glenn Wilson, Minnesota  
Commissioner Mike Chaney, Mississippi – Aaron Sisk, Proxy  
Director John Huff, Missouri – Matt Barton, Proxy  
Ted Hamby as a designated representative for Commissioner Wayne Goodwin, North Carolina  
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  
Beth Berendt as a designated representative for Commissioner Mike Kreidler, Washington

**Regulator Staff in attendance:**

Tom Whalen, Kansas  
Ron Henderson, Louisiana  
Brian Pennington, Minnesota  
David Hippen, Missouri  
Mary Kempker, Missouri  
Bruce Ramage, Nebraska  
Susan Dobbins, Oklahoma  
Kathie Stepp, Oklahoma  
Beth Dwyer, Rhode Island  
Carla Griffin, South Carolina  
Shawn Hawk, Tennessee  
Betsy Jerome, Utah  
Tomasz Serbinowski, Utah  
Don Beatty, Virginia

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

T. Ryan Wilson, AARP  
Ken Liberto, Vermont Association for Mental Health

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

Steve Buhr, AEGON/Transamerica Group  
Michael Lovendusky, American Council of Life Insurers (ACLI)  
Tom English, New York Life Insurance Company  
Maureen Adolf, Prudential Insurance Company of America

**Interested Regulators in attendance:**

Mary Kosinski, Arizona  
Earl Klayman, New York  
Colleen Rumsey, New York

**Interested Parties in attendance:**

Miriam Krol, ACLI

Bill Waldie, AEGON USA  
Gregory Prato, AXA Equitable  
John MacBain, Actuarial Resources Group  
David Sandberg, Allianz Life Insurance Company  
Greg Hanna, America Academy of Actuaries  
Steve Wolfrath, Ameriprise/Riversource Life Insurance Company  
Bonnie Burnes, California Health Advocates  
Beth Lindsay, ING  
Helene Landow, John Hancock Life Insurance Company  
Barbara Lautzenheiser, Lautzenheiser and Associates  
Brian Staples, Life Insurance Settlement Association  
Mike Humphries, National Conference of Insurance Legislators (NCOIL)  
Susan Nolan, NCOIL  
Joe Muratore, New York Life Insurance Company  
Linda Elston, Riversource Life Insurance Company  
Mary Keim, State Farm Insurance Company  
Jim Connolly, The Insurance Bellweather

**IIPRC Staff in attendance:**

Karen Schutter, Executive Director  
Karyn Onyeneho, Administrative Assistant  
Charles Rapacciuolo, Development Consultant  
David Morris, Product Review Consultant  
Alice Fontaine, Actuarial Consultant

**NAIC Staff in attendance:**

Becky McElduff, Senior Counsel  
Amanda Yanek, Government Relations Policy & Legislative Analyst

Director Hudson called to order the meeting of the Management Committee of the Interstate Insurance Product Regulation Commission (IIPRC). Director Hudson asked for a roll call of the Management Committee members. Director Hudson noted that this meeting was primarily being held to take action on the recommendations from the Product Standards Committee to begin the rulemaking process for the draft individual Long-Term Care Uniform Standards as well as to review comments for the Guaranteed Living Benefit and Guaranteed Minimum Death Benefit Uniform Standards which are currently in the rulemaking process.

Director Hudson proceeded to the first item on the agenda, a report of the Product Standards Committee. Ms. Waitt provided the report. Ms. Waitt reported that the Product Standards Committee had two (2) recommendations to bring forth. The first recommendation was to initiate the rulemaking process of the proposed amendment of an annuity benefit feature and the second was to recommend the suite of ten new individual Long-Term Care Uniform Standards. Ms. Waitt stated that the proposed amendment to the Additional Standards for Market Value Adjustment Feature Provided Through the General Account would remove a drafting note in Appendix B. This amendment would clarify that the prospective test in the Standard Nonforfeiture Law for Individual Deferred Annuities, NAIC Model #805, does not apply to the benefits provided through these standards. The proposed amendment was requested by the Missouri Department of Insurance in order to eliminate confusion regarding the applicability of the prospective test. Ms. Waitt reported that the Product Standards Committee held a public meeting on December 17, 2009 for the purpose of receiving comments on the proposed amendment however no comments were received. Ms. Waitt stated that the Product Standards Committee prepared ten new individual Long-Term Care Uniform Standards that establish requirements for long-term care insurance products, including the form of a policy and application, rate filings, advertisements and other related forms. Ms. Waitt indicated that enhanced

consumer protections exist within the long-term care standards and that such standards are required to provide the same or greater protections for consumers as those protections set forth in the NAIC Long-Term Care Insurance Model Act and Long-Term Care Insurance Model Regulation. Ms. Waitt stated that the long-term care standards contain requirements for rate filings and noted that the Product Standards Committee was diligent in developing framework for the proposed rate filing standards to address the unique nature of a centralized platform for rate review and prior approval in order to improve speed-to-market for long-term care insurance products. Ms. Waitt stated that these standards allow individual states to indicate whether second rate structures would be permitted, which the Product Standards Committee termed as modified rate schedules.

Director Hudson asked if there were any questions for Ms. Waitt regarding the report of the Product Standards Committee.

Commissioner Sammis addressed her concerns surrounding premium rate increases in that they are implicative and suggested that the Product Standards Committee consider rate stabilization in the future.

Director Hudson stated that written comments regarding the aforementioned Uniform Standards should be submitted to the IIPRC Office in advance of the Spring Meeting being held on March 25 and noted that a public hearing on the draft individual Long-Term Care Uniform Standards would take place during that time as may be necessary.

Ms. Burnes commented that the draft individual Long-Term Care Uniform Standards do not incorporate the highest standards for each topic area which exist in any state. Ms. Burnes stated that the core standards—with regard to benefit triggers which permit three Activities of Daily Living to be used, allow companies to restrict home and community benefits to consumers who are severely disabled and that this process seems inappropriate. Ms. Burnes addressed concerns regarding the IIPRC's position in operating as a regulator in approving rate increases in which she stated that this process moves beyond the IIPRC's function in operating as an electronic product filing platform. Ms. Burnes commented that the IIPRC is a system that is on a national level but is not nationwide.

There were no further comments.

Commissioner Dilweg made a motion to adopt the report of the Product Standards Committee including the recommendation to publish the draft individual Long-Term Care Uniform Standards and the Amendment to the Additional Standards for Market Value Adjustment Feature Provided Through the General Account for a 60 day public notice and comment period. Ms. Berendt seconded the motion. Director Hudson asked if there were further discussion. Hearing none, a roll call vote was taken and the motion passed unanimously.

Director Hudson moved to the next item on the agenda, to consider the adoption of the three (3) Uniform Standards issued on October 29, 2009 which were the Additional Standards for Guaranteed Living Benefits for Individual Deferred Non-Variable Annuities; Additional Standards for Guaranteed living Benefits for Individual Deferred Variable Annuities; and the Additional Standards for Guaranteed Minimum Death Benefits for Individual Deferred Annuities. Director Hudson informed that a public hearing on these standards would be expected to take place during the Spring Meeting. Director Hudson noted that additional comments on the guaranteed living benefit standards were received following the Winter Meeting which took place on December 4, 2009 and were available on the Docket of the IIPRC web site. Director Hudson stated that the bulk of the comments received focus primarily on a termination provision contained within the Guaranteed Living Benefits Standards which allow for termination of this feature in the event of a change in ownership other than a change to the same owner. Director Hudson advised that if an IIPRC-approved policy that included the guaranteed living benefit feature, whether through a rider or incorporated into a policy, were to be sold on the secondary market, the termination provision would only be applicable to the guaranteed feature and the underlying policy could not be terminated as a result of the change in ownership.

Director Hudson stated that comments received on the subject matter, which oppose the termination provision, were submitted from members of the Legislative Committee, the Life Insurance Settlement Association and Birny Birnbaum. Director Hudson also stated that comments received which affirm that the termination provision is necessary for these types of guaranteed features were submitted by members of the Industry Advisory Committee as well as insurance companies who are in agreement with this aspect. Director Hudson stated that the Product Standards Committee considered these concerns during the development of the aforementioned standards and that the Committee recommended the inclusion of this particular termination provision which was drafted as a limitation within the scope of the standard to allow for terminations when there was transfer only to an institutional investor.

Director Hudson asked if there were any questions or comments.

Ms. Lautzenheiser provided comments which focused on the potential effect of removing the termination provision from the guaranteed living benefit standards which allow for terminations when there is a transfer only to an institutional investor.

Mr. Ränge provided comment in favor of permitting termination provisions within the guaranteed living benefit standards as an issue of consumer protection—that there are no regulatory frameworks available and as such, this effect would result in causing harm to consumers.

Mr. Staples addressed concerns regarding the termination provision in stating that such provision could serve as a great injustice to consumers.

Director Hudson asked if there were any additional comments. Hearing none, Director Hudson stated that in considering the comments surrounding the termination provision, the Management Committee proposed that the IIPRC Actuarial Working Group serve as a resource in reviewing these comments for the purpose of providing the Management Committee with further guidance on the issues, especially as they pertain to cost and pricing considerations.

Director Hudson informed that the Actuarial Working Group would report back to the Management Committee on their progress in reviewing the comments during the next Management Committee meeting being held on January 25.

Director Hudson asked if there were any other matter to be discussed. Hearing none, Director Hudson asked for a motion to adjourn the meeting of the Management Committee. Commissioner Dilweg made a motion and Commissioner Thabault seconded the motion. The meeting was adjourned by a unanimous voice vote.