

INTERSTATE INSURANCE
PRODUCT REGULATION COMMISSION



States, Strength & Speed Aligned

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

**Monday, June 25, 2012
1:30pm ET / 12:30pm CT / 11:30am MT / 10:30am PT**

1. Roll Call
2. [Report of the Communications Committee and Consider Adoption of Communications Committee Report](#)
3. [Report and Recommendation of Product Standards Committee and Consider Adoption of Product Standards Committee Report and Recommendation](#)
4. [Management Committee Consideration of Approval of Meeting Minutes from the May 14 joint teleconference of the Management Committee and Commission](#)
5. [Operational Update](#)
6. Any Other Matters
7. Adjourn

**Minutes of the Management Committee of the Interstate Insurance Product Regulation Commission
Monday, June 25, 2012**

Members of the Commission and Department Staff in Attendance (Management Committee members are bolded below):

Commissioner Roger Sevigny, Chair, New Hampshire

Matt Barton, as a designated representative for Director Huff, Vice Chair, Missouri

Peter Camacci, as a designated representative for Commissioner Consedine, Treasurer, Pennsylvania

Robert Turner, Alabama

Director Bret Kolb, Alaska

Katie Campbell, Alaska

Steve Manders, as a designated representative for Commissioner Ralph T. Hudgens, Georgia

Martha Im, Hawaii

Marilyn Imini, Hawaii

Donna Daniel, Idaho

Cindy Colonius, as a designated representative for Director Andrew Boron, Illinois

Mihir Nag, Indiana

Marlyn Burch, Kansas

Linda Sheppard, Kansas

Lisa Lewis, Maine

Brenda Wilson, as a designated representative for Commissioner Therese Goldsmith, Maryland

Elizabeth Brodeur, Massachusetts

Ed Charbonnier, Massachusetts

Brian Pennington, as a designated representative for Commissioner Mike Rothman, Minnesota

Ryan Blakeney, as a designated representative for Commissioner Mike Chaney, Mississippi

Molly White, Missouri

Director Bruce Ramage, Nebraska

John Rink, Nebraska

Annette James, Nevada

Felix Schirripa, as a designated representative for acting Commissioner Kenneth Kobylowski, New Jersey

Ted Hamby, North Carolina

Bill Preston, as a designated representative for Lieutenant Governor and Director Mary Taylor, Ohio

Denise Engle, Oklahoma

Frank Stone, Oklahoma

Administrator Lou Savage, Oregon

Janice Hart, Oregon

Beth Dwyer, Rhode Island

Andrew Dvorine, South Carolina

Chlora Lindley-Myers, Tennessee

Jon Carter, Texas

Sara Waitt, as a designated representative for Commissioner Eleanor Kitzman, Texas

Betsy Jerome, Utah

Tomasz Serbinowski, Utah

Alan Hudina, Washington

Barbara Hudson, West Virginia

Sue Ezalarab, Wisconsin

Peter Greff, Wyoming

Interested Regulators in attendance:

Mary Kosinski, Arizona

Members of the Legislative Committee in attendance:

State Senator Delores Kelley, Maryland
State Representative Greg Wren, Alabama

Members of the Industry Advisory Committee in attendance:

Bill Anderson, National Association of Insurance and Financial Advisors
Mary Keim, State Farm Insurance
Miriam Krol, American Council of Life Insurers
Amanda Matthiesen, America's Health Insurance Plans

Interested Parties in attendance:

Dan Connors, The Hartford
Helen Curry, Mutual of Omaha
Linda Elston, Riversource Life Insurance Company
Bob O'Donnell, Prudential Financial
Elaine Tweedus, Prudential Financial

IIPRC staff in attendance:

Karen Schutter, Executive Director
Sara Dubsy, Operations Manager
MacKenzie Heidelberg, Administrative Coordinator
Jeanne Daharsh, Actuarial Consultant
Alice Fontaine, Actuarial Consultant
Karen Givens, Product Review Consultant
Maureen Perry, Product Review Consultant

NAIC Staff in attendance:

Chara Bray, Government Relations Policy Advisor

Commissioner Sevigny called to order the Meeting of the Management Committee of the Interstate Insurance Product Regulation Commission ("IIPRC"). Ms. Schutter took the roll call of the Management Committee, Commission, members of the Legislative Committee, members of the Industry Advisory Committee, members of the Consumer Advisory Committee, and other Interested Parties.

Commissioner Sevigny proceeded with the first item on the agenda and asked Mr. Blakeney to provide the report of the Communications Committee. Mr. Blakeney noted that the Communications Committee met the previous week to receive a report on the work of the Focus Groups as well as an update on recent outreach activities. Beginning in early March, the IIPRC Office held bi-weekly calls of its Focus Groups – two groups of approximately 20 company representatives and a consumer representative. Mr. Blakeney reported that the Focus Groups discussed many topics including general company and industry perceptions of the IIPRC; the Compact filing process; mix and match; Uniform Standards and the website. The feedback from the members of the Focus Group was very positive overall and very useful suggestions were provided regarding the IIPRC's product operations, website and outreach program. Mr. Blakeney noted that the IIPRC Office has already begun implementation of some of the suggestions that were made during these conference calls with the Focus Group. Mr. Blakeney explained that these enhancements were the addition of a "Suggestion Box" on the IIPRC website, wider distribution of the IIPRC Notices regarding conference calls and

rulemaking processes, and the updating of its general instructions as well as working on making its checklists more interactive. Mr. Blakeney reported that the IIPRC Office, working with the members, will continue to implement changes and suggestions received over the course of the year. Mr. Blakeney provided a summary of the opportunities that the IIPRC has had this past spring for outreach. Mr. Blakeney noted that the IIPRC Office is also gearing up for a series of webinars over the next several weeks including webinars for market regulators; webinars for consumer representatives and a webinar series for Compact filers. As there were no questions regarding the report, Commissioner Sevigny asked for a motion to approve the report of the Communications Committee. Mr. Barton made a motion and Mr. Camacci seconded that motion. A voice vote was then taken and the measure passed, as there were no opposing votes.

Commissioner Sevigny moved to the next item on the agenda and asked Ms. Ezlarab to provide the report and recommendation of the Product Standards Committee. Ms. Ezalarab announced that the Product Standards Committee has two recommendations to bring before the Management Committee. The Committee has concluded its work on an important landmark for the Commission—the first group insurance uniform standard. Ms. Ezlarab noted that the first recommendation is for the publication of the Group Term Life Policy and Certificate Standards for Employer Groups. The Product Standards Committee is recommending that the uniform standards be available for mix and match. Ms. Ezlarab explained that the Product Standards Committee conducted four public meetings to receive comments on the group term life uniform standards; and the Committee is deferring the issue of discretionary clauses to the members of the Management Committee. Ms. Ezalarab reported that the second recommendation is for a conforming amendment to the Additional Standards for Guaranteed Minimum Death Benefits for Individual Deferred Variable Annuities. The Product Standards Committee is recommending that the proposed amendments be conforming amendments as the amendments are conforming the scope of these standards to match the scope of the Guaranteed Living Benefits Standards to be used with both variable and non-variable annuities. Ms. Ezalarab explained that the Committee has begun the review of the uniform standards for the employer application form. There were no questions or comments for Ms. Ezalarab.

Commissioner Sevigny moved onto the recommendation to publish the Group Term Life Insurance Policy and Certificate Standards for Employer Groups. Commissioner Sevigny remarked that there will be a 60-day notice and comment period with a public hearing at the August 10th in-person meeting in Atlanta. Commissioner Sevigny asked for a motion to adopt the recommendation to commence formal rulemaking for the Group Term Life Policy Standards. Director Range made a motion and Ms. Wilson seconded that motion. Commissioner then asked if there were any further comments, and hearing none, asked Ms. Schutter took a roll call vote. The motion was carried by a majority.

Commissioner Sevigny then turned to the recommendation regarding the conforming amendment. Commissioner Sevigny noted that under the procedures for a conforming amendment, the Management Committee shall consider and vote on approval of the proposed Conforming Amendment at its next regular meeting after receipt of the proposal for the Conforming Amendment, which will be August 10th. A Conforming Amendment requires a two-thirds vote of the members of the Management Committee present at the meeting. Upon approval by the Management Committee, the Executive Director will then provide written notice to the Commission members. There is a period of fifteen days after the notice has been sent in which any member of the Commission may call for consideration and a vote on adoption of the Conforming Amendment at a meeting of the entire Commission. Commissioner Sevigny noted that at this time, action will not be taken on the conforming amendment and will be considered at the August 10th meeting as Utah has requested that the Actuarial Working Group discuss the need for more detailed guidance for compliance with the nonforfeiture provisions of the guaranteed living benefit and guaranteed minimum death benefit standards. Mr. Serbinowski explained that there is concern that the benefit feature be compliant with the nonforfeiture law.

Commissioner Sevigny then mentioned that Ms. Schutter will work with the Actuarial Working Group to carry out this work and report to the Product Standards Committee and then the Management Committee at the August 10th meeting. Commissioner Sevigny then asked if there was a recommendation to approve the report of the Product Standards Committee. Director Range made a motion while Mr. Schirripa seconded that motion. As there were no further comments, Commissioner Sevigny took a voice vote and the motion carried.

Commissioner Sevigny turned to the next on the agenda, the Management Committee Consideration of Approval of Meeting Minutes from the May 14 joint teleconference of the Management Committee and Commission. Commissioner Sevigny explained that the minutes from the May 14th joint meeting of the Management Committee and Commission were circulated to the members of the Management Committee for review and comments. Commissioner Sevigny then asked if there were any comments. Hearing none, Mr. Barton made a motion to approve the minutes and Mr. Camacci seconded that motion. A voice vote was then taken, and because of no opposition, the motion was carried.

Commissioner Sevigny asked Ms. Schutter to provide an operational update. Ms. Schutter reported that to date, the IIPRC had 136 companies registered, which is a 90 percent retention rate. The IIPRC has seen a 25 percent increase in terms of companies registered compared to last year at this time. There has also been an increase in the number of product filings; there have been approximately 290 filings submitted so far this year, which is a 55 percent increase over this time last year. Ms. Schutter highlighted that the IIPRC is meeting its budget; the Compact is coming in a little over 100 percent of its restated budget through the end of May. Recently the IIPRC issued a notice which announced the acceptance of comments for the group annuity standards. States, industry, and companies are encouraged to provide input. The IIPRC will also release a 5 year review process notice as well. The IIPRC is undertaking a five year review of Uniform Standards and rules that were adopted prior to December 31, 2007. There will be a 60-day notice and comment period, which will be followed by a public hearing, and then further consideration pursuant to the guidelines adopted by the members in March. Ms. Schutter noted that there will not be a July Management Committee Call, due to the in-person meeting on August 10th in Atlanta, GA at 12 noon ET. It is expected to be a 90-minute meeting. Part of the meeting will be a public hearing to receive comments on the group life uniform standards as well as the proposed conforming amendment. Ms. Schutter added that the conforming amendment was subject to a public comment period by the Product Standards Committee in June, and any further recommendations on that conforming amendment will be subject to additional public comment. There were no questions or comments for Ms. Schutter.

Commissioner Sevigny announced that he had one additional housekeeping announcement. During the May 14th Commission call, it announced that Ms. Schutter's employment agreement as Executive Director of the Commission was reaching the end of its initial three-year term. Commissioner Sevigny reported that on that call, there was agreement that the Officers complete the review and renegotiation process on behalf of the Management Committee and then present to the full Commission the proposed terms for approval via electronic vote in lieu of a meeting to be held in closed session as permitted by the Compact Statute and Bylaws. An electronic vote of the IIPRC members on this matter was held last week. Commissioner Sevigny highlighted that more than a majority of the IIPRC members voted in favor of conducting an electronic vote of the Commission in Executive Session for the purpose of considering the IIPRC Officers' recommendation regarding the retention of and terms of compensation and employment of the IIPRC Executive Director. More than a majority of the members also voted in favor of retaining Karen Schutter as the IIPRC Executive Director for an additional three-year term under the terms of compensation and employment recommended by the IIPRC Officers. Commissioner Sevigny further explained that pursuant to the Bylaws, the IIPRC will publish on its website the vote of each of member state to close the electronic vote as well as notice of the action taken. Commissioner Sevigny stated that those members that have not yet voted but would like to have their votes recorded needed to provide them to Ms. Dubsy.

Commissioner Sevigny then asked if there were any other matters to be brought before the Management Committee. Hearing none, Commissioner Sevigny asked for a motion to adjourn. Director Range made a motion while Mr. Schirripa seconded that motion.