

INTERSTATE INSURANCE
PRODUCT REGULATION COMMISSION



States, Strength & Speed Aligned

**JOINT MEETING OF THE MANAGEMENT COMMITTEE AND THE
INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION**

August 23, 2013

11:30 am ET / 10:30 am CT / 9:30 am MT / 8:30 am PT

NEW MEETING ROOM – JW Ballroom 5, JW Marriott Indianapolis Hotel

1. Roll Call
2. [Report of the Communications Committee and Consideration by the Management Committee to Approve the Report of the Communications Committee](#)
3. [Report of the Finance Committee and Consideration by the Management Committee to Approve the Report of the Finance Committee](#)
4. [Report and Recommendation of the Product Standards Committee and Consideration by the Management Committee to Approve the Report and Recommendation of the Product Standards Committee](#)
5. [Report of the Rulemaking Committee and Consideration by the Management Committee to Approve the Report of the Rulemaking Committee](#)
6. [Management Committee Consideration to Approve the Uniform Standards Issued on April 12th and May 25th:](#)
 - a. Group Term Life Insurance Uniform Standards for Accelerated Death Benefits
 - b. Additional Standards for Incidental Guaranteed Minimum Death Benefits for Individual Deferred Non-Variable Annuities Benefits
7. [Commission Consideration to Adopt the Uniform Standards Issued on April 12th and May 25th as Approved by the Management Committee](#)
8. [Management Committee Consideration to Approve the Meeting Minutes of the July 22, 2013 Meeting of the Management Committee](#)
9. [Commission Consideration to Adopt the Meeting Minutes of the May 20, 2013 Joint Meeting of the Management Committee and Commission as Approved by the Management Committee on July 22, 2013](#)
10. [Operational Update](#)
11. [Any Other Matters](#)
12. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance
Product Regulation Commission
Friday, August 23, 2013**

Members of the Commission and Department Staff in Attendance:

Commissioner Michael Consedine, Vice Chair, Pennsylvania
Commissioner Joseph Murphy, Treasurer, Massachusetts
Director Bret Kolb, Alaska
Dan Honey, as a designated representative for Commissioner Jay Bradford, Arkansas
Steve Manders, as a designated representative for Commissioner Ralph Hudgens, Georgia
Paul Yuen, as a designated representative for Commissioner Gordon Ito, Hawaii
Donna Daniel, as a designated representative for Director William Deal, Idaho
Bruce Sartain, as a designated representative for Director Andrew Boron, Illinois
Cindy Colonius, Illinois
Mihir Nag, as a designated representative for Commissioner Stephen Robertson, Indiana
Roseanne Mead, as a designated representative for Commissioner Nick Gerhart, Iowa
Commissioner Sandy Praeger, Kansas
Jason Lapham, Kansas
Debbie Stamper, as a designated representative for Commissioner Sharon Clark, Kentucky
Barry Ward, as a designated representative for Commissioner James Donelon, Louisiana
Thomas Record, as a designated representative for Superintendent Eric Cioppa, Maine
Thomas Marshall, as a designated representative for Commissioner Therese Goldsmith, Maryland
Joseph Garcia, as a designated representative for Commissioner R. Kevin Clinton, Michigan
Tammy Lohmann, as a designated representative for Commissioner Mike Rothman, Minnesota
Jay Eads, as a designated representative for Commissioner Mike Chaney, Mississippi
Director John Huff, Missouri
Director Bruce Ramage, Nebraska
Commissioner Scott Kipper, Nevada
Felix Schirripa as a designated representative for Commissioner Kenneth Kobylowski, New Jersey
Superintendent John Franchini, New Mexico
Ted Hamby, as a designated representative for Commissioner Wayne Goodwin, North Carolina
Peter Weber, as a designated representative for Lieutenant Governor Mary Taylor, Ohio
Denise Engle, as a designated representative for Commissioner John Doak, Oklahoma
Commissioner Laura Cali, Oregon
Ruben Gely, as a designated representative for Commissioner Angela Weyne, Puerto Rico
Superintendent Joseph Torti, Rhode Island
Tina Brown, as a designated representative for Director Raymond Farmer, South Carolina
Andrew Dvorine, South Carolina
Chlora Lindley-Myers, as a designated representative for Commissioner Julie Mix McPeak, Tennessee
Sara Waitt, as a designated representative for Commissioner Julia Rathgeber, Texas
Commissioner Todd Kiser, Utah
Betsy Jerome, Utah
Commissioner Susan Donegan, Vermont
Crosby Sherman, Vermont
Don Beatty, as a designated representative for Commissioner Jacqueline K. Cunningham, Virginia
Leslie Krier, as a designated representative for Commissioner Mike Kreidler, Washington
Alan Hudina, Washington
Andrew Pauley, as a designated representative for Commissioner Michael Riley, West Virginia
Susan Ezalarab, as a designated representative for Commissioner Ted Nickel, Wisconsin
Peter Greff, as a designated representative for Commissioner Tom Hirsig, Wyoming

Members of the Industry Advisory Committee in attendance:

Mary Keim, State Farm Insurance Companies
Miriam Krol, ACLI
Amanda Matthiesen, America's Health Insurance Plans (AHIP)
Joe Muratore, New York Life Insurance Company
Marie Roche, John Hancock Life Insurance Company (U.S.A.)
Jill Morgan, Symetra Life Insurance Company

Members of the Consumer Advisory Committee in attendance:

Brendan Bridgeland, Center for Insurance Research
Sonja Larkin-Thorne, NAIC Consumer Liaison representative
Ryan Wilson, AARP

Members of the IIPRC Legislative Committee in attendance:

Representative Robert D. Hackett, Ohio
Senator Travis Holdman, Indiana
Senator Delores Kelley, Maryland
Representative Kurt Olson, Alaska
Susan Nolan, Executive Director of the National Conference of Insurance Legislators (NCOIL)

IIPRC staff in attendance:

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

NAIC staff in attendance:

Chara Bradstreet, Government Relations Policy Advisor
Becky McElduff, Senior Counsel

Commissioner Consedine called to order the Joint Meeting of the Management Committee and the Interstate Insurance Product Regulation Commission. Ms. Schutter took the roll call of the Management Committee, Commission, members of the Legislative Committee, members of the Industry Advisory and members of the Consumer Advisory Committees, and other Interested Parties. Commissioner Consedine welcomed the Compact's two newest states to the Commission table - Arkansas and Montana. Arkansas is now an official member of the Commission as their Compact legislation took effect on August 14th. Montana also enacted the Compact legislation which will become effective on October 1st. With these two new states, the Compact now has 43 Compacting States, including Puerto Rico, which represents approximately 72% of the premium volume written nationwide for products covered by the Compact.

Commissioner Consedine then recognized members of the Legislative Committee and other State Legislators who were in attendance, and congratulated Senator Kelley who was selected to be Chair of the IIPRC Legislative Committee as well as Representative Olson who will be the Vice Chair of this Committee. Commissioner Consedine noted that as provided in the Bylaws, when one or more member participates by telephone, a roll call vote upon each action item is to be taken. However, since there is only one on the phone, Commissioner Consedine proposed having voice votes instead of roll call votes and taking roll call votes only if requested, if there are any votes in opposition on a particular action item.

Commissioner Consedine proceeded to the Report of the Communications Committee, which was provided by Mr. Eads. Mr. Eads announced that the Communications Committee convened earlier this month to receive an update from the IIPRC Office with regard to its outreach activities. The IIPRC Office has found a very cost-effective way to reach regulators and company filers across the country by conducting webinars on a variety of topics. In April, the IIPRC Office conducted a webinar for regulators in Compacting States providing an overview of the individual long-term care Uniform Standards and the Compact's filing and review process. This webinar also included a special briefing from John Hancock about their long-term care product portfolio approved by the Compact. Over 120 regulators from 33 Compacting States attended one of the 8 sessions offered. The IIPRC Office continues to conduct its Compact Overview webinar for regulators in Compacting States which has been attended by over 160 regulators. Additionally, the IIPRC Office has participated in several outreach events over the course of the spring and summer. The IIPRC Office has presented at several insurance compliance meetings so far this year include chapter meetings of the Association of Insurance Compliance Professionals (AICP), and the NAIC/NIPR's E-Reg in Kansas City in May. One of the key outreach initiatives since the Commission's last in-person meeting was conducting another successful Compact Roundtable discussion which brings together Compact Commissioners and regulators and company representatives to share their experiences and views of the Compact. Commissioner Murphy provided a brief summary of the Compact Roundtable discussion held in June. Senator Kelley suggested that the Compact invite members of the Legislative Committee to join future Compact Roundtables. There were no further questions or comments.

Commissioner Consedine proceeded the Report of the Finance Committee, which was provided by Commissioner Murphy. The Finance Committee met earlier this month to receive an update from the IIPRC Office regarding the IIPRC finances. As of the end of July, the IIPRC has seen approximately a 20% growth in revenue over July last year and is running at 103% of actual to budget. Expenses are also 8% under budget so far this year. As of the end of July, the IIPRC had a cash balance of \$360,000 which is more than four times the cash on hand balance at this same time last year. The reason for this difference is that the Compact has had several consecutive months of reaching budget projections. As new states like Arkansas and Montana join and the IIPRC focuses on additional uniform standards development, the filing activity will continue to meet growth expectations. The Finance Committee also received a brief status update on the draft 2014 Annual Budget. The Finance Committee will be conducting a public call in early October before making a formal recommendation regarding next year's budget to the Management Committee. Commissioner Murphy concluded the report of the Finance Committee; and there were no questions or comments.

Commissioner Consedine advanced to the Report of the Product Standards Committee which was provided by Ms. Ezalarab. The Committee determined at its recent meeting that it need additional time to consider all the comments and complete its work on its recommendation for further changes to the proposed Group Accelerated Death Benefits standards and the Incidental Guaranteed Minimum Death Benefits for Deferred Non-Variable Annuity standards. On July 29th the Management Committee requested the Product Standards Committee review and respond to the comments it had received during the public exposure period. An additional public meeting was held on August 13th for the purpose of receiving more public comments. As previously mentioned, the Committee is also working on the 5-year review of Uniform Standards, which encompasses all of the major types of individual life insurance and several benefit features. The Product Standards Committee is now working through the IIPRC Office's proposed Report and Recommendation, which is organized into three categories: substantive change items, clarification items and technical items. Last week the Committee received a first round of public comments on the IIPRC Office's proposed Report and Recommendation. Ms. Ezalarab concluded the report and there were no questions or comments.

Commissioner Consedine moved to the Report of the Rulemaking Committee, which was provided by Mr. Beatty. Mr. Beatty reported that the Rulemaking Committee met in April and May to complete the five-year review on the Operating Procedures and Rules that were included in the July 3, 2012 and January 2, 2013 Notices. During the May joint meeting of the Management Committee and Commission, the Rulemaking Committee's recommendation was adopted which concluded the review of those Operating Procedures and Rules. Another five-year review period commenced on August 1st with regards to Operating Procedures and Rules that were adopted between July 1 and December 31, 2008. Once the comment period closes, the Rulemaking Committee will review and bring back a recommendation to the Management Committee later this year. The Rulemaking Committee continues study and discussion of the mix and match process and the applicability of certain state laws that could affect the content of Compact-approved products. There are two subgroups who are working on these issues before bringing the recommendation to the Rulemaking Committee for review and discussion. The subgroup discussing the mix and match process will soon be reporting back to the Rulemaking Committee with some proposed clarifications to the mix and match language in the Product Filing Rule along with the language that appears in Uniform Standards for mix and match. The subgroup discussing the applicability of state laws continues to study this matter and continues to accept examples that member states or others may have of where they are concerned or not sure whether certain state laws do or do not apply to Compact-approved products. Mr. Beatty concluded the report and there were no questions or comments.

Commissioner Consedine asked for a motion from a member of the Management Committee to adopt the Reports of the Communications, Finance, Product Standards and Rulemaking Committees. Mr. Record made a motion while Director Huff seconded the motion. A voice vote was taken and the motion carried.

Commissioner Consedine proceeded to the Management Committee Consideration to Approve the Uniform Standards Issued on April 12th and May 25th. As was heard during the Report of the Product Standards Committee, the Product Standards Committee has requested additional time to perform this review and does not have a recommendation today for either of the uniform standards. Commissioner Consedine suggested the Management Committee defer action on these two uniform standards until it receives the requested recommendations from the Product Standards Committee. There were no questions or comments with proceeding in the manner suggested or to deferring action on these two uniform standards.

Commissioner Consedine moved to the Management Committee Consideration to Approve the Meeting Minutes of the July 22nd Meeting of the Management Committee. Commissioner Murphy made a motion to approve the meeting minutes of the July 22nd joint meeting of the Management Committee and Commission, while Mr. Beatty seconded the motion. A voice vote was taken and the motion carried.

Commissioner Consedine continued to the Commission adoption of the same Meeting Minutes as approved by the Management Committee. Mr. Beatty made a motion to adopt the minutes and Superintendent Torti seconded the motion. A voice vote was then taken and the motion passed.

Commissioner Consedine proceeded to the IIPRC Operational Update, which was provided by Ms. Schutter. Ms. Schutter announced that the Compact recently welcomed the states of Arkansas and Montana. Filers will be able to add Arkansas to new, pending and previously-approved Compact filings starting Thursday, August 29th. Montana's legislation will become effective on October 1 and filers will be able to add them to Compact filings as of Tuesday, October 15th. Montana is the only state with a constitutional unisex requirement for all financial products. For this reason, Montana opted out of long-term care and the individual disability income Uniform Standards as they include rate standards. Companies will be able to file life and annuities products through the Compact though must sell the unisex version. The Compact has a precedent for accommodating this unisex requirement as companies

sell unisex versions of Compact-approved products in the employer workspace under the Supreme Court's Norris decision. Ms. Schutter further noted that Illinois lifted its stay of their last remaining Uniform Standard – the Additional Standards for Market Value Adjustment through the Separate Account – and now are participating in all Uniform Standards across all product lines. Ms. Schutter announced that as of October 1, companies will be able to add Nevada to new, pending and previously-approved individual long-term care filings. When Nevada joined in 2011, there was a front-end long-term care opt-out in their enabling legislation which the Department removed in their 2013 omnibus bill. Additionally, Florida enacted HB383 which is now codified as 2013-140 and is a non-standard version of the Compact legislation, which is set to become effective on July 1, 2014. During the legislative process, several changes were made to the model language – many that are arguably material variations. In the legislation, the legislature required the Florida Office of Insurance Regulation to prepare and submit a report by January 1, 2014 that examines the extent to which the Compact and the Uniform Standards provide consumer protections equivalent to those under Florida law for annuity, life insurance, disability income, and long-term care insurance products. There were no questions for Ms. Schutter.

Commissioner Consedine announced that there was one more Management Committee matter under Any Other Matters, which was to consider an appointment to the Consumer Advisory Committee. The IIPRC Office has received an application from Fred Nepple to serve on the Consumer Advisory Committee. Mr. Nepple was the long-time chief counsel in the Wisconsin Department of Insurance and retired in 2012, and was very active at the NAIC providing his time, expertise and thoughtful discussion to chair or participate in several committees and working groups. The IIPRC Office sent Mr. Nepple's submission to Commission members in advance of today's meeting and it was distributed to the members of the Legislative Committee, Consumer Advisory Committee, and Industry Advisory Committee. The Management Committee has an opportunity to appoint Mr. Nepple to the IIPRC Consumer Advisory Committee to fill one of the five current vacancies. Under the IIPRC Bylaws, the Management Committee is charged with appointing members of the Consumer Advisory Committee. The criteria that were established by the Commission back in 2006 for the Consumer Advisory Committee indicates that persons should represent consumer organizations with a membership of at least 25. In appointing Mr. Nepple, the Management Committee would have to agree to waive those criteria as Mr. Nepple does not meet that requirement. The Management Committee has a precedent in waiving these criteria when it appointed Sonja Larkin-Thorne to this Committee in 2010. When asked for comments, Senator Kelley announced support for filling the open seats on the Consumer Advisory Committee. Director Huff then made a motion to appoint Fred Nepple to fill one of the openings on the Consumer Advisory Committee and waive the requirement that he represent a membership consumer organization; and Ms. Lindley-Myers seconded. All members of the Consumer Advisory Committee proceeded to announce their support of Mr. Nepple's appointment. Ms. Schutter took a roll call vote and the motion carried.

As there were no further matters, Mr. Beatty made a motion to adjourn, which was seconded by Commissioner Praeger. The meeting was adjourned.