



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

**Saturday, August 5, 2017  
12:30 pm ET / 11:30 am CT / 10:30 am MT / 9:30 am PT  
Philadelphia Marriott – Liberty Ballroom – Level 3  
Philadelphia, PA**

1. Roll Call
2. Management Committee Consideration of Approval of Uniform Standards Listed Under Phase 7 of the Five-Year Review Published on March 23, 2017:
  - i. [Additional Standards for Graded Death Benefits for Individual Whole Life Uniform Standards](#)
  - ii. [Individual Deferred Paid-Up Non-Variable Annuity Contract Standards \(Commonly Marketed as Longevity Annuities\)](#)
  - iii. [Additional Standards for Private Placement Plans for Individual Deferred Variable Annuity Contracts](#)
  - iv. [Additional Standards for Private Placement Plans for Individual Variable Adjustable Life Insurance Policies](#)
  - v. [Additional Standards for Change of Insured Benefit](#)
  - vi. [Additional Standards for Overloan Protection Benefit](#)
3. Commission Consideration of Adoption of Uniform Standards listed under Phase 7 of the Five-Year Review as Approved by the Management Committee
4. Public Hearing on Proposed Death Benefit Proceeds Amendment to Core Annuity Contract Uniform Standards and the Proposed Amendments to the Bylaws of the Interstate Insurance Product Regulation Commission:
  - i. [Death Benefit Proceeds Amendment to Core Annuity Contract Uniform Standards](#)
  - ii. [Amendments to the Bylaws of the Interstate Insurance Product Regulation Commission](#)
5. Report of the Audit Committee and Consideration by the Commission to Adopt the Report of the Audit Committee
6. Report of the Product Standards Committee and Consideration by the Management Committee to Approve the Report of the Product Standards Committee
7. Report of the Communications Committee and Consideration by the Management Committee to Approve the Report of the Communications Committee
8. Report of the Finance Committee and Consideration by the Management Committee to Approve the Report of the Finance Committee

9. Report of the Rulemaking Committee and Consideration by the Management Committee to Approve the Report of the Rulemaking Committee
10. Management Committee and Commission Consideration of Adoption of Meeting Minutes of the June 26, 2017 Joint Meeting of the Management Committee and Commission
11. Operational Update
12. Any Other Matters
13. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance Product  
Regulation Commission  
Saturday, August 5, 2017**

**Members of the Commission and Department Staff in Attendance:**

Commissioner Jaqueline K. Cunningham, Chair, Virginia  
Superintendent Eric A. Cioppa, Vice Chair, Maine  
Director Jillian E. Froment, Treasurer, Ohio  
Charles Angell as a designated representative for Commissioner Jim L. Ridling, Alabama  
Director Lori K. Wing-Heier, Alaska  
Erin Klug as a designated representative for Interim Director Leslie R. Hess, Arizona  
Bill Lacy as a designated representative for Commissioner Allen W. Kerr, Arkansas  
Michael Conway as a designated representative for Commissioner Marguerite Salazar, Colorado  
Mary Ellen Breault as a designated representative for Commissioner Katharine L. Wade, Connecticut  
Paul Lombardo, Connecticut  
Steve Manders as a designated representative for Commissioner Ralph T. Hudgens, Georgia  
Kathleen Nakasone as a designated representative for Commissioner Gordon I. Ito, Hawaii  
Director Dean L. Cameron, Idaho  
Amy Beard, Indiana as a designated representative for Commissioner Stephen W. Robertson, Indiana

Commissioner Doug Ommen, Iowa  
Andria Seip, Iowa  
Julie Holmes as a designated representative for Commissioner Ken Selzer, Kansas  
Commissioner Nancy G. Atkins, Kentucky  
Commissioner James J. Donelon, Louisiana  
Korey Harvey, Louisiana  
Devin Rhoad as a designated representative for Commissioner Al Redmer, Jr., Maryland  
Sheri Cullen as a designated representative for Acting Commissioner Gary D. Anderson, Massachusetts  
Randall Gregg, as a designated representative for Director Patrick M. McPharlin, Michigan  
Tammy Lohmann as a designated representative for Commissioner Mike Rothman, Minnesota  
Bob Williams as a designated representative for Commissioner Mike Chaney, Mississippi  
Director Chlora Lindley-Myers, Missouri  
Mary Mealer, Missouri  
Commissioner Matthew Rosendale, Montana  
Director Bruce R. Ramage, Nebraska  
Commissioner Barbara Richardson, Nevada  
Commissioner Roger A. Seigny, New Hampshire  
Don Henson, New Jersey as a designated representative for Commissioner Richard J. Badolato, New Jersey

Margaret Pena as a designated representative for Superintendent John G. Franchini, New Mexico  
Ted Hamby as a designated representative for Commissioner Mike Causey, North Carolina  
Joel Sander as a designated representative for Commissioner John D. Doak, Oklahoma  
Commissioner Laura Cali Robison, Oregon  
Johanna Fabian-Marks as a designated representative for Commissioner Teresa D. Miller, Pennsylvania  
Commissioner Javier Rivera Rios, Puerto Rico  
Rafael Cestero, Puerto Rico

Matthew Gendron as a designated representative for Superintendent Elizabeth Kelleher Dwyer, Rhode Island

Director Raymond G. Farmer, South Carolina

Kendall Buchanan, South Carolina

Lorrie Brouse as a designated representative for Commissioner Julie Mix McPeak, Tennessee

Mike Boerner as a designated representative for Acting Commissioner Kevin Brady, Texas

Commissioner Todd E. Kiser, Utah

Tanji Northrup, Utah

Don Beatty, Virginia

Molly Nollette as a designated representative for Commissioner Mike Kreidler, Washington

Commissioner Allan L. McVey, West Virginia

Sue Ezalarab, Wisconsin

Jeff Rude, Wyoming as a designated representative for Commissioner Tom Glause, Wyoming

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

Hugh Barrett, MassMutual Financial Group

Jason Berkowitz, Insured Retirement Institute

Michael Hitchcock, Pacific Life

Steve Kline, National Association of Insurance and Financial Advisors

Amanda Matthiesen, America's Health Insurance Plans

Charles Perin, Nationwide Financial

Rod Perkins, American Council of Life Insurers

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

Brendan Bridgeland, Center for Insurance Research

Sonja Larkin-Thorne, NAIC Funded Consumer Liaison Representative

James McSpadden, AARP

Fred Nepple, Consumer Liaison Representative

**Members of the Insurance Compact Legislative Committee in Attendance:**

Senator Jason Rapert, Arkansas

Senator Travis Holdman, Indiana

Representative Steve Riggs, Kentucky

Senator Robert D. Hackett, Ohio

Representative Bill Botzow, Vermont

**Insurance Compact Staff in Attendance:**

Karen Schutter, Executive Director

Becky McElduff, Assistant Director of Product Operations and Counsel

Sara Dubsy, Senior Operations Manager

Jeanne Daharsh, Actuary

Anne Marie Narcini, Regulatory Consultant

**Interested Parties in Attendance:**

Tom Considine, National Conference of Insurance Legislators

Robert Gomez, State Farm Insurance

Jon Brunner, State Farm Insurance

Michael Tobin, New York Life

Commissioner Cunningham called to order the Joint Meeting of the Management Committee and the Interstate Insurance Product Regulation Commission (Commission). Ms. Schutter took the roll call of the Management Committee, the Commission, the Legislative Committee, and the Industry and Consumer Advisory Committees. Commissioner Cunningham proposed that a voice vote be taken for most items and a roll call vote when requested. There were no objections.

Commissioner Cunningham recognized the members of the Legislative Committee and Consumer and Industry Advisory Committees in attendance. Senator Holdman thanked his fellow legislators for attending the meeting and participating in the Insurance Compact.

Commissioner Cunningham proceeded to the second agenda item, Management Committee Approval of Amendments to the Uniform Standards listed under Phase 7 of the Five-Year Review published on March 23, 2017. Commissioner Cunningham summarized the Uniform Standards under consideration and stated that the Management Committee asked the Product Standards Committee (PSC) to provide feedback on two written comments at the June 26<sup>th</sup> joint meeting of the Management Committee and Commission. Commissioner Cunningham then invited Ms. Mealer to provide the feedback of the PSC. Ms. Mealer reported that the PSC reviewed the written comments as requested by the Management Committee. Ms. Mealer stated that the PSC agreed with the technical edit suggested in the *Additional Standards for Private Placement Plans for Individual Deferred Variable Annuity Contracts*, as well as with two technical suggestions for the *Individual Deferred Paid-Up Non-Variable Annuity Contract Standards*. Ms. Mealer stated that the PSC did not recommend changes as a result of comments from a filer questioning the commutation provision in the *Individual Deferred Paid-Up Non-Variable Annuity Contract Standards*, because commutation in deferred income annuities has a different purpose than for immediate annuities, and the limited commutation provision was initially proposed by the Industry Advisory Committee. Ms. Mealer concluded her report and there were no further questions.

Commissioner Cunningham requested a motion from the Management Committee to approve the Five-Year Review amendments with the three technical changes suggested by the PSC to the Uniform Standards listed under Phase 7. Mr. Williams moved and Director Lindley-Myers seconded. There was no further discussion. Ms. Schutter called a roll call vote of the Management Committee and the motion passed.

Commissioner Cunningham proceeded to the next agenda item and called for a motion of the Commission to adopt the amendments to the Uniform Standards as approved by the Management Committee. Commissioner Donelon moved and Ms. Brouse seconded. The motion carried with none opposed. Commissioner Cunningham stated that the amendments to the Uniform Standards would be promulgated in approximately ten days, at which point they would become effective for purposes of accepting product filings after ninety days. She stated that this was expected to be in mid-November.

Commissioner Cunningham proceeded to the next agenda item and opened the Public Hearing on the proposed Death Benefit Proceeds Amendment to the Core Annuity Contract Uniform Standards and the proposed amendments to the *Bylaws of the Interstate Insurance Product Regulation Commission*. Ms. Schutter provided background information on the proposed Death Benefit Proceeds Amendment and the proposed amendments to the Bylaws. There were no comments from members of the Commission, the Legislative, Consumer Advisory or Industry Advisory Committees, or from interested parties. Commissioner Cunningham concluded the public hearing. Commissioner Cunningham stated that

written comments on the proposed amendments to the Uniform Standard and Bylaw amendments would be accepted until August 28<sup>th</sup>. Ms. Cunningham proposed that the Management Committee ask the PSC to provide feedback on whether further changes would be recommended in response to any comments that have been or may be received regarding the proposed amendments to Uniform Standards; and ask the Rulemaking Committee to provide feedback whether further changes would be recommended in response to any comments that have been or may be received pertaining to the proposed amendments to the Bylaws. There were no objections to this approach. Commissioner Cunningham stated that the two amendments were expected to be ready for final action at the September 25<sup>th</sup> joint teleconference of the Management Committee and Commission.

Commissioner Cunningham proceeded to the next agenda item and asked Director Range to provide the report of the Audit Committee. Director Range reported that the Audit Committee met recently to receive an update from the Insurance Compact Office on the request for proposal process with respect to audit services for 2017. Director Range stated that the Audit Committee is working with the Insurance Compact Office and the NAIC Finance Division to conduct a bid and selection process with the NAIC and NIPR for independent audit services. Director Range stated that the Audit Committee requested two separate bids to perform due diligence on the difference in cost and services with respect to having an audit firm different from the audit firm used by the NAIC and/or NIPR. Director Range reported that there are significant resource and cost efficiencies to use the same audit firm utilized by the NAIC, since the Commission's accounts are handled by the NAIC under the Services Agreement. Director Range stated that the Commission has received independent audit services from the same audit firms utilized by the NAIC and NIPR for the past ten years. Director Range reported that the Audit Committee will hold a public call for the purpose of making the audit firm selection as required by the *Bylaws of the Interstate Insurance Product Regulation Commission*, and will report back to the Management Committee and Commission at the September 25<sup>th</sup> joint teleconference. Director Range concluded his report. There were no questions. Commissioner Cunningham called for a voice vote from the Commission to adopt the report of the Audit Committee. There were none opposed and the report was adopted.

Commissioner Cunningham continued to the next agenda item and asked Ms. Mealer to deliver the report of the PSC. Ms. Mealer reported that the PSC is now focusing its efforts on Phase 8 of the Five Year Review, which includes all of the Individual Disability Income Insurance Uniform Standards. Ms. Mealer stated that the comment period for Phase 8 ended on March 31<sup>st</sup> and the Insurance Compact Office published the initial report for comment. Ms. Mealer stated that the PSC held a public call on July 11<sup>th</sup> to receive comment on the initial report. Ms. Mealer reported that the PSC will review comments and draft recommendations in the coming weeks for consideration by the Management Committee.

Ms. Mealer reported that the PSC exposed a discussion draft proposal for uniform standards for incidental benefits for life insurance products during the July 11<sup>th</sup> public call. Ms. Mealer stated that the draft was developed as a result of feedback received indicating that there are benefit features for life insurance products for which the Insurance Compact does not currently have uniform standards, consequently companies must file state-by-state. Ms. Mealer reported that the PSC heard specific comments related to the draft, concerns regarding the approval of noninsurance benefit features, and also concerns about lack of oversight by the insurance companies when third party vendors offer such benefits. Ms. Mealer stated that issues about rebating and inducements were also expressed on the July 11<sup>th</sup> call. Ms. Mealer reported that the PSC has decided to discuss the issue of incidental benefits for life

insurance products more conceptually, and plans to hold public calls to solicit input on the type of products and benefit features that companies file state-by-state because the Insurance Compact does not have Uniform Standards, as well as the types of products and benefit features that consumers want, which insurers are unable to provide due to state regulatory requirements. On behalf of the PSC, Ms. Mealer requested that the Management Committee express whether they are in agreement with this course of action for regulatory oversight responsive to innovation and new product development. Ms. Mealer concluded her report and there were no questions. Commissioner Cunningham then asked if there were any concerns or objections from the Management Committee or Commission for the PSC to proceed in this exploratory manner. There were no objections.

Commissioner Cunningham proceeded to the next agenda item and asked Ms. Schutter to provide the report of the Communications Committee. Ms. Schutter reported that the Communications Committee held a regulator-only call in July to receive feedback on outreach efforts by the Insurance Compact Office. Ms. Schutter stated that the Insurance Compact participated in more than a dozen events in the first half of the year, many of which were AICP Chapter E-Days. Ms. Schutter thanked the Louisiana Department of Insurance on behalf of the Communications Committee for including the Insurance Compact in their annual Louisiana Insurance Compliance Seminar, and urged other Compact members who have similar conferences to consider including an update on the Insurance Compact as part of the agenda. Ms. Schutter stated that the Insurance Compact will hold webinar sessions for industry filers and regulators this fall. Ms. Schutter stated that member states with new staff, including in the rate and form filing area, should consider contacting the Insurance Compact Office to arrange a one-on-one introductory conference call. Ms. Schutter reported that the Communications Committee continues to look at ways for Compact Members to encourage their domestics to utilize the Insurance Compact as the preferred filing method for eligible products. Ms. Schutter concluded the report of the Communications Committee and there were no questions.

Commissioner Cunningham proceeded to the next agenda item and asked Director Froment to provide the report of the Finance Committee. Director Froment reported that the Finance Committee held a regulator-only call in June to receive an update from the Insurance Compact Office on the 2017 financials and the 2018 annual budget development process. Director Froment provided a summary of the Commission financials to date, and stated that the Finance Committee has been advised that at this point in the year, the Insurance Compact Office does not expect to need to draw on the available Line of Credit from the NAIC for the fifth year in a row. Director Froment stated that the Insurance Compact Office presented to the Finance Committee proposed amendments to the Filing Fee Rule. Director Froment reported that most of the proposed amendments are technical in nature, although one notable proposed amendment would change the date on which the annual registration fees become pro-rated to 50% for the balance of the year from July 1<sup>st</sup> to October 1<sup>st</sup>. Director Froment stated that the Finance Committee will present this recommendation to the Management Committee in conjunction with the recommendation for the 2018 annual budget. Director Froment reported that the Insurance Compact Office expects that there will be minor changes to the proposed Schedule of Fees for 2018. Director Froment stated that the Finance Committee will convene later in the month to finalize work on the 2018 annual budget with the Insurance Compact Office prior to a holding a public call of the Finance Committee in September. Director Froment stated that the budget is intended to be released in September, for final consideration in November. Director Froment concluded her report and there were no questions.

Commissioner Cunningham proceeded to the next agenda item and asked Mr. Beatty to provide the report and recommendation of the Rulemaking Committee. Mr. Beatty reported that the Rulemaking Committee did not hold a member-only call since referring items to the Management Committee at the June 26<sup>th</sup> joint teleconference. Mr. Beatty reported that the Committee will continue to review the Mix and Match procedures and whether further changes to the *Operating Procedure for the Filing and Approval of Product Filings* are recommended, as well as the need for additional guidance and outreach. Mr. Beatty reported that the Rulemaking Committee will also review the Five-Year Review procedures for the purpose of advising on procedures for subsequent rounds of Five-Year Reviews to make them more efficient for all parties involved. Mr. Beatty reported that the first round of Five-Year Reviews of the Uniform Standards will soon be completed. Mr. Beatty concluded his report, and there were no questions.

Commissioner Cunningham called for a motion from a member of the Management Committee to adopt the reports of the Product Standards, Communications, Finance, and Rulemaking Committees. Superintendent Cioppa moved and Director Froment seconded. There was no further discussion and the motion passed.

Commissioner Cunningham proceeded to the next agenda item and requested a joint motion of the Management Committee and Commission to adopt the meeting minutes of the June 26<sup>th</sup> Joint Meeting of the Management Committee and Commission. Mr. Williams moved and Director Froment seconded. Commissioner Cunningham called for a voice vote. The motion carried, and the meeting minutes were adopted.

Commissioner Cunningham moved to the next agenda item and asked Ms. Schutter to provide an operational update. Ms. Schutter provided an overview of the most recent product filing statistics. Ms. Schutter reported that the same number of companies have registered to file with the Insurance Compact compared to June 30, 2016, but that 700 more forms have been submitted to date, compared with this time last year. Ms. Schutter reported that Connecticut is now an official voting member of the Commission. Ms. Schutter stated that Connecticut has been added to over 600 approved and pending product filings since becoming effective for filing purposes on July 18<sup>th</sup>. Ms. Schutter provided an update on the John Hancock Advisory Review Report and Addendum, and reported that the Insurance Compact Office provided five opportunities for a conference call and webinar with member states to provide an overview of the process and the review. Ms. Schutter stated that regulators are welcome to use the Insurance Compact Office as a resource if they have questions about the information or analysis that arise from their state review of the in-force rate increase request filing. Ms. Schutter reported that she held New Commissioner Orientations with the Commissioners from Kentucky, Puerto Rico, and West Virginia, and that she would begin to schedule State of the Compact calls over the course of the next few months with the Commissioner of each Compact member state. Ms. Schutter stated that the Commission will not hold an in-person meeting in conjunction with the NAIC Fall National Meeting in Hawaii, but will instead hold the Annual Meeting as a teleconference in November. Ms. Schutter stated that this was part of the consideration in adopting the 2017 Annual Budget in December 2016. Ms. Schutter reported that the Compact Office received and approved its first product filing ten years ago, and has since approved over 5,800 products on behalf of its Compacting States. Ms. Schutter concluded her report, and there were no questions. Commissioner Cunningham thanked Ms. Schutter and Ms. Dubsy for their work over the past ten years.

Commissioner Cunningham stated that there was an additional matter for the Management Committee to consider as requested by Ms. Schutter. Ms. Schutter provided an overview of the Insurance Compact Office request to increase the headcount of the Insurance Compact Office staff by 0.5, which would enable the Insurance Compact Office to move a part-time administrative assistant to full-time. Ms. Schutter explained that the request addresses an increased administrative workload relating to handling travel and expense reporting for more staff, increased inquiries from filers and member states, and special projects including organization of electronic records and the website. Ms. Schutter stated that the budget impact for 2017 would be absorbed and the increase would not cause an overall variance, as the current line for salaries and related budget lines is expected to be \$30,000 under budget by year end. There were no questions for Ms. Schutter. Commissioner Cunningham requested a motion from a member of the Management Committee to increase employee headcount from 10.5 employees to 11 and convert a previously-approved administrative assistant position from part-time status to full-time employee. Mr. Gregg moved and Director Cameron seconded. The motion passed.

As there were no other matters, Mr. Gendron moved to adjourn. Commissioner Cali Robison seconded and the meeting was adjourned.