



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

Friday, March 28, 2008

Gaylord Palms Resort & Convention Center

6000 W. Osceola Parkway

Kissimmee, Florida 34746

Meeting Room: Osceola A- Ballroom Level

2:00pm – 3:00pm ET

1. Roll Call
2. [Meeting with the Legislative Committee](#)
3. [Report of the Communications Committee and Consider Adoption of Report of Communications Committee](#)
4. [Report of the Finance Committee and Consider Adoption of Report and Recommendation of the Finance Committee](#)
5. [Report of the Technology Committee and Consider Adoption of Report and Recommendation of the Technology Committee](#)
6. [Report of the Rulemaking Committee and Consider Adoption of Report and Recommendation of the Rulemaking Committee](#)
7. [Report of the Product Standards Committee and Consider Adoption of Report and Recommendation of the Product Standards Committee](#)
8. [Consider Approval of Proposed Code of Ethics](#)
9. [Consider Nomination of Consumer Advisory Committee Member](#)
10. [Consider Adoption of Management Committee Meeting Minutes](#)
11. [Operational Update](#)
12. Any Other Matters
13. Adjourn

**Minutes of the Meeting of
The Management Committee of
The Interstate Insurance Product Regulation Commission (IIPRC)
March 28, 2008**

Members of the Management Committee in Attendance:

Commissioner Jane Cline, Chair, West Virginia
Director Mary Jo Hudson, Vice Chair, Ohio
Commissioner Glenn Wilson, Minnesota
Margaret Witten, as a designated representative for Commissioner John Oxendine, Georgia
Carol Mihalik as a designated representative for Director Jim Atterholt, Indiana
Director William Deal, Idaho
Joe Murphy as a designated representative for Commissioner Nonnie Burnes, Massachusetts
Joyce Karr as a designated representative for Acting Commissioner Ken Ross, Michigan
Commissioner Jim Long, North Carolina
Acting Commissioner Joel Ario, Pennsylvania
Commissioner Kim Holland, Oklahoma
Sara Waitt as a designated representative for Commissioner Mike Geeslin, Texas
Commissioner Paulette Thabault
Don Beatty as a designated representative for Commissioner Al Gross, Virginia

Legislative Committee Members in Attendance:

Representative Bob Damron, Chair, Kentucky
Senator Delores Kelley, Vice Chair, Maryland
Representative Brian Patrick Kennedy, Rhode Island
Susan Nolan, Executive Director, NCOIL
Mike Humphreys, NCOIL

Industry Advisory Committee Members in Attendance

Michael Lovendusky, ACLI
Miriam Krol, ACLI
Cande Olsen, Actuarial Resources for ACLI
Nancy Johnson, UNUM
Michael Gerber, NAIFA
Dennis Herschel, Mass Mutual
Amanda Mathison, AHIP
Steve Buhr, AEGON

Consumer Advisory Committee Members in Attendance:

Ryan Wilson, AARP
Brendan Bridgeland, Center for Insurance Research

Participants via Teleconference:

Krista Wall, Allianz Life
Lori Mischon, Wyoming
Becky McElduff, NAIC Senior Counsel
Bruce Ramje, Nebraska
Betsy Jerome, Utah
Tomasz Serbinowski, Utah
Melinda Shepherd, Kentucky

Jim Wenzel, Texas Attorney General Office
Joe Muratore, New York Life
Shelley Santo, Hawaii
Carol Mayer, New York Life
Brad Tibbits, Utah
Rod Bordelon, Texas Office of Public Insurance Counsel

IIPRC Staff in Attendance:

Frances Arricale, Executive Director
Sara Bamford, Operations Manger
Alice Fontaine, Actuarial Consultant
David Morris, Product Review Consultant
Charlie Rapacciuolo, Development Consultant

NAIC Staff in Attendance:

Kay Noonan, General Counsel
Kara Binderup, Staff Attorney
Brady Kelley, Chief Financial & Business Strategy Officer
Karen Schutter, Senior Strategic Initiatives Counsel

Commissioner Cline called the meeting of the Interstate Insurance Product Regulation Commission (“IIPRC”) Management Committee to order.

First on the Agenda, Commissioner Cline called on the members of the Legislative Committee who were present to make any remarks. Senator Delores Kelley, from Maryland, made comments regarding the Wisconsin’s new membership Press Release and the NAIC tag line being included in the IIPRC press releases. Senator Kelley was concerned that the appearance of the NAIC on the IIPRC press release may cause confusion and the IIPRC may be considered an appendage of the NAIC. Representative Brian Patrick Kennedy agreed with Senator Kelley. Representative Kennedy stated that he hoped that we can get to that point of actually issuing our own press releases on behalf of the IIPRC. Senator Kelley and Representative Kennedy felt that the tag line sent a message that may make it a harder push to get the rest of the states to join the Compact.

Commissioner Cline replied that under the Services Agreement, the NAIC does send out the IIPRC press releases. Commissioner Cline explained that it is not the intent to be seen as one and the same, and that the IIPRC is seen as a separate entity.

Representative Damron, of Kentucky, stated that the focus should be to fight the common enemy of the federal optional charter with the aid of the NAIC, NCOIL, and NCSL and show that the Compact can be perceived and should be perceived by Congress as being independent of all of us and really a solution. Representative Damron continued and stated that the Compact is a great story of what can be done without a cost to the taxpayers and it needs to be promoted to Congress as being independent body. Representative Damron commended the staff for their hard work and efforts and colleagues for continuing to work in other states. Representative Damron noted that the Legislative Committee is very hopeful that by the next time that Commission joins together, there will be more flags around the table than there are currently. Representative Damron concluded and noted that he did not want to be negative in the remarks, but it is important for the Commission to be independent of all organizations, including the NAIC.

Commissioner Cline replied that she did not think the comments were negative. Commissioner Cline stated that this is part of the growing pains we are going through at this time. Commissioner Cline noted that she, along with her colleagues, appreciates all the efforts the Legislative Committee has put forward in working with NCSL and NCOIL in reaching out to states and actually traveling to states. Commissioner Cline noted that has been a benefit to the Commission and know working together is important if the goal of getting additional states to join the Compact is going to be accomplished.

Representative Kennedy spoke about testifying before the Connecticut House. Representative Kennedy noted that he and Frances Arricale, IIPRC Executive Director, answered the questions the legislators had with regard to issues about constitutionality of the Compact. Representative Kennedy noted that the hearing was available on line and that it may be a good training tool to have it converted to a DVD. Representative Kennedy noted that it would show what might be occurring in some of the states during testimony. Representative Kennedy noted that the bill has emerged from the first committee and has gone on to the second committee for further study. Representative Kennedy stated the he hoped the bill will emerge and be sent to the full house and senate a vote in Connecticut.

Representative Kennedy noted that with regard to the scheduled hearings before the House of Representatives, it is often requested of the NAIC to testify, and the Legislative Committee thought that it would be beneficial for the IIPRC to request a chance to testify on the Compact. Representative Kennedy stated that it would play an important role for the IIPRC to testify since it is independent from the NAIC and the Compact working with 31 states and more with the legislation pending. Representative Kennedy noted that it was important to demonstrate how the Compact is working, how it is speeding products to market, and how it is being done without costing the states additional revenue to operate the Compact.

Commissioner Cline asked if there were any other comments from Representatives of the Legislative Committee. Hearing none, Commissioner Cline asked if Frances Arricale, IIPRC Executive Director, would like to provide an update on the legislative progress on the Compact.

Ms. Arricale pointed out that everyone has a copy of the map that was distributed and it indicates that we have nine (9) states. Ms Arricale highlighted that there are now ten (10) states as Louisiana just introduced the Compact Legislation. Ms. Arricale noted that the IIPRC Office is extending a great amount of effort to reach those states, to travel to those states and if any of those states that are in the audience, the Commission Office would like to speak with them and offer any assistance. Ms. Arricale noted that the IIPRC office does have a great amount of resources in terms of information that can assist in preparing States to introduce the Compact legislation. Ms. Arricale stated that if a state is having hearings, she is willing to testify and provide the explanations to the legislatures. Ms. Arricale concluded that she would be happy to address any questions that may arise from the Meeting today.

Representative Kennedy stated that it is beneficial to have legislators testify before the state legislatures because they communicate very well, one on one, with fellow legislators in other states. Representative Kennedy continued, when they can actually hear the success of the Compact it provides them a little bit more of a comfort factor.

Commissioner Cline thanked Representative Kennedy for his support. Commissioner Cline acknowledged Acting Commissioner Joel Ario.

Commissioner Ario stated that it is important to remember that the Compact is now not a project of a few people; it is a project of a lot of different people and a lot of different interest groups. Commissioner Ario continued, in looking back at the first efforts to get the first few states to join it was a lonely and difficult effort; now today we have 31 states and we can say it is not only NAIC members and commissioners but also legislators from those states and other interest groups who have been very supportive. Commissioner Ario concluded that the IIPRC has come of age and it will be easier to add the remaining states.

Commissioner Cline asked if there were any other comments regarding the Legislative Update. Hearing none, Commissioner Cline asked the members of the Consumer Advisory Committee to introduce themselves. Brendan Bridgeland from the Center for Insurance Research and Ryan Wilson from AARP were present at the meeting.

Commissioner Cline then asked the members of the Industry Advisory Committee to introduce themselves as well. Dennis Herschel from Mass Mutual, Michael Lovendusky from the American Council of Life Insurers (ACLI), Steve Buhr from Aegon, Nancy Johnson with UNUM, Gary Sanders with Health Insurance Advisors also on behalf of NAIFA and Amanda Mathison with the America's Health Insurance Plans were present.

Commissioner Cline asked the members of the Industry Advisory Committee if they had any comments with respect to the legislative report.

Michael Lovendusky, from ACLI, stated that the Industry is happy that Wisconsin has joined the Commission and we are very excited that are 10 states now with active legislation. Mr. Lovendusky noted that the Industry Advisory Committee is working as cooperatively and positively as possible to advance this legislation in all of the states.

Commissioner Cline thanked Mr. Lovendusky for his comments and support of the members in moving this forward as well and the continued support in trying to garner support through filings and future registrations through the Compact as well.

Commissioner Cline proceeded to the next item on the Agenda and noted that the Management Committee was going to skip the Communications report to allow Commissioner Kim Holland a moment to get settled as she just arrived. Commissioner Cline moved forward to the report of the Finance Committee and consider adoption of that report.

Commissioner Glen Wilson as the IIPRC Treasurer provided the report of the Finance Committee as the Finance Committee Chair from Nebraska was absent. Commissioner Wilson noted that the Finance Committee has met recently and reviewed the final 2007 year-end figures of the Commission along with the NAIC Finance staff. Commissioner Wilson explained that during this meeting the Committee took some time to review the 2007 budget and compared it to the actual figures of 2007. Commissioner Wilson reported that the Commission was very cost efficient in the 2007 operations. The office was run at a savings to the budget of 43% as a result of the cost-savings measures implemented by the Commission office. Commissioner Wilson highlighted that the savings were related to: travel, conference expenses, phone calls, office expense, and employees. Commissioner Wilson recognized Ohio, Nebraska and Washington for their in-kind contribution of personnel to help with the review process during the 2007 startup period. Commissioner Wilson noted that the Commission will utilize the 2007 experience in the 2008 budget period and in planning the 2009 budget. Commissioner Wilson noted that the Commission

will see the need for the expenses to be increased as more staff is hired, particularly in the review platform area. Commissioner Wilson highlighted that the Commission has a filing fee structure in place to generate some revenue; but that the majority of the expenses are paid for by the Line of Credit that the NAIC has provided. Commissioner Wilson noted that in July the Commission expects to begin to pay back the interest on the note that is currently in place. Commissioner Wilson noted that the Commission is working towards being self-funded. Commissioner Wilson concluded his report by stating that the Commission's 2009 budget process will begin in June and will provide public notice and comment on that proposal with the goal of completing the budget process by the annual meeting in September.

Commissioner Cline asked if there were any comments or questions for Commissioner Wilson. Hearing none, Commissioner Cline asked if there was a motion to adopt the report.

Commissioner Jim Long, from North Carolina made the motion to adopt the report. Commissioner Kim Holland, from Oklahoma seconded the motion. The report was adopted by unanimous voice vote.

Commissioner Cline asked Director Mary Jo Hudson, from Ohio, to provide the report and recommendations of the Technology Committee.

Director Hudson started the report and noted that the Technology Committee met recently to review the progress of the enhancements made to the Compact pages on SERFF and also to discuss future technology requirements for the commission. Director Hudson highlighted the numerous enhancements that have been made to the compact pages in SERFF over the course of the past year that include the functionality to collect the Commission's Annual Registration Fees, allow for single-state filings under the uniform standards, and improve capacity for the "mix and match" process. Director Hudson noted that the Commission team continues to work with the SERFF team to plan new enhancements necessary to carry out the requirements of the Compact and the Commission will continue to advise the technology Committee of these plans. Director Hudson reported that in addition to SERFF, the Commission office has a number of other technology requirements including a back-office system, electronic filing storage issues and the state fee tracking process. Currently these needs are met by working with the NAIC through the Service Agreement. Director Hudson highlighted that the Technology Committee discussed reviewing the present and future technology needs with the Commission Office. As such, the Technology Committee agreed a technology needs assessment be undertaken at this time to identify the technology needs of the Commission over the next three years. Director Hudson reported that this is important as the Commission looks to expand both the product filing operation and staff to move from a startup operation to a fully functioning operation. Director Hudson recommended to the Management Committee that the Technology Committee undertake this needs assessment with the assistance of Commission members and working with the SERFF Team and the NAIC Team. Director Hudson stated that the Technology Committee would aim to have an initial draft of that effort ready for the summer meeting.

Commissioner Cline asked if there was a motion to adopt the report of the Technology Committee and to begin this technology needs assessment. Director Hudson made the motion and Commissioner Holland seconded the motion. The motion was adopted by unanimous voice vote.

Commissioner Cline highlighted that if there were any states who would be interested in participating to let the Commission office know. Commissioner Cline stated that she would encourage the Members' technology staff to participate.

Commissioner then called on Commissioner Thabault from Vermont to provide a report and recommendation of the Rulemaking Committee.

Commissioner Thabault reported that the Rulemaking Committee has received public comments and had a public call prior to providing our report and recommendations today. Commissioner Thabault reported that the Rulemaking Committee's Work Agenda has been publicly distributed. This Agenda shows the completed work of the Committee as well as providing the status on the proposed operating procedures and rules on which the Committee is currently working and for future work. Commissioner Thabault highlighted that the Committee is working on the draft advisory opinion rule, foreign translation rule, and a self-certification rule. Commissioner Thabault noted that there is not yet a proposal to amend the public access rule. Commissioner Thabault reported that the Rulemaking Committee recommends to the Management Committee that the 60-day public comment period be initiated for the amendment to section 115 of the Rule for Adoption, Amendment and Repeal of Rules for the Interstate Insurance Product Regulation Commission, or the Rulemaking rule. Commissioner Thabault provided a brief summary on the proposed amendment. This amendment resolves an inconsistency between section 115 which states that a uniform standard becomes effective 90 days after its adoption and articles 7 of the Compact Statute which provides that a uniform standard becomes effective 90 days after promulgation. Under the amended section 115, the uniform standard will become effective 90 days after its publication which shall occur no earlier than 10 days following adoption. Commissioner Thabault concluded her report.

Commissioner Cline asked if there was a motion to adopt the recommendation of the Rulemaking Committee. Director Hudson made the motion and Commissioner Thabault seconded the motion. Commissioner Cline then asked if there was a motion to adopt the report of the Rulemaking Committee. Commissioner Thabault made the motion and Director Hudson made the second. Commissioner Cline asked if there was any discussion before calling for the vote.

Miriam Krol, from the ACLI, provided comments about the rates filing issue, more specifically the second item of the Work Agenda under the proposed operating procedures and rules in process. Ms. Krol, on behalf of the Industry Advisory Committee, noted that the Operating Procedure for the Filing and Approval of Product Filings, which has already been adopted by the Commission, includes rate filings as well as setting the stage for product standards to be developed for rate filings. Ms. Krol continued and noted that with regard to the disability income, the NAIC teams have finalized the initial rate filings for disability income and the initial rate filings for long-term care have also been finalized. Ms. Arricale replied to Ms. Krol's concerns in terms of the work agenda and as it relates to the list of standards. Ms. Arricale clarified for all who are not involved in the standards setting process on a daily basis that the process that Ms. Krol described are at the NAIC working group level and standard drafts have been developed through that group. Ms. Arricale noted that the standards have not yet come to the Commission to start the IIPRC process. Ms. Arricale further explained that the Product Standards Committee is working through the rate issue in general and it is not meant to put the standards off in any way. Ms. Arricale noted that once the Product Standards Committee has reviewed the rate issue the Rulemaking Committee will be apprised and the Rulemaking Committee will then start the process in developing the rule, if necessary. Ms. Arricale emphasized that the development of the standards are not being put off, it is pending further discussion at the Product Standards Committee level as it is within the scope of the Commission.

Representative Kennedy asked with regards to the Amendment to Section 115 of the Rulemaking Rule, why it states “*no earlier than*” with regard to the 10-day delay for the promulgation of the Uniform Standards as most legislation states “*no later than*”. Representative Kennedy noted that it was best if the Uniform Standards were noticed out sooner rather than later. Commissioner Thabault replied that it would allow the states to have an opportunity to look at the rule and determine whether or not they wanted to opt out and the 10-day period would allow the states to review the Uniform Standard.

Brendan Bridgeland noted that he would like to encourage the Rulemaking Committee to go back and review the Public Access Rule. Mr. Bridgeland noted that the Consumers who participated in the IIPRC early in development that the Rule was restrictive and discourages consumer participation. Mr. Bridgeland noted that there are various states that have not joined the IIPRC, Florida for one, because of the treatment of public records. Mr. Bridgeland noted that it would be best for the Commission to revisit the possibility of any amendments to the Public Access Rule. Mr. Bridgeland mentioned that he is hopeful that a draft of the Rule on self-certification on advertisements will be released soon as this is an important topic as a consumer representative. Mr. Bridgeland noted that there are some in the industry who are very responsible when it comes to advertising products, but there are some who have some advertisements which are very misleading. Mr. Bridgeland noted that he thought it is very important to have a good standard in effect with a good review mechanism. Consumer Cline replied that the Rulemaking Committee is still in the process of working on the public access rule so that is still a work in progress and the advertising concern is being worked through as well. Ms. Arricale noted that at this point there is not an actual proposed amendment as it is still being looked at and any actual proposed amendment will be publicly noticed with copies being provided to all before any further action is taken. Ms. Arricale noted that this work agenda is mainly to advise all Commission Members and interested parties where the committee is in its process and that these items are being undertaken. Ms. Arricale concluded her comments by informing all present that all of this information will be published on the web site.

The recommendation was adopted by unanimous voice vote. The report was adopted by unanimous voice vote.

Commissioner Cline then moved to the next item on the Agenda, the Communications Report from Commissioner Kim Holland from Oklahoma.

Commissioner Holland began the report of the Communications Committee and reported that the Committee met recently to review the Commission’s outreach efforts to non-compacting states as well as marketing efforts to encourage insurers to utilize the Compact. Commissioner Holland noted that it is very good news that during the first quarter of this year there are nine states with Compact legislation pending. Commissioner Holland highlighted that the great news is Wisconsin has joined the Compact. Commissioner Holland noted the Compact has proven to be a startup success as it leverages the best of the state systems to meet the demands that have been placed on the regulators in the modern insurance market place. Commissioner Holland continued, in this regard the Communications committee members have committed to outreaching to the remaining non-compacting states and will be speaking with fellow commissioners at this meeting and to encourage their participation and membership. Commissioner Holland noted that the Commission office will assist any state in its efforts to join the Compact and the Legislative Committee has also been most committed to this effort, both NCOIL and NCSL have been most supportive. Commissioner Holland noted that the Industry Advisory Committee members have also lent their support on the ground in a number of states. Commissioner Holland noted that a successful startup

product filing operation staff with professionals from the regulatory ranks, and we have speed to market while holding the bar on consumer protection has been built. Commissioner Holland noted that it is now time for the industry to begin using the Compact for the filing to take advantage of the efficiency of the one-stop filing under one set of standards for one approval that is valid in all jurisdictions. Commissioner Holland noted that the Communications Committee reviewed plans for Compact filing demonstrations and industry outreach by zone. Commissioner Holland informed all present that information on these sessions, as they are scheduled will be distributed widely by the Commission Office. Commissioner Holland encouraged everyone to check the Compact website frequently as it has all of the information on Compact development for our members, legislators, insurers, consumers and the general public as the IIPRC continues to meet the goals for the inclusive transparent operation of the Commission. Commissioner Holland concluded her report by noting that the Communications Committee will continue to work with the Commission Office on communication outreach this year.

Commissioner Ario noted that he intends to go to the companies domiciled in Pennsylvania and encourage the companies to use the filing process as more standards are developed. Commissioner Ario encouraged all who were present to do the same. Commissioner Ario noted that this was important to do as the Compact is now working and the companies have the functionality that they have not had before. Commissioner Ario noted that it was incumbent on Commissioner to put the companies to the test on using that process.

Director Hudson stated that Ms. Arricale has an AICP appearance scheduled in Columbus on the 21st of May and on the 22nd of May she will make a presentation about the Compact in Cincinnati. Director Hudson reported that the Ohio chapter of the ACLI members will be invited to the event. Director noted that she had hoped that maybe Indiana will co-host with us. Director Hudson stated that companies' compliance staff and others will be invited to come in and meet Ms. Arricale to discuss the Compact and encourage them to begin doing product filings. Director Hudson encouraged other Commissioners to maybe consider doing the same thing to take some of the mystery out of the Compact. Carol Mihalik stated that Indiana would be happy to partner with Ohio in this event.

Representative Kennedy noted that Senator Seward has introduced the bill in the New York Senate as well by the new Insurance Chair, Assemblyman Morrelle. Representative Kennedy noted that Ms. Arricale has had the opportunity to meet with both of them regarding the Compact. Representative Kennedy stated that New York has shown a great deal of interest in the Compact and he believes that there have been some strides made in New York. Representative Kennedy concluded that he certainly would like to see that happen before Senator Seward takes over next year at NCOIL.

Commissioner Cline asked if there was a motion to adopt the report of the Communications Committee.

Motion made, seconded and carried to accept report.

Commissioner Cline moved to the next item on the Agenda, the Report of the Product Standards Committee and asked Commissioner Roger Sevigny, from New Hampshire, as Chair to provide the report and recommendations.

Commissioner Sevigny reported that the Committee met recently on a number of issues. Commissioner Sevigny noted that at this time the committee does not have Uniform Standards

ready to recommend to the Management Committee for public comment. Commissioner Sevigny noted that he would provide a brief update on the current work of the Committee. Commissioner Sevigny noted on an operational matter that the Product Standards Committee has reviewed the way the Uniform Standards are numbered and the committee has agreed that the Uniform Standards should be numbered and codified in a way that is related to the product coding matrix. Commissioner Sevigny noted that these changes have no substantive impact. Commissioner Sevigny reported on the open working items of the committee. Commissioner Sevigny briefly explained the conforming amendments which will more clearly define the actuarial certification that needs to be made consistently under individually, whole, and endowment life insurance policy standards. Commissioner Sevigny highlighted that the amendments will bring more consistency to all of our standards and these proposed conforming amendments will be publicly noted for comment before any recommendation is formally made for the Management Committee. Commissioner Sevigny noted that an amendment has been proposed to be made to the individual life insurance policy and benefit feature standards to separate and centralize the actuarial requirements and he provided a brief explanation of the amendments. Mr. Sevigny reported that the Products Standards Committee, in conjunction with the IIPRC office, has developed a work agenda of uniform standards outlining the priorities of the Standards still to be developed by the IIPRC. Commissioner Sevigny noted that the Products Standards Committee in working with the Commission staff agree that closer cooperation with the NAIC Working Group on a schedule of standard setting is beneficial to the process. Commissioner Sevigny explained that the work agenda that was distributed with the advanced materials was compiled by the IIPRC staff and incorporates the standards from Appendix A, the future standards list and the working calendar of the NAIC Working Group as well as suggestions provided by the ACLI on behalf of the Industry Advisory Committee. The Product Standards Committee met to review this list and motioned to direct the IIPRC to forward this list to the NAIC Working Group and all interested parties. Commissioner Sevigny explained that the work agenda details the intention to next take up group standards in life and annuities lines followed by disability income standards and then long term care standards. Commissioner Sevigny emphasized that this list is a work agenda for the Committee which is intended to be a dynamic document that will structure the efforts of the standard setting groups to meet the requirements of Appendix A and it is not a substantive rule or standard. Commissioner Sevigny reported that with regard to the annuity nonforfeiture issue no decision has been made. Commissioner Sevigny concluded his report by noting that there will be a public call of the Committee to receive comments and consider amendments for five additional standards recently completed by the NAIC Working Group.

Ms. Krol asked about the adoption of the Mortality Table Change Form Standards. The Industry Advisory Committee was under the assumption that the standards were to be discussed during this meeting. Commissioner Sevigny replied that they would be adopted during the full Commission Meeting.

Ms. Arricale reiterated what Commissioner Sevigny had explained and that the priority list of standards has been made available to all which is a working document. Ms. Arricale noted that the Commission Office will continually update it as it forms the schedule of standard setting and the Commission Office will be presenting it to the NAIC Working Group.

Commissioner Cline asked if there was a motion to adopt Commissioner Sevigny's report. Commissioner Glen Wilson, from Minnesota, made the motion and Director Hudson seconded the motion. The motion was carried by unanimous voice vote.

Commissioner Cline moved to the next item on the Agenda, the consideration and approval of the proposed Code of Ethics. Commissioner Cline asked Ms. Arricale to provide the explanation if the proposed Code of Ethics.

Ms. Arricale explained that the proposed Code was developed with the assistance of the outside counsel, Kelly, Drye, Collier, Shannon, member states and their general counsels. Ms. Arricale noted that the Legislative Committee, the Consumer Advisory Committee, the Industry Advisory Committee were also consulted. Ms. Arricale explained that a public comment period and a public hearing were conducted. Ms. Arricale highlighted that in the copy of the Proposed Code of Ethics before the Management Committee, the blue font highlights the changes that were recommended during the public hearing. Ms. Arricale provided a brief explanation and stated that this code reflects state ethics codes around the country. In her explanation, Ms. Arricale noted that the Commission is a public agency that works on behalf of the member states and was counseled by outside counsel that the ethics code should also reflect the codes that apply to state public officials and that is what this Code has been developed. Ms. Arricale highlighted that there are specific parts of the Code that apply specifically just to the employees of the Commission. Ms. Arricale also highlighted that this Code is not meant to replace the Members' state laws and that state law in each of the states applies to the members. Ms. Arricale concluded her explanation by noting that the Commission Office was directed by the Compact Statute to adopt a Code of Ethics.

Commissioner Holland stated that she had an edit to propose. Commissioner Holland stated that under the section Allegations of Code Violations for Member, Executive Director, Employee, it references paragraph B-1 of the Code and there are several B's and it needs to say Section 3, B-1 of the Code to reference the accurate section with respect to discipline. If you look on page 10, it is on page 10, the last paragraph under Member for instance, the Management Committee may take disciplinary action pursuant to paragraph B-1 of the Code. Commissioner Holland noted that there are three B's in the Code and thought that it was referring to Section III, item B-1.

Mr. Bridgeland stated that he is supportive of the proposed Code of Ethics as adopted. Mr. Bridgeland noted that he was happy to see it incorporated a lot of the comments that were made at the public hearing including those from Consumer Advisory Committee members. Mr. Bridgeland stated that he would like to compliment the Commission Office and note how much better this process has been than what the NAIC has undertaken.

Ms. Arricale asked if there were any further comments.

Commissioner Cline asked if there was a motion to approve the proposed Code of Ethics. Commissioner Holland made the motion and Director Hudson seconded the motion. The Code of Ethics was approved by voice vote. Virginia voted opposed.

Commissioner Cline moved to the next item on the Agenda, the consideration of the Consumer Advisory Committee nominee. Commissioner Cline explained that a new nomination has been received from Commissioner Mike Geeslin, from Texas. Commissioner Cline noted that the nominee is James Wenzel, who is with the Texas State Attorney General's Office. Commissioner Cline asked Texas if they would like to make comments on their nomination at this time.

Sara Waitt, from Texas, noted that Commissioner Geeslin suggested that the Management Committee consider Jim Wenzel as a member of the Consumer Advisory Committee. Ms. Waitt stated that she has known Mr. Wenzel for many years, and he is a passionate advocate for insurance consumer protection. Ms. Waitt provided a brief summary of Mr. Wenzel's qualifications. Ms.

Waitt concluded her remarks that she would recommend, in addition to Commissioner Geeslin's recommendation, that you consider Mr. Wenzel for this position.

Commissioner Cline asked if there were any members that would like to comment on this nomination. Mr. Bridgeland noted that he thought it was a great nomination. Senator Kelly noted that she thought that this adds another perspective to the consumer advocacy team and it is a good idea. Michael Lovendusky, from the ACLI, asked if Mr. Wenzel was an employee of the Texas Attorney General's Office or a funded consumer representative of the Texas Attorney General's Office. Ms. Waitt replied that he was an employee of the Texas Attorney General's office.

Commissioner Cline asked if there were any other further comments. Hearing none, Commissioner Cline asked if there was a motion to accept and appoint Mr. Wenzel to the Consumer Advisory Committee. Ms. Mihalik made the motion and Don Beatty, from Virginia, made the second. The motion was carried by unanimous voice vote.

Commissioner Cline moved to the next item on the Agenda, the adoption of the Management Committee Meeting minutes.

Ms. Arricale noted that there are two (2) Management Committee meeting minutes to be adopted. Ms. Arricale explained that the meeting minutes were sent out to the Members prior to the meeting for their review and any suggested corrections. Ms. Arricale noted that there were comments received from Wyoming and Virginia and they have been incorporated into the meeting minutes. Hearing no other comments, Commissioner Cline asked if there was a motion to adopt the meeting minutes. Director Hudson made the motion and Mr. Beatty made the second. The meeting minutes were adopted.

Commissioner moved to the next item on the Agenda and asked Ms. Arricale to provide an Operational Update.

Ms. Arricale introduced the new members of the Commission Office. Charlie Rapacciuolo, formerly with the New York Department, who is lending his great expertise to the expansion of the operation, David Morris, formerly with the Nebraska Department, who has joined us as product reviewer and Alice Fontaine, of Fontaine Consulting, as actuary. Ms. Arricale highlighted the one-pager distributed that was put together with the help of staff on filing statistics for the Commission. Ms. Arricale noted that this information was gathered and presented today to address the questions raised by the industry and the public at the recommendation of the Industry Advisory Committee. Ms. Arricale explained some of the key highlights. Ms. Arricale noted the date on statistics one-pager as the information does change on a weekly basis. Ms. Arricale stated that this document provides a snapshot of where the Commission Office is today.

Commissioner Cline asked if there were any questions or comments for Ms. Arricale. Hearing none, Commissioner Cline asked if there were any other matters to come before the Commission.

Mr. Lovendusky raised concerns about the nomination and approval of Mr. Wenzel as a consumer representative. Mr. Lovendusky cited Article VIII, Section 2 (B) and how it describes how the Commission shall provide the Advisory Committee's information of a public, non-confidential nature regarding Commission business including, but not limited to, information regarding budget, filing fees, adoption, and then to the product standards rules and procedures and bylaw amendment. Mr. Lovendusky questioned whether a government official of an Attorney General's office, is in fact differently situated than any other member of the other

advisory committees as the individual would have access to information that would not be publicly available to the rest of the advisory committee members. Mr. Lovendusky noted that the individual could not share information of a private nature from the Attorney General's office with other consumer representatives. Mr. Lovendusky asked if a government representative is in fact an appropriate entity to be considered a consumer organization.

Ms. Waitt acknowledged Mr. Lovendusky's concerns. Ms. Waitt noted that due to his position with the Texas Attorney General's Office, Mr. Wenzel does have access to information, through the discovery processes, that other would not have. Ms. Waitt reiterated that Mr. Wenzel is not a regulator and does not work for the Texas Department of Insurance. Ms. Waitt noted that Mr. Wenzel does file open records requests with the Texas Department and the Department does not automatically share with him. Ms. Waitt noted that when the Texas Department of Insurance needs attorney general representation the request is made to a different division; the financial division is contacted if the Department is suing an insurance company for noncompliance and not the consumer protection division of the attorney general's office.

Mr. Lovendusky stated that the Industry Advisory Committee would like to reserve the ability to contemplate the issue further.

Mr. Bridgeland noted that the Center for Insurance Research has occasionally been involved in the past with litigation and have participated in discovery proceedings which normally has a confidentially order issued by the court and binding by legal ethics to not be disclosed to third parties. Mr. Bridgeland stated that he would assume that Mr. Wenzel would not breach his code of ethics or the mandates of court in a case.

Mr. Lovendusky noted that another concern is that a government agency is not considered to be a non-profit consumer organization. Mr. Lovendusky noted that he appreciated the ability to further review the implications of this nomination.

Commissioner Cline asked if there were any other comments or other matters to come before the Management Committee. Hearing none, Commissioner Cline asked if there was a motion to adjourn. Director Hudson made the motion and Ms. Waitt seconded the motion to adjourn. The Management Committee adjourned with unanimous voice vote.