



States, Strength & Speed Aligned

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

**Sunday, September 21, 2008
12:00 – 2:00pm ET**

AGENDA

1. Roll Call
2. [Meeting with the Legislative Committee](#)
3. [Report of the Rulemaking Committee and Consider Approval of the Recommendations of the Rulemaking Committee](#)
4. [Consider Approval of Amendment to “Public Access Rule”](#)
5. [Public Hearing on Proposed 2009 IIPRC Annual Budget](#)
6. [Report of the Finance Committee and Consider Approval of the Report of the Finance Committee](#)
7. [Consider Approval of 2009 IIPRC Annual Budget](#)
8. [Report of the Product Standards Committee and Consider Approval of the Recommendations of the Product Standards Committee](#)
9. [Report of the Communications Committee and Consider Approval of the Report of the Communications Committee](#)
10. [Report of the Technology Committee and Consider Approval of the Report and Recommendations of the Technology Committee](#)
11. [Consideration of Prior Management Committee Meeting Minutes](#)
12. [Consider Recommendation from Executive Director on the Potential Flat Filing Fee](#)
13. [Operational Update from Executive Director](#)
14. [Update on Annual Formation of the Management Committee](#)
15. [Consider Reappointments of Subcommittees](#)
16. [Consider Reappointments of Advisory Committees](#)

17. Any Other Matters

18. Adjourn

**Minutes of the Meeting of the Management Committee of
Interstate Insurance Product Regulation Commission (IIPRC)
Sunday, September 21, 2008
National Harbor, MD**

Management Committee Members in attendance:

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

Commission Members in attendance:

Shelley Santos, Hawaii
Marlyn Burch as a designated representative for Commissioner Sandy Praeger, Kansas
Commissioner Sharon Clark, Kentucky
Commissioner James Donelon, Louisiana
Eric Cioppa as a designated representative for Superintendent Mila Kofman, Maine
Director Ann Frohman, Nebraska
Commissioner Roger Sevigny, New Hampshire
Miriam Ortiz and a designated representative for Commissioner Dorelisse Juarbe Jimenez, Puerto Rico
Beth Dwyer as a designated representative for Superintendent Joseph Torti, Rhode Island
Commissioner Kent Michie, Utah
Beth Berendt as a designated representative for Commissioner Mike Kreidler, Washington
Commissioner Ken Vines, Wyoming

Regulator Staff in attendance:

Manny Munson-Regala, Minnesota
Brian Pennington, Minnesota
Chris Doane, Pennsylvania
Randy Rohrbaugh, Pennsylvania
Tim Murphy, West Virginia

Legislative Committee Members in attendance:

Senator Delores Kelley, Maryland
Representative Brian Kennedy, Rhode Island
Susan Nolan, NCOIL

Consumer Advisory Committee Members in attendance:

Brendan Bridgeland, Center for Insurance Research
Ryan Wilson, AARP
Ken Liberto, Mental Health Association of Vermont

Industry Advisory Committee Members in attendance:

Tom English, New York Life
Gary Sanders, NAIFA & AHIA
Michael Gerber, NAIFA
Dennis Herschel, Massachusetts Mutual
Michael Lovendusky, American Council of Insurers
Miriam Krol, ACLI
Cande Olsen, Actuarial Resources Corporation
Randi Reichel, America's Health Plan

IIPRC Team:

Frances Arricale, Executive Director
Sara Bamford, Operations Manager
Karyn Onyeneho, Administrative Assistant
Charles Rapacciuolo, Development Consultant
David Morris, Product Review Consultant
Alice Fontaine, Actuarial Consultant

NAIC Staff:

Kay Noonan, General Counsel
Becky McElduff, Senior Counsel

Commissioner Jane Cline, from West Virginia, called to order the meeting of the Management Committee of the Interstate Insurance Product Regulation Commission and asked for a Roll Call. Commissioner Cline also asked that the Legislative Committee, Consumer Advisory Committee and Industry Advisory Committee members present identify themselves for the record. Commissioner Cline noted that Rod Bordelon has been appointed to a new position in the Texas state government; and as such no longer meets the criteria of a consumer advisory member. Commissioner Cline thanked Rod Bordelon for his work with the Compact and on behalf of the state of Texas.

Commissioner Cline addressed the first item on the Agenda, meeting with the Legislative Committee. Commissioner Cline commented that under the IIPRC Bylaws, the Management Committee and the Legislative Committee are to meet in person at least once annually; and as such the Legislative Committee will discuss their agenda items with the Management Committee. Commissioner Cline asked Senator Delores Kelley of Maryland, as Vice Chair of the Legislative Committee to preside on this portion of the meeting.

Senator Kelley thanked Commissioner Cline. Senator Kelley commented that the IIPRC Bylaws require that the Legislative Committee be involved with monitoring the operations of the Compact and provide advice. Senator Kelley expressed that these duties are taken very seriously and explained that the Legislative Committee meets regularly via teleconference. Senator Kelley pointed out that the Legislative Committee meetings are transparent and open and hoped that legislatures nationwide will follow protocol in getting involved by listening and giving input in relaying interest and questions or concerns to the Legislative Committee meetings and the Compact Staff. Senator Kelley commented that there are two (2) year terms for Legislative Committee appointments and agreed that the current terms will run through November 4, 2008, after the upcoming elections. Senator Kelley noted that the appointing bodies would then know who the nominees are so that re-nominations for appointments can move forward. Senator Kelley commented that the Legislative Committee is very involved in outreach efforts in non-Compacting states and that the Communications Committee will explain additional plans to assist in explaining the value of the Compact. Senator Kelley noted that non-Compacting states would then understand the core function of what services the Compact can

provide and how the states staff would operate, including collecting premium taxes owed to these states and the remittance of these fees back to the respective states. Senator Kelley pointed out that the Legislative Committee enjoys working with the Management Committee and hoped for the continuation of being a productive partner with the Management Committee. Senator Kelley pointed out the importance of how the IIPRC should get to the point where a line of credit from the NAIC is no longer needed as the creation of the IIPRC was established by the states to be an independent entity. Senator Kelley further noted that the IIPRC does not need an optional federal charter but that in fact, both industry consumers and our state government can benefit from the Compact. Senator Kelley thanked Commissioner Cline for being able to make these comments.

Commissioner Cline thanked Senator Kelley for her participation and then called on Representative Kennedy to comment. Representative Kennedy reiterated comments made from Senator Kelley regarding the re-election of sitting members of the Legislative Committee. Representative Kennedy noted that the Legislative Committee will need to move forward in reorganizing members of the committee every year; pointing out that such reorganization be advised during the National Meeting in December. Representative Kennedy commented that this would give time to provide opportunities to see who has been re-elected to their respective groups, and who will be appointed to these seats by various conference groups such as NCSL and NCOIL. Representative Kennedy commented that the Legislative Committee has inadvertently not followed protocol with the Legislative Committee process in terms of ensuring that there is a Chair and Vice Chair -- having one (1) Democratic seat and one (1) Republican seat. Representative Kennedy stated that a change in this process will be in order in the future. Commissioner Cline thanked Representative Kennedy for his comments and for working with the Commission as we move forward in working to making the Compact a fully viable entity.

Commissioner Cline turned to Commissioner Paulette Thabault of the Vermont Department of Insurance to address the second item on the Agenda which was a report of the Rulemaking Committee and the consideration and approval of the recommendations of the Rulemaking Committee. Commissioner Thabault thanked Commissioner Cline and provided an explanation of the history of the proposed rule and amendment to the Public Access Rule. In the original Public Access Rule that was adopted by the Commission in December 2006 and became effective in January 2007, at/or around the time of adoption at the request of several Member states, the Commission agreed to reconsider the Public Access Rule. Hence the Management Committee requested the Rulemaking Committee to work with interested states on the issue. The Rulemaking Committee formed a group of interested states who requested amendments to the Public Access Rule. A majority of the Rulemaking Committee thereafter recommended to the Management Committee that the Public Access Rule be amended. On June 6, 2008 the Management Committee commenced the rulemaking process to amend the Public Access Rule. Commissioner Thabault pointed out that the proposed amendment to repeal the exemption from disclosure which exists in the current rule for pending, disapproved and withdrawn filings was originally recommended by the Rulemaking Committee. Commissioner Thabault pointed out that during the San Francisco meeting of the Management Committee, considerable discussion took place with industry representatives expressing concerns about the amendment and consumer representatives supporting it. Commissioner Thabault pointed out that following this meeting, Vermont agreed to work on further amendments to address the concerns which were expressed. Vermont worked with the states of Texas and Washington. Commissioner Thabault commented that Vermont's further amendment would expressly define 'innovative products' as a category of trade secret which would be accorded confidential protection during the product review process. The further amendment would also allow a filer to withdraw what the filer designated as an innovative product before final disposition of the filing if the innovative product status is not granted, so that the filer's expectations of confidentiality would be maintained. Commissioner Thabault further commented that during the July 28, 2008 Management Committee

meeting, the Management Committee directed the Rulemaking Committee to hold a public teleconference on Vermont's proposal. The comment deadline for the amendments was extended to August 28, 2008 as directed by the Management Committee. The Rulemaking Committee held the public teleconference on August 21, 2008 to review Vermont's proposal and no formal recommendations from the Rulemaking Committee resulted from the teleconference. Commissioner Thabault commented that when the next item on the Agenda (which is the consideration in the approval of amendments to the Public Access Rule) is considered, Members of the Management Committee will have the opportunity to discuss and determine if any amendments to the Public Access Rule should be approved, and if so whether the original proposed amendment or the Vermont further proposal of amendment should be approved. Commissioner Thabault pointed out that five (5) new operating procedures and rules have been adopted this year by the Rulemaking Committee as updated on the work agenda of the Rulemaking Committee. Pending draft rules include the creation of a self-certification process and the procedure for filing, reviewing and disposition of rate filings for Disability Income and Long Term Care products. Commissioner Thabault commented that the Rulemaking Committee will update the Management Committee on its progress. Commissioner Thabault asked for any questions regarding the report of the Rulemaking Committee and consideration in the approval of the recommendations of the Rulemaking Committee.

Commissioner Cline asked if there were any questions for Commissioner Thabault. Hearing none, Commissioner Cline asked if there is a motion to adopt the report of the Rulemaking Committee. Commissioner Thabault made a motion to adopt the report of the Rulemaking Committee. Commissioner Cline asked if there was a second motion. Director Hudson of Ohio seconded the motion.. Commissioner Cline if there further discussion. Hearing none, the adoption of the report of the Rulemaking Committee was approved by a unanimous voice vote.

Commissioner Cline thanked Commissioner Thabault and turned to the next item on the Agenda, which is a consideration of amendment to the Public Access Rule. Commissioner Cline noted that there are two (2) aspects to the Public Access Rule: The first, for the allowance of electronic requests and to consider the amendment to amend the rule for the electronic access as one motion and one discussion; and then second, the actual Public Access debate that has really been at the heart of the matter as the second motion. Commissioner Thabault moved the amendment to allow for electronic filings. Fran Arricale, Executive Director of the IIPRC, pointed out that in Section 103-C, this information is outlined. Commissioner Cline commented that Commissioner Thabault's amendment is to amend Section 103-C of the Public Access Rule. Director Mary Jo Hudson of the Ohio Department of Insurance seconded the motion and Commissioner Cline asked for a discussion of the motion. Hearing none, the adoption of the motion was approved by a unanimous voice vote.

Commissioner Cline turned to the discussion of the amendment to open the access and inspection of the records for pending filings. Commissioner Cline asked if there was a motion to do so. Sara Waitt of Texas made the motion. Commissioner Cline asked for a second motion. Commissioner Joel Ario of the Pennsylvania Department of Insurance seconded the motion. Commissioner Cline asked if there was further discussion on the motion. Commissioner Ario then commented that Pennsylvania will vote for public access either in the form of the Vermont compromise if proposed, or in the form of the original proposal. Commissioner Ario pointed out that more states than not have been moving toward broader public access and that this is proven workable. Commissioner Ario continued to comment that the strongest consumer protection facet is the openness and transparency of public access. Commissioner Ario further commented that the issue must be kept in perspective in terms of where public access and public involvement is most important; which is in the standard-setting process since this is where the standards are created which are used in each review; that this is the bigger issue. Commissioner Ario noted that although the Rule may not be changed today, based on his perception of potential votes, states will continue to move toward more transparency and

openness; and that the importance of these issues will surface again if the amendment to the Public Access Rule is not chosen.

Commissioner Cline asked if there are any other members of the Management Committee who wish to speak. Don Beatty, a designated representative for Commissioner Al Gross of the Virginia Department of Insurance, commented that the consequences of the proposed amendment will be public participation in the filing process as relates to pending filings if the rule is changed. Mr. Beatty pointed out that a number of companies will not use the Compact if the Public Access Rule is changed primarily because these companies do not want public comment on their filings. Beatty noted that he believes companies will not use the Compact and commented that the result will be an adverse impact of the financial condition of the Compact. Mr. Beatty noted that the Compact is more leveraged than the Lehman Brothers and that we cannot afford to take such steps which will reduce our income; consequently he is not in favor of this amendment. Beatty stated that we should not have access to public filings.

Commissioner Cline asked if there were any other members of the Management Committee who wish to make comment. Commissioner Cline called on Commissioner Kim Holland of the Oklahoma Department of Insurance to comment on the issue. Commissioner Holland noted that she supports the issue of transparency all across the board. Commissioner Holland stated that the filings received to date demonstrate such; but that she is concerned with the financial situation of the Compact. Commissioner Holland commented that with regard to anything that would cause a hesitation in using the Compact, that this must be considered. Commissioner Holland stated that there are legitimate concerns as far as technology changes and the way that the Compact operates from a business perspective. Commissioner Holland noted that the Compact is an unproven entity in the turn around times in approving filings when driving at the volumes that are being looked at to support the budget. Commissioner Holland further commented that this is not the time to consider this issue on the amendment to the Public Access Rule.

Commissioner Cline called on Representative Brian Kennedy of Rhode Island to comment on the issue. Representative Kennedy commented that he hopes that if the majority of the commissioners choose not to support the amendment, that the insurers now do their part which is to get their companies to start making these filings.

Commissioner Cline called on Senator Delores Kelley of the state of Maryland to make comments. Senator Kelley commented that the Legislative Committee does not see how consumers can be harmed by products that are not on the market. Senator Kelley continued that the Legislative Committee believes that this is bad precedent to amend the Public Access Rule; as this will suggest that things are unstable within the Compact; that until we have a full pane of standards and a real business in terms of the frequency of filings that we should not make any decisions that would be a disincentive to Compact. Senator Kelley noted that the Legislative Committee also wants transparency, but believes that with regard to product standards, the operation of these standards is where transparency needs to be. Senator Kelley commented that the fight that we're trying to avoid is not a fight between consumers and industry, but that this is an industry battle to make sure that competitors do not have extra time to get trade secrets; innovative variable that they're working on. Senator Kelley continued to comment that the Compact does not have a history of consumer groups calling and commented, and that the Compact must continue their practice of total openness with regard to the creation of product standards.

Commissioner Cline called on Commissioner Thabault to make comments. Commissioner Thabault stated that she agreed with Commissioner Ario in that she believes that the states are moving in the direction of greater transparency; that she suspects that there are not enough votes to pass the

amendment to the Public Access Rule. Commissioner Thabault noted that with Vermont's proposal notwithstanding operational challenges to the Compact; that operational challenges that may arise from the amendment to the Public Access Rule can be overcome. Commissioner Thabault noted that the amendment addresses concerns of the industry and provides the confidentiality that is necessary, but that it is not overly overprotective to consumers. Commissioner Thabault confirmed that she will support the amendment and hoped that this does not send the message to consumers or to the industry or to the world that the Compact will "cave" to industry pressures in difficult times and that this is of great concern in terms of the Compact's ongoing success. Commissioner Thabault stated that more work needs to be done within the Compact and that we may regret the amendment if not supported today.

Commissioner Cline asked if there were other members of the Commission who would like to make comment. Commissioner Cline called on Sara Waitt, a designated representative for Commissioner Mike Geeslin of the Texas Department of Insurance. Ms. Waitt commented that the amendment has clean-up provisions; that taking away the public access piece of the rule actually refers to non-existent portions of the rule. Ms. Waitt commented that there are some minor mistakes in the Rule that have nothing to do with public access. Waitt continued to comment that the Rule needs to be fixed and that this should be taken up.

Commissioner Cline asked Ms. Waitt then that amendments would be moved referencing a general clean up of the rule. Ms. Waitt affirmed and Commissioner Cline if were others who wish to speak on pending amendments to the Public Access Rule.

Hearing no comments, Commissioner Cline turned to the Consumer Advisory Group and called on Brendan Bridgeland, of the Center for Insurance Research, to make comment. Mr. Bridgeland commented that he believes that the industry will say that whatever gets voted will not be revisited; as this was done to the revision of the public access passed one year ago. Mr. Bridgeland noted that his role is to recommend things from a consumer's perspective, and that the end does not justify the means. Bridgeland commented that the ends should not justify the means in just getting a few more filings in the Compact because a few companies said today that if you vote our way we're immediately going to show up tomorrow with several filings; that he will not hold his breath for this. Bridgeland stated that he appreciates the opportunity to participate and review what goes on in the product standards, but that he did not believe that this is the end of the process; that he wants to see how these standards are used in practice, how they are enforced, and how they are dealt with.

Commissioner Cline noted that Representative Robert Damron of Kentucky and Chair of the Legislative Committee has joined the meeting and called on him for comment. Representative Damron thanked the Compact for being able to participate in the meeting.

Commissioner Cline thanked Representative Damron asked if there were any other members of the Consumer Advisory Committee who wished to comment.

Commissioner Cline then called on representatives of the Industry Advisory Committee.

Hearing no comments, Commissioner Cline asked for a vote for all those in favor of approving the motion by Texas and seconded by Pennsylvania. Commissioner Cline noted that the motion failed by a voice vote.

Commissioner Cline turned back to the comments from Ms. Waitt. Ms. Waitt stated that the amendment on the Public Access Rule needs to be cleaned up so that the Rule does not refer back to non-existent provisions within the rule and that this clean up will not to change any substance within

the rule, and moved so. Commissioner Cline reiterated that Texas' motion is to complete a technical clean-up excluding the amendment to the opening of the pending record files. Commissioner Cline asked for a second motion. Vermont seconded. Commissioner Cline asked for further discussion. Commissioner Cline stated that counsel agreed with the way that Texas presented the clean-up as this is not a substantial change to the Rule, rather a technical clean-up. Commissioner Cline pointed out that the motion is to address inconsistency in the rule in that technical changes to the Rule need to be amended and that not any substantial changes would change. Commissioner Cline pointed out that this change does not refer to the motion that was just failed.

Commissioner Cline called on Senator Kelley. Senator Kelley stated that if such editorial changes can be done today and a vote for such changes be approved, that the whole world would know what our Rule is and that this would be better rather than to leave any uncertainty as we move forward. Commissioner Cline asked if there was further discussion of the amendment to the technical clean-up.

Hearing none, Commissioner Cline called for a voice vote to do a technical clean-up of the Rule. The motion was approved by a unanimous voice vote. Commissioner Cline thanked Ms. Waitt for addressing the technical changes to the Public Access Rule.

Commissioner Cline turned to the next item on the agenda which was a public hearing on the proposed 2009 IIPRC Annual Budget. Commissioner Cline stated that the Budget was exposed for a 30-day comment period by the Management Committee after the Committee's teleconference on July 28, 2008. Commissioner Cline continued in stating that during the recommendation to the Management Committee to expose the Budget, the Finance Committee made a request to have a public hearing on the Budget. The Management Committee has not received any written comments regarding the Budget. Commissioner Cline noted that there is an opportunity for any interested parties to make comment and that all comments be limited to no more than ten (10) minutes. Commissioner Cline first asked the Management Committee if there were any comments. Hearing none, Commissioner Cline asked if other members of the Commission had comments. Hearing none, Commissioner Cline asked if members of the Legislative Committee had any comments. Hearing none, Commissioner Cline asked if members of the Consumer Advisory Committee had any comments. Hearing none, Commissioner Cline asked if any members of the Industry Advisory Committee had any comments.

Commissioner Cline called on Director Hudson for comment. Director Hudson noted that with regard to the Budget, the Finance Committee had a very good discussion about the Budget. Director Hudson called on Director Frohman of the Nebraska Department of Insurance to share this discussion which referenced the periodic reviews of the Budget over the year given the growth and some of the newness of the Compact. Director Frohman stated that there was dialogue about the Budget concerning some of the issues that are facing the Compact; trying to put together a Budget as follows: the revenue and the actual needs of the organization depend on a lot of items that are evolving. Hence recognizing that in assessment with the Officer's of the Management Committee, that the Finance Committee needs to meet on a regular basis with the Management Committee to stay abreast on issues for readiness in response to further recommendations to the 2009 Budget. Director Frohman noted that a review of the issues are indeed necessary.

Commissioner Cline asked if there were any further comments with respect to the Public Hearing aspect of the Budget. Hearing none, Commissioner Cline concluded the Public Hearing portion of the Management Committee.

Commissioner Cline turned to Director Frohman for a Report of the Finance Committee and consideration of approval of the Report of the Finance Committee. Director Frohman provided

results of recent meetings of the Finance Committee; thanking Ms. Arricale and her staff for their assistance as well as the assistance of the NAIC's Finance staff. Director Frohman stated that the Finance Committee continues to monitor what is going on with the organization and the impact of the Public Access Rule on the proposed Budget. Director Frohman stated that the Finance Committee will re-work Budget figures as issues develop; reiterating that being in the nature of a start-up organization; that the revenues of the organization are constantly evolving, and although the Budget was put together, that the Finance Committee will continue to monitor the Management Committee on a quarterly basis at least until the next year. Director Frohman pointed out re-evaluations will be discussed by the Finance Committee. Director Frohman commented that for the time being, the Finance Committee needs to stand ready to make recommendations to the Management Committee throughout next year with regard to the financial progress of the Compact. Director Frohman commented further that the Finance Committee met in a joint session with the Technology Committee on September 12, 2008 to review with Ms. Arricale's recommendation on dealing with potential flat filing fees. Director Frohman stated that Ms. Arricale will comment on this issue; and that the Finance Committee reviewed this matter and agrees at this time with the recommendations and conclusions made by Ms. Arricale. Director Frohman asked if there were any questions at this time.

Commissioner Cline asked for a motion to adopt the report of the Finance Committee and consideration of the report of the Finance Committee. A motion was made by Commissioner Wilson and seconded by Joe Murphy, a designated representative of Commissioner Nonnie Burnes of Massachusetts. Commissioner Cline asked if there was further discussion of the report of the Finance Committee. Commissioner Cline called on Commissioner Holland.

Commissioner Holland noted that we are looking at an aggressive budget for next year and requested if Director Frohman or Ms. Arricale can provide an estimate on 750 filings; since benchmark filings for this year were not what was expected. Director Frohman noted that SERFF filings were evaluated and a comparative analysis was then developed; Director Frohman continued to note that on a quarterly basis the filings will continue to be monitored. Director Frohman noted that filings slowed down perhaps as a result of the recent Public Access Rule being a heated subject. Commissioner Cline asked if there was further discussion on the adoption of the report of the Finance Committee. Hearing none, the report of the Finance Committee was approved.

Commissioner Cline turned to the next item on the Agenda which is to consider the approval of the 2009 IIPRC Annual Budget. Ms. Arricale pointed out that everyone has a copy of the Budget and additionally a brief fiscal impact which relates to the Public Access Rule. Ms. Arricale explained that the Budget was footnoted with items related to the potential change in the Public Access Rule, but since no other procedures were voted in today, these are not operable. There is one (1) area where a redline change was made which is referenced in the office supplies section; additional costs were added to ensure that the figures reflect fully the office supplies. Ms. Arricale continued to explain that the other redlines are footnotes were reference purposes. Commissioner Cline thanked Ms. Arricale for her comments. Commissioner Cline asked for a motion to adopt the 2009 IIPRC Annual Budget. Don Beatty, as a designated representative for Commissioner Al Gross of the Virginia Department of Insurance made a motion to adopt the Budget. Commissioner Glenn Wilson of the Minnesota Department of Insurance seconded the motion. Commissioner Cline asked if there were further discussions on motion to adopt of the Budget. Hearing none, the motion was approved by a voice vote to adopt the 2009 IIPRC Annual Budget.

Commissioner Cline turned to the next item on the Agenda which is a Report of the Product Standards Committee and consideration for the approval of the Report and Recommendations of the Product Standards Committee. Commissioner Cline called on Commissioner Sevigny of the New Hampshire Department of Insurance to make comments. Commissioner Sevigny explained that the

Product Standards Committee has a brief status report as there are no Uniform Standards to recommend to the Management Committee at this time. Commissioner Sevigny pointed out that since the adoption of eleven (11) new standards and amendments in August 2008, the Public Standards Committee continues to meet weekly; the process of combining the existing Individual Life Insurance Standards into Core Standards. Commissioner Sevigny commented that a teleconference of the Product Standards Committee is expected in October 2008 for a discussion on Core Standards. Commissioner Sevigny noted that the NAIC working group product teams continue to develop new standards which the Product Standards Committee will be happy to receive and review; this includes the first group standards as the development of the Commission in adopting group standards is priority. Commissioner Sevigny commented that focus is on prioritizing the development on Uniform Standards in a way that makes the most sense for the Commission's fiscal sustainability and overall purposes. Commissioner Sevigny further commented that the Product Standards Committee plans to initiate regular quarterly meetings with the NAIC Interstate Compact National Standards Working Group to review and revise priorities and work loads. These meetings will occur following the quarterly meetings and would be public meetings open to all, including legislative and advisory committees. Commissioner Sevigny noted that he hopes to hear directly from filing companies on their "wish list" of Uniform Standards. Commissioner Sevigny noted that by opening up another avenue of communication will help the process. Commissioner Sevigny further noted that the quarterly reviews will provide for great responsiveness and opportunity for the Commission to hear directly from the filers; it will enhance the filer's ability to tailor business plans and to make use of the Compact earlier than is currently the case. Commissioner Sevigny concluded his Report on the Product Standards Committee and asked for any questions or comments in response to his Report. Hearing none, Commissioner Sevigny announced his retirement from the Product Standards Committee; and noted that he cannot devote the appropriate time to lead the Product Standards Committee. Commissioner Sevigny pointed out that the Product Standards Committee has put in a lot of hard work and it has been a smooth ride as the Chair of the committee. Commissioner Sevigny thanked the members of the Product Standards Committee and noted that this was a great group to work with; thanked Becky McElduff, NAIC Senior Counsel and the NAIC staff for their great work; thanked the Legislative Committee, Consumer Advisory Committee, Industry Advisory Committee and especially thanked the NAIC Product Standards Committee for developing the Standards in the first instance. Commissioner Cline thanked Commissioner Sevigny for all of his hard work with the Product Standards Committee. Commissioner Cline then turned the floor to Commissioner Wilson. Commissioner Wilson gave great thanks to Commissioner Sevigny and presented him with a token award for all of his great work to the Compact, and to the Product Standards Committee. Commissioner Cline thanked the Product Standards Committee for all of their work. Commissioner Cline noted that as Vice Chair, Texas has agreed to Chair the Product Standards Committee for the upcoming year; stated that a significant amount of time has been put into the efforts to enhance the Compact. Commissioner Cline asked for a motion from a Member of the Management Committee to adopt the report of the Product Standards Committee. Commissioner Holland made a motion to adopt the report of the Product Standards Committee. Joan Moiles, as a designated representative for Commissioner Ken Ross of the Michigan Department of Insurance seconded the motion. The Report of the Product Standards Committee was approved by a unanimous voice vote. Commissioner Cline asked for any further discussion.

Commissioner Cline turned to the next item on the agenda which was a Report of the Communications Committee and consideration of the approval of the Report of the Communications Committee. Commissioner Holland noted that the Communications Committee met on July 31, 2008 with the IIPRC and the NAIC Communications staff to develop a comprehensive outreach and marketing plan for consideration by the membership; seeking two goals – first, to expand the Compact membership and second, to promote increased product filings. Commissioner Holland noted that IIPRC Members can agree that the primary mission of the Compact is to create a successful

state-based system which facilitates speed-to-market with an uncompromising focus on consumer protection. Commissioner Holland commented that the IIPRC is an operational success; as Member states have demonstrated of unprecedented cooperation in promulgating Uniform Standards and launching a national filing platform. Commissioner Holland noted that consumer protections were preserved, and in many cases enhanced. Commissioner Holland further noted that the Compact is a model of what can be accomplished through collaboration with consumers, regulators, legislatures and industry in working together towards a practical solution to meet the demands of the market and our policyholders. Commissioner Holland commented that Compact membership must be expanded in order to be a lasting modernization mechanism; that the Compact must become the venue of choice for product filings in order to sustain and grow from an operations standpoint. Commissioner Holland noted that the public is rightfully uncertain about the effectiveness of regulatory oversight. Commissioner Holland noted that the Communications Committee will submit recommendations for a comprehensive two-prong outreach marketing strategy for the Compact which will take us through the next two (2) years. Commissioner Holland further noted that the implementation of such recommendations will raise the profile of the Compact and the plan proposes specific benchmarks by which we can measure our success. The adoption of an aggressive budget with financial requirements will allow the Compact to be self-supporting, but that this success will take the work of everyone to create a successful outcome. Commissioner Holland noted that the entire Compact membership and the partnership with state legislatures, advisory committees and the full NAIC Membership will need to be supportive for this success. Commissioner Holland pointed out that the recommendations are general in nature and that the Communications Committee welcomes comments or recommendations from all Compact Members as well as from interested parties and advisory committee members. And that such recommendations be fully reviewed and posted for comment and then discussed during the next Management Committee teleconference on October 27, 2008 in order to allow Members and interested parties for time to review and comment. Commissioner Holland concluded the Report of the Communications Committee and asked for any questions. Commissioner Cline asked whether there were any questions for Commissioner Holland on the adoption of the Communication Committee report. Hearing none, Commissioner Cline asked for a motion to adopt the report of the Communications Committee. Commissioner Holland moved to adopt the report of the Communications Committee. Director Hudson seconded the motion. Commissioner Cline asked for further discussion of the motion. Hearing none, the adoption of the Report of the Communications Committee was approved by a unanimous voice vote. Commissioner Cline thanked the Communications Committee for spending a great deal of time in putting together a proactive outreach program for the Compact.

Commissioner Cline turned to the next item on the Agenda which is a Report of the Technology Committee and consideration of the approval of the Report of the Technology Committee. Commissioner Cline called on Director Hudson to provide details of the Report. Director Hudson noted that the Technology Committee met on September 15, 2008 with the IIPRC staff to review the results of the 2008 State Filing and Back Office Systems Survey. Director Hudson thanked the states who participated in the survey and noted that the Survey was conducted in order to assess the IIPRC's future technology needs in SERFF and within other operational technology platform. Director Hudson commented that the assessment is meant to serve as a planning tool, as the Budget is planning for growth in the future. Director Hudson commented that the Survey reflects raw data at this point; hence the Technology Committee will continue to work with the IIPRC staff to put together recommendations in greater analysis of the Survey results in IIPRC technology needs. Director Hudson noted that the Technology Committee will certainly be open to any comments or questions as it relates; and will update the Management Committee as we move forward. Commissioner Cline asked for any questions for Director Hudson on the Report of the Technology Committee. Hearing none, Commissioner Cline asked for a motion to adopt the Report of the Technology Committee. Commissioner Jim Long of the North Carolina Department of Insurance made a motion and Director

Jim Atterholt of the Indiana Department of Insurance seconded the motion. Commissioner Cline asked if there were further discussion. Hearing none, the adoption of the Report of the Technology Committee was approved by a unanimous voice vote. Commissioner Cline thanked Director Hudson and the Technology Committee for their work and effort.

Commissioner Cline then turned to the next Agenda item which was Approval of Management Committee Meeting Minutes and asked Ms. Arricale to conduct this item. Ms. Arricale noted that the Commission Office has undertaken the preparation of Management Committee Meeting Minutes to ensure that all information is posted to the IIPRC website as required. Ms. Arricale noted that Sara Bamford, IIPRC Operations Manager, did an excellent job with preparing the Management Committee Minutes as well as Public Hearing Minutes which were conducted before the Management Committee meeting which are required by the Management Committee to be transcribed verbatim. Ms. Arricale noted that edits to the Minutes were received from Virginia and Hawaii; that unless anyone has any edits today, that the Management Committee adopt the Management Committee and Public Hearing Minutes, so these Minutes may then be posted to the website. This will bring the Minutes current and up-to-date for the Management Committee. Commissioner Cline asked for a motion to adopt the prior minutes of the Management Committee. Mr. Beatty made a motion on behalf of Virginia to adopt the minutes and Commissioner Wilson seconded the motion. Commissioner Cline asked if there were further discussion on the adoption of the Minutes. Hearing none, the adoption of the Minutes were approved by a unanimous voice vote. Commissioner Cline thanked Hawaii and Virginia for their diligence in assisting with the prior Management Committee minutes with regard to edits.

Commissioner Cline turned to the next item on the Agenda and asked Ms. Arricale to provide a Report on the recommendation for a potential flat filing fee. Ms. Arricale pointed out that last year, the IIPRC adopted the Filing Fee Structure for the Compact. Ms. Arricale noted that she was directed by the Management Committee to undertake a one (1) year study on behalf of the Compact to see if the Commission can accommodate a flat filing fee. Ms. Arricale noted that for those companies who file, they are familiar with state filing fee structure as the SERFF Compact pages are designed to collect all the Member state fees; individually these fees are placed on the website in each calculation as well as the Compact fee. Ms. Arricale noted that in order to try to streamline the process, the Commission Office wanted to account for one fee that would be incorporated into the SERFF system and the Commission Office would ensure that the respective fees to the states would be paid in their accurate form. Ms. Arricale pointed out that there are potential for miscalculations on the front end and this needs to be corrected before undertaking the reviews of the filings as the product filing rule directs. Ms. Arricale noted that the Commission Office does make this assurance on the front end in ensuring the fees are correct. Ms. Arricale commented that a study was undertaken as provided in a recommendation memo for the flat filing fee structure; and in conclusion that there was not sufficient data to determine what the flat filing fee could be in order to encompass all of the Member state fees and the Compact fee. Ms. Arricale noted that there are too many variables as there was not enough supporting data. These variables include the different calculation of Member state fees and the different number of states that are selected per filing per company. Ms. Arricale noted that this information is detailed in the Recommendation Memo, For example on the wide variations, the Compact had one filing with only \$20.00 for state fees on a filing, and then another with close to \$6,000.00 for state fee. Ms. Arricale noted that there is not sufficient data to pinpoint a flat filing fee figure at this time. Ms. Arricale commented that in moving forward, the Commission Office will continue to review the data to see if it is feasible to streamline this function; that a spreadsheet is currently being worked on for industry filers to use to indicate which filers can plug in the number of forms and that fees will automatically be calculated. Ms. Arricale noted that part of her recommendation is that we test out this streamline form for the filers. Ms. Arricale emphasized that there is insufficient data to implement a flat filing fee, but that we test the spreadsheet outlined in the

Recommendations Memo. Commissioner Cline thanked Fran for the recommendation on the potential flat filing fee. Commissioner Cline asked for discussions regarding this recommendation. Commissioner Cline called on Miriam Krol of the American Council of Life Insurers (ACLI) to comment.

Ms. Krol expressed that she does not exactly have comment on Ms. Arricale's Report as she reported accurate conclusions. Ms. Krol commented in preparation of this Meeting, that a survey was recently sent to her membership as to why companies are not filing Life and Annuity filings; and if they are going to interest in Group Annuities very soon. Ms. Krol stated that she received quite a few responses regarding the filing fee structure from this survey. Ms. Krol further commented that there are smaller companies that do not file in many states and rather file only one or two product groups. Ms. Krol noted that she will speak to these companies and asked the Management Committee for feasibility in looking into some of these companies concerns on fees, since we would want them to use the Compact as opposed to any other entity – to determine if there is a fee structure that we could design for these companies to encourage the use of the Compact. Ms. Krol proposed a question as to whom to ask to make such request; the Finance Committee or Ms. Arricale? Ms. Arricale responded that any suggestions in changing the fee structure should be submitted in writing to the Management Committee who will then forward such request to the appropriate subcommittee.

Commissioner Cline asked for a motion to adopt the Report on the potential flat filing fee structure. The motion was made by Director Hudson of Ohio and Mr. Beatty of Virginia seconded the motion. Commissioner Cline asked if there were further discussion on the report of Ms. Arricale on the potential flat filing fee. Hearing none, the Report on the potential flat filing fee was approved by a unanimous voice vote. Commissioner Cline thanked Ms. Arricale for her Report.

Commissioner Cline turned to the next item on the Agenda which is an Operational Update from the Executive Director. Commissioner Cline turned back to Ms. Arricale to provide an update on the operations of the Commission. Ms. Arricale thanked Commissioner Cline and noted that during each Management Committee meeting she usually provides an operational update; that filing statistics are discussed during these meetings as well as how the Compact is doing and how the operations are running. Ms. Arricale stated that she wants to introduce the very important individuals who are behind the operations as well as our newest member; Karyn Onyeneho, who is the new IIPRC Administrative Assistant. Ms. Arricale stated that Ms. Onyeneho has joined us and this is her first meeting; she will be the first point of contact when contacting the Commission Office and we are able to run and be even more productive with her being a part of the Compact. Ms. Arricale re-introduced Ms. Bamford as the IIPRC Operations Manager and noted that she is been doing a great job in handling the operations of the Commission. Ms. Arricale introduced David Morris, IIPRC Product Reviewer; Alice Fontaine, IIPRC Actuarial Consultant; and Charles Rapacciuolo, IIPRC Development Consultant. Ms. Arricale commented that she looks forward to everyone meeting and greeting the IIPRC Staff as they are the operations of the Commission Office and are behind the operations on the product filings. Ms. Arricale noted that an updated statistics report was provided for all; a press release is also available which references the IIPRC's approved 100th product; which has grown to a figure that we have now reached at 117 products. Ms. Arricale stated that companies are filing and we appreciate this; and that we have the capacity to review many more filings. Ms. Arricale commented that the IIPRC stands ready to review these new filings. Ms. Arricale commented that the remaining statistics reference that we are still approximately at a 31 day turn around time for product filings and that we will be working to reduce this as we move further; that the average number of states chosen for Compact filings is 25 and this shows that a good number of companies are choosing all our Compact states. Ms. Arricale pointed out that additional statistics have been provided to everyone on the IIPRC's outreach efforts; that the IIPRC takes a great number of trips around the country to speak at different events in advocating for membership in many non-

Compacting states and at industry events to promote the Compact filing platform. Ms. Arricale noted the considerations of the Memo from the Communications Committee and that IIPRC Team stands ready to outreach as directed by the membership. Ms. Arricale asked if there were any specific questions about the operations of the Commission. Commissioner Cline then called on Commissioner Holland.

Commissioner Holland stated that since we last met, Ms. Arricale visited Oklahoma and held a training session for industry personnel to explain the Compact filing process. Commissioner Holland noted that there was a great turn out and that Ms. Arricale did an outstanding job; that this event demonstrated the Compact's willingness to meet with the industry and provide an opportunity to invite the industry into Member insurance departments. Commissioner Holland stated that something similar as this event should be done in other departments.

Commissioner Cline called on Ms. Krol. Ms. Krol commented that she and Cande Olsen, of Actuarial Resources Corporation discussed the feasibility of hosting a 'Compact Day' at the ACLI where they would walk through critical components of Life, Annuity and Group Standards. Ms. Krol stated that may occur in the first quarter of 2009 and the Compact Staff can come and explain the process during his Compact Day event. Ms. Krol pointed out that this was done several years ago in the beginning of the Compact; that more companies which look at the Standards do not have familiarity with the way that the Standards are established and what they mean; that such questions are answered by the ACLI on a daily basis. Ms. Krol stated that having a meeting to discuss all the product lines is forthcoming and she will advise as to when and where this meeting will occur, but that she will wait until there are more critical mass of standards. Ms. Krol believed that in the first quarter, more Annuities will be apparent and during this time such meeting will be more meaningful. Ms. Arricale thanked Ms. Krol for her statements.

Ms. Arricale noted that the Commission has been hosting webinars for the public as an outreach effort to those who may not be able to travel to similar events; that these webinars explain the Uniform Standards process, frequently asked filing questions and other pertinent issues on the processes of the Commission. Commissioner Cline thanked the Compact Staff for all of their efforts in working with the challenges with getting the start-up organization on its feet.

Commissioner Cline turned to the next item on the Agenda which is an Update on the Annual Formation of the Management Committee. Commissioner Cline stated that according to Article III, Section 1 of the Compact Bylaws, at each Annual Meeting the Management Committee needs to be re-formed based upon the premium volume figures of the prior year as supplied by the NAIC. The Management Committee consists of three (3) tiers. Commissioner Cline continued in stating that the first tier consists of the six (6) members who represent the largest premium volume for the four Compact product lines as determined from the records of the NAIC as of December 31 of the preceding year; and these Members are Texas, Pennsylvania, Ohio, Michigan, North Carolina and Massachusetts. Commissioner Cline continued in stating that the second tier consists of four (4) members with at least 2 % of the market share based on the premium volume; and that this year there are more than four (4) members who fit this category. As a result the cycling procedure was effected where the newest state, Wisconsin will now cycle on to the Management Committee and Minnesota will cycle off. Commissioner Cline stated that the second tier will now be Virginia, Georgia, Indiana and Wisconsin. Commissioner Cline stated that the third tier will consist of four (4) members with less than 2 % of the market share of the premium volume, with each of the four (4) NAIC zones electing one Member in this category by majority vote of all the compacting states in the zone that are also in this category. Commissioner Cline noted that the Northeast zone will be represented by Commissioner Thabault; the Midwest zone will be represented by Commissioner Holland; the Western zone will be represented by Commissioner Deal; and that the Southeast zone will be

represented by herself (Commissioner Cline). Commissioner Cline stated that upon the conclusion of the Commission's Annual Meeting today, the new Management Committee will be in effect. Commissioner Cline asked if there were any questions with respect to this process or to the Bylaws that provide for this process. Hearing none, Commissioner Cline turned to the next item on the Agenda which is to discuss the Reappointment of Subcommittees.

Commissioner Cline noted that a handout of a proposed list of subcommittees has been provided; that everyone is encouraged to look at what the IIPRC Office concluded in taking the requests of subcommittee preferences which are detailed in the handout; that the IIPRC Office compiled this information which was submitted to the Management Committee for review. Commissioner Cline pointed out that the challenges to ensure that we do have too many members on each standing committee which would then constitute a full meeting of the Commission or of the Management Committee. This is a dual struggle in establishment of the committees. Commissioner Cline further noted that there were many states that requested a seat in the Product Standards Committee; that there have been some alternative proposed appointments to accommodate individual states in their preferences. Commissioner Cline noted that as we continue to gain new Members, this also requires for additional alignment of the committee structure. Commissioner Cline insisted that everyone look at the proposed committee suggestions and to provide feedback; that following this, a conclusion of the final appointments will be voted during the next Management Committee teleconference. Commissioner Cline asked for any comments with regard to the consideration of reappointment of subcommittees. Commissioner Cline called on Commissioner Michie of the Utah Department of Insurance to make comment. Commissioner Michie commented that the Audit Committee is exclusively made up of individuals who are not Members of the Management Committee. Commissioner Cline affirmed that this information is correct and is duly noted for due diligence purposes and thanked Commissioner Michie for all of his hard work on the Audit Committee. Commissioner Cline asked if there were any other comments or questions. Hearing none, Commissioner Cline asked for everyone to look at the proposal and to provide any feedback or comments. Commissioner Cline noted that a clarification has been made in reference to those individuals who are not actual members of the committee, can still sit in and participate; but that when voting takes place within the committee that this individual will not be a voting member of that committee. Commissioner Cline commented that the Management Committee is trying to be cognizant all the requirements of public due diligence when public notice meetings occur; that subcommittees must be free to do some work to provide recommendations to the Management Committee and then ultimately to the full Commission.

Commissioner Cline noted that the Management Committee will need to consider reappointments of advisory committees. Commissioner Cline then turned to the next item on the Agenda to address the consideration of the reappointment of the advisory committees.

Commissioner Cline noted that under Article VIII, Section 2 of the Compact Bylaws, the Advisory Committees have staggering terms; that at that time, the current one-year appointment on the Industry Advisory Committee have expired; that these one-year positions now become two-year appointments under the Bylaws. Commissioner Cline stated that a notice was sent to the current members of the Industry Advisory Committee informing them of this process and a notice was posted for applications. Commissioner Cline continued to note that the Management Committee has received five (5) application submissions that meet the submission requirements; that there is a requirement that one of these vacant seats be held by a producer organization; and that the Management Committee has received an application from a producer association. Commissioner Cline noted that the four (4) proposed appointment for the two (2) year terms beginning September 21, 2008 are Thomas English, Senior Vice President and Chief Insurance Counsel for New York Life Insurance Company; Steven Buhr, Vice President of Compliance for AEGON/Transamerica Group;

Maureen Adolf, Corporate Vice President of Prudential Insurance Company of America; and Gary Sanders, Senior Council for the Association of Health Insurance Advisors. Commissioner Cline noted that the Compact received one (1) additional application for a company seat on the Industry Advisory Committee after the stated deadline; which the Management Committee will consider for the next open seat in the Industry Advisory Committee. Commissioner Cline asked for a motion to approve the appointments that were just outlined. Commissioner Holland made a motion to approve the appointments of subcommittees and Director Hudson seconded the motion. Commissioner Cline asked if there were further discussion on the appointments. Hearing none, the approval for the appointments of subcommittees was approved by a unanimous voice vote. Commissioner Cline thanked the representatives of the Industry Advisory Committee who have agreed to participate and work with the Compact as improvements will continue to be made to the whole process.

Commissioner Cline noted that the Consumer Advisory Committee still currently has four (4) open seats and outreach to consumer organizations in the respective Compact Member states; if the Consumer Advisory Committee has recommendations on potential members for these seats that they should share this information with the Management Committee. Commissioner Cline offered an appreciation to members of the Consumer Advisory Committee to continue their participation. Commissioner Cline asked if there are any other matters to discuss before the Management Committee.

Hearing none, Commissioner Cline noted that the Compact's newest member, Commissioner Donelon of the Louisiana Department of Insurance, has been present during the Management Committee and asked for his comment. Commissioner Donelon thanked Commissioner Cline and stated that Louisiana is pleased to be a Compact Member. Commissioner Donelon noted that Commissioner Scott Richardson of the South Carolina Department of Insurance is soon to become a new Compact Member effective January 1, 2009; making 2/3 of the states. Commissioner Donelon stated that he is grateful to Ms. Arricale for her several visits to Baton Rouge for legislative committee appearances. Commissioner Donelon noted that he appreciates his appointment to serve with Commissioner Holland and Director Frohman on their committee assignments and that he is glad to be a part of the Compact.

Commissioner Cline thanked Commissioner Donelon and noted that South Carolina will join the Compact officially in March 2009. Commissioner Cline noted that the Management Committee appreciates Commissioner Richardson and state legislators in attendance for their great support in helping the Compact in their efforts. Commissioner Cline asked if there were any other matters to come before the Commission. Hearing none, Commissioner Cline noted that the full Commission meeting will follow at 2:00 pm. Commissioner Cline made a motion to adjourn the Management Committee. Mr. Beatty made a motion to adjourn the meeting and Director Hudson seconded the motion. The Management Meeting was adjourned by a unanimous voice vote.