



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

**Monday, July 27, 2009
1:30pm ET / 12:30pm CT / 11:30am MT / 10:30am PT**

AGENDA

1. Roll Call
2. **Report and Recommendation of the Finance Committee and Consideration by the Management Committee to Adopt the Recommendation and Report of the Finance Committee**
3. **Report and Recommendation of the Rulemaking Committee and Consideration by the Management Committee to Adopt the Report and Recommendation of the Rulemaking Committee**
4. **Management Committee Consideration of Approval of the Amendments to the Operating Procedure for the Filing and Approval of Product Filings**
5. **Commission Consideration of Adoption of the Amendments to the Operating Procedure for the Filing and Approval of Product Filings**
6. **Report and Recommendation of the Product Standards Committee and Consideration by the Management Committee to Adopt the Report and Recommendation of the Product Standards Committee**
7. **Commission Consideration to Adopt the Products Standards Committee Recommendation Adopted by the Management Committee**
8. **Management Committee Consideration of Adoption of June 12 Management Committee Meeting Minutes**
9. **Commission Consideration of Adoption of June 12 Commission Meeting Minutes**
10. **Operational Update**
11. Any Other Matters
12. Adjourn

**Minutes of the Joint Meeting of the Management Committee of
The Interstate Insurance Product Regulation Commission (IIPRC) and the IIPRC
Monday, July 27, 2009**

Members of the Management Committee in attendance:

Tim Murphy as a designated representative for Commissioner Jane L. Cline, Chair, West Virginia
Director Mary Jo Hudson, Vice Chair, Ohio
Commissioner Sean Dilweg, Treasurer, Wisconsin
Margaret Witten as a designated representative for Commissioner John Oxendine, Georgia
John Kissling as a designated representative for Director Carol Cutter, Indiana
Teresa Pizana as a designated representative for Commissioner Kenneth Ross, Michigan
Ted Hamby as a designated representative for Commissioner Wayne Goodwin, North Carolina
Michael Ridgeway as a designated representative for Commissioner Kim Holland, Oklahoma
Brad Harker as a designated representative for Commissioner Joel Ario, Pennsylvania
Ana Smith-Daley as a designated representative for Commissioner Mike Geeslin, Texas
Commissioner Paulette Thabault, Vermont
Don Beatty as a designated representative for Commissioner Alfred W. Gross, Virginia

Members of the Commission in attendance:

Director Linda Hall, Alaska
John Postolowski as a designated representative for Commissioner Marcy Morrison, Colorado
Commissioner Susan Voss, Iowa
Commissioner Sandy Praeger, Kansas
Commissioner Sharon Clark, Kentucky
Commissioner Jim Donelon, Louisiana
Commissioner Ralph Tyler, Maryland
Manny Munson-Regal as a designated representative for Commissioner Glen Wilson, Minnesota
Aaron Sisk as a designated representative for Commissioner Mike Chaney, Mississippi
Matt Barton as a designated representative for Commissioner John Huff, Missouri
Director Ann Frohman, Nebraska
Michael Wilkey as a designated representative for Commissioner Roger Sevigny, New Hampshire
Elizabeth Dwyer as a designated representative for Superintendent Joe Torti, Rhode Island
Commissioner Leslie Newman, Tennessee
Betsy Jerome as a designated representative for Commissioner Kent Michie, Utah
Beth Berendt as a designated representative for Commissioner Mike Kreidler, Washington
Commissioner Ken Vines, Wyoming

Regulator Staff in attendance:

John McBain, Kentucky
Malinda Shepard, Kentucky
Ron Henderson, Louisiana
Edward Charbonnier, Massachusetts
Bruce Range, Nebraska
Maureen Hartsmith, New Hampshire
Shawn Hawk, Tennessee
Neal Gooch, Utah
Herb Olson, Vermont
Barbara Hudson, West Virginia

Members of the Legislative Committee in attendance:

Susan Nolan, National Conference of Insurance Legislators (NCOIL) Executive Director
Mike Humphreys, NCOIL

Members of the Industry Advisory Committee in attendance:

Michael Lovendusky, American Council of Life Insurers (ACLI)
Miriam Krol, ACLI
Michael Gerber, National Association of Insurance and Financial Advisors
Dennis Herchel, Massachusetts Mutual Life Insurance Company
Carol Mayer, New York Life Insurance Company

Members of the Consumer Advisory Committee in attendance:

Ken Libertoff, Vermont Association for Mental Health

Interested Parties in attendance:

Rebecca Aguirre, Americo Life
Eugene Choate, Bankers Fidelity
Nancy Johnson, UNUM
Paula Kunkel-White, North American Life
Helene Landow, John Hancock
Sandra Potasky, New York Life
John Proper, American General Life Companies
Patrick Reeder, Genworth Financial
Paula Witt, State Farm

Interested Regulators in attendance:

Mary Kosinsky, Arizona
Matt Barton, Missouri
Gayle Woods, Oregon

IIPRC Team in attendance:

Karen Schutter, Executive Director
Sara Dubsky, Operations Manager
Charles Rappacciuolo, Development Consultant
Alice Fontaine, Actuarial Consultant

NAIC Staff in attendance:

Becky McElduff, Senior Counsel
Kara Binderup, Staff Attorney III

Director Hudson called to order the joint meeting of the Management Committee of the Interstate Insurance Product Regulation Commission (IIPRC) and the IIPRC (“Commission”). Director Hudson asked for a roll call of Management Committee members as well as the members of the Commission, Legislative Committee, Consumer and Industry Advisory Committees.

Director Hudson proceeded to the first item on the agenda, a report of the Product Standards Committee; and asked Ms. Smith-Daley to provide the report. Ms. Smith-Daley reported that there were no standards ready for Management Committee action. Ms. Smith-Daley stated, however, that the Product Standards Committee would like to consider the approval of Return of Premium benefits to be used for “mix and match” with state-approved forms under Section 110 of the IIPRC’s Operating Procedure for the Filing and Approval of Product Filings (“Product Filing Rule”). Ms. Smith-Daley advised that the Additional Standards for Intermediate Period Endowment Benefit Features for Individual Life Insurance Policies (including Return of Premium) (“Return of Premium Standards”) became effective for filing on June 25 and that the ability to “mix and match” this particular standard has been suspended, pending further clarification from the

Management Committee. Ms. Smith-Daley noted that the Product Standards Committee distributed a memorandum in advance of this joint meeting which reflects deliberations to its recommendation to approve Return of Premium Standards for the “mix and match” product filing process. Ms. Smith-Daley noted that the memorandum indicates that a member of the Product Standards Committee is in opposition to the recommendation based on actuarial guidance which rests in its Compacting state. Ms. Smith-Daley was imperative in stating that such position from this member state will still allow the standards to be effective for all member states; but that the “mix and match” of Return of Premium Standards will not be available for the state of Washington. Ms. Smith-Daley emphasized that the Product Standards Committee will convene a public conference call to discuss this recommendation—which is in support of members of the Industry Advisory Committee. Ms. Smith-Daley informed that the IIPRC Staff is in the process of addressing how to instruct filers about how products are filed under Return of Premium Standards. Ms. Smith-Daley also reported that the Product Standards Committee continues to work on the suite of uniform standards for individual long-term care insurance products. Ms. Smith-Daley noted that the Product Standards Committee conducted a public conference call on July 16 for the purpose of discussing long-term care policy and initial rate filing standards; and that revisions to these standards are currently being administered based on comments received from the Industry Advisory Committee and American General Life Companies. Ms. Smith-Daley reported that other standards are currently being worked on by the Product Standards Committee—including long-term care application and outline of coverage standards. Ms. Smith-Daley noted that the Product Standards Committee intends to conduct a public conference call in August to review more long-term care standards. Ms. Smith-Daley expressed anticipation that the suite of long-term care standards will be completed judiciously in order for the Management Committee and the Commission to take action on these standards this year.

Director Hudson asked if there were any questions or comments regarding the report of the Product Standards Committee.

Ms. Krol suggested that information on product filing procedures in the state of Washington, regarding the approval of Return of Premium Standards for use with “mix and match” under Section 110 of the Product Filing Rule, should be published to the IIPRC website in a timely fashion.

Ms. Schutter stated that a Filing Information Notice will be published to the IIPRC website—which will provide filing instructions on how to handle Return of Premium Standards in the state of Washington. Ms. Schutter advised that the IIPRC Staff will work with companies to understand how this process works. Moreover, Ms. Schutter indicated that the IIPRC Staff will have the ability to manually withdraw filings which may be submitted in the wrong form.

Director Hudson asked if there were any other questions or comments.

Mr. Herchel asked the Management Committee to identify the effective date of the amended Product Filing Rule in reference to the removal of the two (2) year deadline associated with “mix and match”.

Director Hudson explained that this information will be affirmed later during this joint meeting under another agenda item. Director Hudson asked if there were any other questions. Hearing none, Director Hudson asked members of the Management Committee for a motion to approve the recommendations of the Product Standards Committee; Commissioner Dilweg made a motion and Commissioner Praeger seconded the motion. A roll call vote of the Management Committee was conducted and the motion passed unanimously. Director Hudson then asked members of the Commission for a motion to approve the recommendations of the Product Standards Committee; Commissioner Donelon made a motion and Commissioner Praeger seconded the motion. A roll call vote of the Commission was conducted and the motion passed unanimously.

Director Hudson advised that the Return of Premium Standards would go into effect immediately. Director Hudson then moved to the next item on the agenda, a report of the Rulemaking Committee; and asked Commissioner Thabault to provide the report. Commissioner Thabault reported that the Rulemaking Committee held a meeting in April for the purpose of recommending a rule to the Management Committee to remove the two (2) year deadline associated with the “mix and match” product filing process; as well as to retain Appendix A in order to identify which product lines and uniform standards could be available for “mix and match”. Commissioner Thabault noted that the Rulemaking Committee conducted a public conference call on July 23 for the purpose of adopting a recommendation to the Management Committee to make further amendments to Section 110 (b) (4) of the Product Filing Rule with regard to removing references to Appendix A. In this regard, the Rulemaking Committee recommended to the Management Committee that the current Section 110 (b) (4) be replaced with the following:

An Insurer shall not offer or sell the combination of a Commission Product Component and a State Product Component, and an Insurer shall not offer or sell a rider, amendment or endorsement to a Product that would result in the combination of a Commission Product Component and a State Product Component, unless specifically authorized by the applicable Uniform Standard; Uniform Standards adopted by the Commission prior to July 31, 2009; and amendments thereto, shall be authorized to allow Commission Product Components to be combined with State Product Components unless the Commission has specifically determined otherwise.

Commissioner Thabault informed that the Rulemaking Committee is still considering how to proceed with drafting a rule for the Self-Certification process. Commissioner Thabault noted that the Product Standards Committee conducted a member-only conference call in the recent past for the purpose of discussing and ensuring that there were at least 120 days in advance prior to moving forward in drafting a rule; as members of the Product Standards Committee wanted to observe details contained within the product standards before defining the Self-Certification process. Commissioner Thabault noted that a public conference call was conducted by members of the Product Standards Committee on July 23 in which members of the Industry Advisory Committee expressed concerns about the intermittent development process of drafting a rule for Self-Certification. Commissioner Thabault stated that the Rulemaking Committee will conduct more due diligence before deciding whether to defer the Self-Certification Rule drafting process; and asked that members of the Industry Advisory Committee, et al, submit pertinent information to the Rulemaking Committee which outlines the best processes in drafting this particular rule. Commissioner Thabault indicated that the Rulemaking Committee did not have a recommendation to the Management Committee on the Self-Certification Rule at present; and proposed further amendments to the Product Filing Rule with reference to removing Appendix A in its entirety.

Director Hudson asked if there were any questions or comments for Commissioner Thabault regarding the report of the Rulemaking Committee. Hearing none, Director Hudson asked members of the Management Committee for a motion to adopt the report of the Rulemaking Committee. Commissioner Dilweg made a motion and Mr. Beatty seconded the motion. A roll call vote of the Management Committee was conducted and the motion passed unanimously.

Ms. Schutter advised the Management Committee to consider the adoption of amendments to the Product Filing Rule with the inclusion of the amendments published by the Management Committee on May 5, 2009; and inclusive to the further amendments recommended by the Rulemaking Committee during this joint meeting; as well as specify that these amendments take effect immediately upon adoption.

Director Hudson asked members of the Management Committee for a motion to adopt the amendments to the Product Filing Rule with the inclusion of the amendments published by the Management Committee on May 5; as well as with the inclusion of the recommendations made by the Rulemaking Committee; and with the specification that these amendments would take effect immediately. Commissioner Dilweg made a motion

and Mr. Beatty seconded the motion. Director Hudson asked if there were any questions or comments. Hearing none, a roll vote of the Management Committee was conducted and the motion passed unanimously. Director Hudson then asked members of the Commission for a motion to adopt the Product Filing Rule as amended. Commissioner Dilweg made a motion and Commissioner Newman seconded the motion. Director Hudson asked if there were further discussion. Hearing none, a roll call vote of the Commission was conducted and the motion passed unanimously.

Director Hudson thanked the Product Standards Committee for their hard work in addressing the many issues surrounding amendments to the Product Filing Rule; and also thanked the Rulemaking Committee for their diligence in addressing these issues.

Director Hudson turned to the next item on the agenda, a report of the Finance Committee; and asked Director Frohman to provide the report. Director Frohman reported that the Finance Committee has been working with the IIPRC Office over the past several weeks in developing the Draft 2010 Annual Budget. Director Frohman noted that the Finance Committee conducted a public conference call on July 24 for the purpose of receiving comments in reference to the Draft 2010 Annual Budget; and to initiate a recommendation to the Management Committee to publish the draft. Director Frohman stated that the Draft 2010 Annual Budget was circulated to members of the Management Committee in advance of this joint meeting and noted that the draft provides actuals for revenue and expenses through June 30, 2009 and also includes projections through the remainder of the year. Director Frohman asserted that the Finance Committee's supposition of the draft is optimistic and realistic in terms of the financial outlook of where the Commission will be next year. In reference to the Draft 2010 Annual Budget, Director Frohman noted that self-generating revenues were adjusted down from the 2009 Adopted Budget to reflect actuals. Director Frohman indicated that additional time is essential in progressing IIPRC product filing fee and registration revenue as the development of uniform standards prosper; as additional states join Compact membership; and with regard to continued outreach to companies. Director Frohman noted that companies have expressed their contentment with using the IIPRC product filing process and noted that percentages of repeat filers are expected to increase. Director Frohman also noted that the Finance Committee has been collaborating with the Finance Team of the National Association of Insurance Commissioners (NAIC) in taking a critical observation of expenses and noted that the Commission will continue to need assistance from the NAIC with regard to seeking a line of credit next year in the amount of \$850,000. Director Frohman stated that the Finance Committee will continue to closely monitor the financial affairs of the IIPRC through the remainder of 2009 in particular to actual performance and projections. Director Frohman affirmed that the IIPRC is moving in a positive direction this year, as compared to last year in terms of revenue, which demonstrates a growing trend. Director Frohman made a recommendation to the Management Committee to consider the adoption to publish the Draft 2010 Annual Budget.

Director Hudson asked if there were any questions or comments regarding the report of the Finance Committee. Hearing none, Director Hudson stated that the adoption of the Finance Committee report is based on a recommendation to approve the Draft 2010 Annual Budget. Director Hudson noted that it is expected that a final version of the draft will be adopted during the Fall National Meeting in September.

Commissioner Dilweg noted that public comments on the Draft 2010 Annual Budget will be accepted through September 1.

Director Hudson asked members of the Management Committee for a motion to adopt the report and recommendation of the Finance Committee. Commissioner Dilweg made a motion and Commissioner Thabault seconded the motion. Director Hudson asked if there were further discussion. Hearing none, a roll call vote of the Management Committee was conducted and the motion passed unanimously.

Director Hudson moved to the next item on the agenda, a consideration from the Management Committee to adopt the June 12, 2009 Management Committee meeting minutes.

Ms. Schutter advised that edits to the minutes were received and incorporated into the meeting minutes.

Director Hudson asked members of the Management Committee for a motion to adopt the June 12, 2009 Management Committee meeting minutes. Mr. Beatty made a motion and Commission Dilweg seconded the motion. Director Hudson asked if there were further discussion. Hearing none, a voice vote of the Management Committee was conducted and the motion passed unanimously. Director Hudson then asked members of the Commission for a motion to adopt the meeting minutes. Mr. Beatty made a motion and Commissioner Clark seconded the motion. Director Hudson asked if there were any questions or comments. Hearing none, a voice vote of the Commission was conducted and the motion passed unanimously.

Director Hudson turned to the next item on the agenda, an operational update of the IIPRC; and asked Ms. Schutter to provide the update.

Ms. Schutter welcomed the two (2) newest members to join the Compact—Mississippi and New Mexico, and noted that since the inception of Compact membership for both states, several companies have requested that these states be added to already-approved product filings. Ms. Schutter also welcomed Missouri for their recent adoption of Compact legislation and noted that Compact membership for Missouri will become effective on August 28. Ms. Schutter noted that companies may begin submitting product filings which include Missouri beginning on September 14. Ms. Schutter reported that the next Management Committee meeting will take place on September 14, via conference call, in advance of the Fall National Meeting; and further reported that the next Commission meeting has been rescheduled, in observance of Rosh Hashanah, to take place on September 21, during the Fall National Meeting in San Francisco. Ms. Schutter reported that positive trends are apparent with regard to the progression of IIPRC product filing fee and registration revenue, hence stating that there are 58 registered companies so far this year and 98 product filings which currently exist. Ms. Schutter stated that this trend demonstrates that the IIPRC is close to reaching and exceeding the total number of filings submitted in 2008 by the end of 2009. Ms. Schutter highlighted that the IIPRC product review process still maintains an approval time of less than 20 days amid the increased activity of product filing submissions. Ms. Schutter stated that amendments to the Product Filing Rule, in reference to Return of Premium Standards as pertains to “mix and match”, will take effect immediately; and noted that these amendments apply to approved product filings as well as filings which will be submitted in the future. Ms. Schutter stated that the IIPRC Office will make efforts in providing this information to companies who may not be aware of the amended Product Filing Rule. Ms. Schutter also stated that instructions related to filing Return of Premium Standards with regard to “mix and match”, specific to the state of Washington, will be available on the IIPRC website.

Director Hudson thanked Ms. Schutter for providing an operational update of the IIPRC. Director Hudson expressed appreciation to the chief insurance regulatory officials of New Mexico, Mississippi and Missouri for adopting Compact legislation. Director Hudson asked if there were any questions for Ms. Schutter regarding the operational update of the IIPRC. There were no questions or comments following the report provided by Ms. Schutter.

Director Hudson asked if there were any other matters. Hearing none, Director Hudson asked for a motion to adjourn the joint meeting of the Management Committee and Commission. Commissioner Dilweg made a motion and Mr. Beatty seconded the motion. The meeting was adjourned.