



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

**Monday, April 26, 2010  
1:30pm ET / 12:30pm CT / 11:30am MT / 10:30am PT**

1. Roll Call
2. **Report of the Product Standards Committee and Consider Adoption of Product Standards Committee Report**
3. **Report of Finance Committee and Consider Adoption of Finance Committee Report**
4. **Report of Communications Committee and Consider Adoption of Communications Committee Report**
5. **Report and Recommendation of Technology Committee and Consider Adoption of Technology Committee Report and Recommendation**
6. **Consideration of Approval of Meeting Minutes from March 25 Joint Meeting of the Management Committee and Commission**
7. **Operational Update**
8. Any Other Matters
9. Adjourn

**Minutes of the Meeting of the Management Committee of  
The Interstate Insurance Product Regulation Commission (IIPRC)  
Monday, April 26, 2010**

**Members of the Management Committee in Attendance:**

Director Mary Jo Hudson, Chair, Ohio  
Commissioner Sean Dilweg, Vice Chair, Wisconsin  
Herb Olson as a designated representative for Commissioner Paulette Thabault, Treasurer, Vermont  
Acting Commissioner Elizabeth Sammis, Maryland  
Commissioner Joe Murphy, Massachusetts  
Joan Moiles as a designated representative for Commissioner Kenneth Ross, Michigan  
Emmanuel Munson-Regala as a designated representative for Commissioner Glenn Wilson, Minnesota  
Aaron Sisk as a designated representative for Commissioner Mike Chaney, Mississippi  
Matt Barton as a designated representative for Director John M. Huff, Missouri  
Ted Hamby as a designated representative for Commissioner Wayne Goodwin, North Carolina  
Commissioner Kim Holland, Oklahoma  
Brad Harker as a designated representative for Commissioner Joel Ario, Pennsylvania  
Sara Waitt as a designated representative for Commissioner Mike Geeslin, Texas  
Beth Berendt as a designated representative for Commissioner Mike Kreidler, Washington

**Members of the Commission in Attendance:**

Commissioner James J. Donelon, Louisiana  
Commissioner Roger A. Sevigny, New Hampshire  
Director Ann Frohman, Nebraska  
Superintendent Joseph Torti III, Rhode Island  
Commissioner Leslie Newman, Tennessee  
Acting Commissioner Neal T. Gooch, Utah

**Regulator Staff in Attendance:**

Beverly Brondz, Idaho  
Donna Daniel, Idaho  
Rebecca Vaughan, Indiana  
Ron Henderson, Louisiana  
Tom Record, Maine  
Brenda Wilson, Maryland  
Brian Pennington, Minnesota  
Mary Kempker, Missouri  
Michael Wilkey, New Hampshire  
Kathy Stepp, Oklahoma  
Sol Marrero, Puerto Rico  
Beth Dwyer, Rhode Island  
Shawn Hawk, Tennessee  
Betsy Jerome, Utah  
Sue Ezalarab, Wisconsin

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

Michael Humphries, National Conference of Insurance Legislators (NCOIL)

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

Amanda Matthiesen, America's Health Insurance Plans (AHIP)  
Nicole Allen, Council of Insurance Agents and Brokers  
Tom English, New York Life Insurance Company

Mary Keim, State Farm Insurance Companies

**Interested Regulators in Attendance:**

Mary Kosinski, Arizona  
Perry Kupferman, California  
Bill McAndrew, Illinois  
Gail Keren, New York

**Interested Parties in Attendance:**

Miriam Krol, American Council of Life Insurers (ACLI)  
Joseph Muratore, New York Life Insurance Company  
Marie Roche, John Hancock Insurance Company

**IIPRC Staff in Attendance:**

Karen Schutter, Executive Director  
Sara Dubsky, Operations Manager  
Karyn Onyeneho, Administrative Assistant  
David Morris, Product Review Consultant  
Charles Rapacciuolo, Development and Marketing Consultant  
Alice Fontaine, Actuarial Consultant

**NAIC Staff in Attendance:**

Becky McElduff, Senior Counsel  
Amanda Yanek, Government Relations Legislative Analyst

Director Hudson called to order the meeting of the Management Committee of the Interstate Insurance Product Regulation Commission (IIPRC). Director Hudson asked for a roll call of the Management Committee members.

Director Hudson made a proposal to adopt the reports of the Product Standards, Finance and Communications Committees in one motion following all committee reports. There were no objections to this proposal.

Director Hudson proceeded to the first item on the agenda, a report of the Product Standards Committee. Ms. Waitt provided a report.

Ms. Waitt reported that there were no new uniform standards ready for Management Committee action and informed that the Product Standards Committee is close to completing its work on the uniform standards for longevity annuities. Moreover, Ms. Waitt stated that the Product Standards Committee has been working on reviewing the comments received on the proposed long-term care uniform standards for the purpose of providing feedback on key decision factors related to the proposed uniform standards, as recommended by the Management Committee. Ms. Waitt noted that the Product Standards Committee will provide its assessment on some of the key points to the Management Committee during a joint meeting in May. Ms. Waitt also noted that the Product Standards Committee would conduct a meeting on April 27 to receive comments on its review of the proposed long-term care uniform standards. Ms. Waitt advised that the Product Standards Committee expects to receive further direction from the Management Committee on this subject matter and stated that the Product Standards Committee is committed to working through all of the comments expeditiously and with great detail.

Director Hudson asked if there were any questions regarding the report of the Product Standards Committee. Hearing none, Director Hudson noted that comments received with regard to the proposed long-term care uniform standards would be distributed following a final assessment from the Product Standards Committee.

Director Hudson moved to the next item on the agenda, a report of the Finance Committee. Director Frohman provided a report.

Director Frohman noted that the Finance Committee held a meeting on April 12 to review the January and February 2010 financial statements; receive an update on the IIPRC Line of Credit and IIPRC/NAIC License and Services Agreement (“Agreement”); and review the IIPRC Term and Procedures for IIPRC Filing Fees (“Filing Fee Rule”). Director Frohman reported that during the meeting, Finance Committee members discussed action taken by the NAIC’s Internal Administration (EX1) Subcommittee to approve a proposed restructuring arrangement of the IIPRC Line of Credit. Director Frohman explained that the proposal would address concerns about the IIPRC’s operational start-up period by allowing the IIPRC to defer repayment on its existing lines of credit and thereby borrow less from the NAIC. Further, Director Frohman stated that under this restructured proposal, the NAIC would defer the repayment of principal until the IIPRC meets certain operational targets in terms of profit and reserves. Director Frohman expressed support for the proposed restructuring arrangement and stated that further discussion on this effort will be addressed by Ms. Schutter during the IIPRC Operational Update. Director Frohman stated that actual revenue from registration and filing fees for the first quarter of 2010 have reached 100% of budgeted revenue and noted that expenses were roughly 17% under budgeted expenses. Director Frohman affirmed that the Finance Committee would continue to work with the IIPRC Office in examining the Filing Fee Rule for possible amendments to ensure that the Rule reflects current operations. Director Frohman stated that the Committee expects to make a recommendation on possible amendments to the Rule by June.

Director Hudson asked if there were any questions regarding the report of the Finance Committee. Hearing none, Director Hudson noted that a memorandum on the proposed restructuring arrangement to the IIPRC lines of credit was distributed in advance of this meeting.

Director Hudson turned to the next item on the agenda, a report of the Communications Committee. Commissioner Holland provided a report.

Commissioner Holland noted that the Communications Committee held a meeting on April 19 to preview the three (3) newly developed self-guided web-based tutorials. Commissioner Holland stated that the tutorials were created to provide interested parties and IIPRC Members with an overview of the existing Uniform Standards and product filing process; and advised that the tutorials will stimulate interest in the IIPRC to individuals who are not as familiar with the organization. Commissioner Holland noted that the tutorials will be posted to the IIPRC website by June. Commissioner Holland indicated that the Committee worked with the IIPRC Office, in collaboration with the NAIC Education Department, on the development of the self-guided tutorials. Commissioner Holland reported that during the Committee’s last meeting, members discussed the development of a quarterly newsletter which would provide IIPRC Members, as well as interested parties, with important information about the operational and rulemaking activities of the IIPRC. Commissioner Holland noted that the first edition of the newsletter will be released within the coming week. Commissioner Holland informed that the Committee is currently soliciting suggestions for a new IIPRC “doing business as” (DBA) name—one that would bring more awareness to the IIPRC; and advised that suggestions are due by June 15. Commissioner Holland informed that the Communications Committee would propose the new DBA name during a joint meeting of the Management Committee and Commission being held in August. Commissioner Holland noted that the individual(s) who contributes to the final suggestion for the new DBA name would be recognized on the IIPRC website as well as receive a gift with the new business name.

Director Hudson asked if there were any questions regarding the report of the Communications Committee. Hearing none, Director Hudson asked for a motion to adopt the reports of the Product Standards, Finance and Communications Committees. Mr. Barton made a motion and Commissioner Holland seconded the motion.

Director Hudson asked if there were further discussion. Hearing none, a roll call vote was taken and the motion passed unanimously.

Director Hudson addressed the next item on the agenda, a report of the Technology Committee. Mr. Hamby provided a report.

Mr. Hamby noted that the Technology Committee held a meeting on April 23 to receive comments on the additional enhancements to the System for Electronic Rate and Form Filing (SERFF). The additional enhancements were developed to: (1) leverage SERFF's template functionality for the Statement of Intent (SOI) Schedule which would allow filers to import SOI templates into draft filings thus eliminating the need for a duplicate entry; and (2) allow filers the ability to add multiple rows for the SOI which would eliminate the need to input the same information multiple times. The IIPRC Office collaborated with the SERFF Team and also with the IIPRC Focus Group to provide additional tools and functionality in SERFF that would make the filing preparation process easier. The SERFF Team will require approximately 130-150 hours of development time to complete the additional enhancements.

Director Hudson asked if there were any questions regarding the report of the Technology Committee. Hearing none, Director Hudson asked for a motion from members of the Management Committee to adopt the report. Commissioner Dilweg made a motion and Mr. Olson seconded the motion. Director Hudson asked if there were further discussion. Hearing none, a roll call vote was taken and the motion passed unanimously.

Ms. Schutter noted that the SERFF enhancements approved in December 2009 provided states with the ability to better track "mix and match" products; and advised that the additional SERFF enhancements will provide a more useful functionality of the SOI feature—a benefit for filers and state reviewers.

Director Hudson moved to the next item on the agenda, a consideration to adopt the March 25 Joint Management Committee and Commission Meeting Minutes. Hudson noted that no edits were received and asked if there were any edits to be considered. Hearing none, Director Hudson asked members of the Management Committee for a motion to adopt the meeting minutes. Commissioner Dilweg made a motion and Mr. Olson seconded the motion. Director Hudson asked if there were further discussion. Hearing none, a voice vote was taken and the motion passed unanimously.

Director Hudson proceeded to the next item on the agenda, an operational update of the IIPRC. Ms. Schutter provided a report.

Ms. Schutter affirmed that Illinois will become the 37th Member to join the IIPRC, as the Illinois legislature passed Compact legislation. Ms. Schutter stated that the IIPRC Office will issue a press release detailing further guidance on this, which will include the effective date of membership.

Ms. Schutter noted that the IIPRC will conduct a joint meeting with its Management Committee on May 18 in Washington, DC at the Washington Court Hotel and indicated that conference call-in capability will be available for Members, and others, who are not able to travel to the meeting.

Ms. Schutter informed that the IIPRC Office is currently seeking a part-time Product Review Consultant and noted that additional information regarding general requirements and qualifications for the position are posted on the IIPRC website. Ms. Schutter encouraged Members, the Legislative and Advisory Committees, as well as interested parties, to forward this employment announcement to any interested parties who have participated in and/or have been involved with the development of the IIPRC. Ms. Schutter noted that interested parties should apply by May 14.

Ms. Schutter reported that on May 1, Oregon began accepting IIPRC approved filings for universal life insurance products and stated that filing instructions regarding the form and format submission requirements are available in SERFF. Ms. Schutter informed that in 2008, Oregon enacted a law which allows Oregon to apply IIPRC Uniform Standards and accept IIPRC approved filings where Uniform Standards meet or exceed Oregon filing requirements. Ms. Schutter noted that Oregon issued a rule for universal life insurance products which requires companies to submit and use forms approved by the IIPRC—with the IIPRC form number listed on the form. Ms. Schutter reported that the IIPRC Office reached out to members of the Product Standards Committee and companies to understand what, if any, impact there would be to Oregon requiring the IIPRC form number—in which case it was found that there would be minimal operational impact to companies. Ms. Schutter noted that the IIPRC Office will work with Oregon to develop a list of commonly asked questions for the purpose of providing guidance on this matter.

Ms. Schutter stated that the three (3) Uniform Standards adopted on February 22, 2010— which were the Additional Standards for Guaranteed Living Benefits for Individual Deferred Non-Variable Annuities; Additional Standards for Guaranteed Living Benefits for Individual Deferred Variable Annuities; and Additional Standards for Guaranteed Minimum Death Benefits for Individual Deferred Annuities, will be effective for product filing on June 3.

Ms. Schutter reported that the IIPRC Office is revamping the Record and Docket on the IIPRC website to provide a more user-friendly experience for users to the website when searching for Uniform Standards with the assistance of the NAIC Web Team. Ms. Schutter explained that the Record and Docket will now allow users to search for Uniform Standards by product line and noted that citation codes have been incorporated for reference.

Ms. Schutter highlighted the registration and filing activities of the IIPRC. Ms. Schutter stated that the IIPRC Office has received 85 company registrations this year so far, compared to 48 companies who registered this same time last year. Further, Ms. Schutter stated that the IIPRC Office has received 95 product filing submissions to date in comparison to 52 product filings received as of the end of April 2009.

Ms. Schutter provided details regarding the proposed restructuring arrangement of the IIPRC lines of credit. Ms. Schutter stated that during the Spring Meeting in March, the NAIC's Internal Administration (EX1) Subcommittee considered proposed terms for restructuring the IIPRC lines of credit in addition to extending the IIPRC/NAIC Agreement. Ms. Schutter described that the restructure terms include: (1) rolling all prior-year borrowings and resulting notes payable into one note payable effective January 1, 2010, at the current prime rate of 3.25% minus 1%; (2) continuing accrual of interest at 2.25% for all outstanding balances and future borrowings by the IIPRC from the NAIC; and (3) deferring principal and interest payments from the IIPRC until it achieves a profit of \$250,000 or an accumulated cash balance from operations of \$500,000. Ms. Schutter stated that the IIPRC interest expense would be reduced by approximately \$60,000 over a three (3) year period through rolling the debt into one (1) note payable at 2.25%. Ms. Schutter provided details regarding the IIPRC's line of credit history since it executed agreements with the NAIC—having received a 2007 line of credit in the amount of \$550,000, a 2008 line of credit of \$850,000, and a 2009 line of credit of \$550,000, which the IIPRC has fully utilized, for a total of \$1,950,000. Ms. Schutter reported that the IIPRC has repaid \$259,415 in principal and \$41,334 in interest on the resulting notes payable for a total cash outlay by IIPRC of \$300,749. Ms. Schutter noted that a portion of the IIPRC's borrowing needs were to service the debt accrued over the past three (3) years and stated that based on the restructuring arrangement, the IIPRC anticipates that it will draw approximately \$500,000 less in 2010 than projected and will not need a line of credit for 2011 or future years. Ms. Schutter advised that based on IIPRC long-term projections, the IIPRC forecasts that it will reach a profit of \$250,000 or an accumulated cash balance from operations of \$500,000 sooner than it would if it maintains the current terms. Ms. Schutter stated that the IIPRC projects that under the proposed restructured terms, repayment would be triggered to begin in the first quarter of 2013. Ms. Schutter reported that, to date, the IIPRC has not drawn a line of credit for 2010 although anticipates a draw in July. Ms. Schutter stated that the line of credit repayments represent 40% of the IIPRC's anticipated cash

flow based on the IIPRC 2010 budget. Ms. Schutter provided details regarding the proposed extension of the Agreement between the IIPRC and the NAIC, executed in June 2007, in that the Agreement would be extended until the end of 2011 as it had automatically renewed through June 1, 2011. Ms. Schutter indicated that the extension would place the IIPRC and the NAIC in line with the fiscal year.

Director Hudson asked if there were any questions regarding the IIPRC operational update.

Commissioner Donelon asked if the IIPRC Office had been able to sustain its budget and revenue projections for the year.

Ms. Schutter affirmed that the IIPRC Office is currently at budget and noted that this is significantly ahead of the financial projections this same time last year.

Director Hudson asked if there were any additional questions. Hearing none, Director Hudson asked for a motion from members of the Management Committee to approve the proposal of the restructuring arrangement of the IIPRC lines of credit and the extension of the IIPRC/NAIC License and Services Agreement. Commissioner Dilweg made a motion and Mr. Olson seconded the motion. Director Hudson asked if there were further discussion. Hearing none, a roll call vote was taken and the motion passed unanimously.

Director Hudson asked if there were further comments or other matters to be discussed. Hearing none, Director Hudson asked for a motion to adjourn the meeting of the Management Committee. Ms. Berendt made a motion and Mr. Olson seconded the motion. The meeting was adjourned by a unanimous voice vote.