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

Wednesday, November 28, 2012
Washington, D.C.
1:00 – 2:00 pm ET
Gaylord National Hotel & Convention Center,
National Harbor, Maryland

1. Roll Call

2. Meeting of the Legislative Committee

3. Public Hearing on the Uniform Standards Issued on September 28th; the proposed 2013 Schedule of Fees issued on September 1st; and the 2013 Annual Budget issued on November 5th:
   1. Group Policyholder Application Uniform Standards for Group Term Life Insurance
   2. Uniform Standards for Riders, Endorsements or Amendments Used to Effect Group Term Life Insurance Certificate Changes
   3. Uniform Standards for Riders, Endorsements or Amendments Used to Effect Group Term Life Insurance Policy Changes

4. Management Committee Consideration to Approve the Uniform Standards Issued on September 28th:
   1. Group Policyholder Application Uniform Standards for Group Term Life Insurance
   2. Uniform Standards for Riders, Endorsements or Amendments Used to Effect Group Term Life Insurance Certificate Changes
   3. Uniform Standards for Riders, Endorsements or Amendments Used to Effect Group Term Life Insurance Policy Changes

5. Commission Consideration to Adopt the Uniform Standards Published on September 28th:
   1. Group Policyholder Application Uniform Standards for Group Term Life Insurance
   2. Uniform Standards for Riders, Endorsements or Amendments Used to Effect Group Term Life Insurance Certificate Changes
   3. Uniform Standards for Riders, Endorsements or Amendments Used to Effect Group Term Life Insurance Policy Changes

6. Management Committee Consideration to Approve the September 24th Joint Management Committee and Commission Meeting Minutes
7. Commission Consideration to Approve the September 24th Joint Management Committee and Commission Meeting Minutes as Approved by the Management Committee


9. Elections of the 2012/2013 Officers

10. Report of the Communications Committee and Consideration by the Management Committee to Approve the Report of the Communications Committee

11. Report of the Finance Committee and Consideration by the Management Committee to Approve the Report of the Finance Committee

12. Report of the Rulemaking Committee and Consideration by the Management Committee to Adopt the Report of the Rulemaking Committee

13. Report and Recommendation of the Product Standards Committee and Consideration by the Management Committee to Approve the Report and Recommendation of the Product Standards Committee

14. Report of the Technology Committee and Consideration by the Management Committee to Adopt the Report of the Technology Committee

15. Treasurer’s Report

16. Report of the Audit Committee and Consideration by the Commission to Adopt the Report of the Audit Committee

17. Operational Update

18. Any Other Matters

19. Adjourn
Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance Product Regulation Commission
Wednesday, November 28th 2012

Members of the Commission and Department Staff in Attendance:
Commissioner Roger Sevigny, Chair, New Hampshire
Director John Huff, Vice Chair, Missouri
Commissioner Michael Consedine, Treasurer, Pennsylvania
Commissioner Jim Ridling, Alabama
Director Bret Kolb, Alaska
Tom Abel, as a designated representative for Commissioner Jim Riesberg, Colorado
Steve Manders, as a designated representative for Commissioner Ralph Hudgens, Georgia
Colin Hayashida, as a designated representative for Commissioner Ito, Hawaii
Donna Daniel, as a designated representative for Director William Deal, Idaho
Director Andrew Boron, Illinois
Mihir Nag, as a designated representative for Commissioner Robertson, Indiana
Commissioner Susan Voss, Iowa
Commissioner Sandy Praeger, Kansas
Commissioner Sharon Clark, Kentucky
Commissioner James Donelon, Louisiana
Superintendent Eric Cioppa, Maine
Commissioner Therese Goldsmith, Maryland
Deputy Commissioner Liz Brodeur, as a designated representative for Commissioner Joseph G. Murphy, Massachusetts
Tammy Lohmann, as a designated representative for Commissioner Mike Rothman, Minnesota
Aaron Sisk, as a designated representative for Commissioner Mike Chaney, Mississippi
Director Bruce Ramge, Nebraska
Felix Schirripa, as a designated representative for Acting Commissioner Kenneth Kobylowski, New Jersey
Ted Hamby, as a designated representative for Commissioner Wayne Goodwin, North Carolina
Susan Dobbins, as a designated representative for Commissioner John Doak, Oklahoma
Commissioner Lou Savage, Oregon
Superintendent Joe Torti, Rhode Island
Commissioner Julie Mix McPeek, Tennessee
Chlora Lindley Myers, Tennessee
Sara Waitt, as a designated representative for Commissioner Eleanor Kitzman, Texas
Commissioner Neal Gooch, Utah
Commissioner Susan Donegan, Vermont
Don Beatty, as a designated representative for Commissioner Jacqueline Cunningham, Virginia
Leslie Krier, as a designated representative for Commissioner Mike Kreidler, Washington
Commissioner Michael Riley, West Virginia
Sue Ezalarab, as a designed representative for Commissioner Ted Nickel, Wisconsin

Members of the Legislative Committee in attendance:
Representative Robert Damron, Kentucky
Senator Delores Kelley, Maryland
Representative Brian Patrick Kennedy, Rhode Island
Representative Kurt Olson, Alaska
Susan Nolan, Executive Director of National Conference of Insurance Legislators (NCOIL)

Members of the Industry Advisory Committee in attendance:
Commissioner Sevigny called to order the joint Meeting of the Management Committee and the Interstate Insurance Product Regulation Commission. Ms. Schutter took the roll call of the Management Committee, Commission, members of the Legislative Committee, members of the Industry Advisory Committee, members of the Consumer Advisory Committee, and other Interested Parties. Commissioner Sevigny noted that as provided in the bylaws, when one or more member participates by telephone, a roll call vote upon each action item is to be taken. However, since there is only one on the phone, Commissioner Sevigny proposed having voice votes instead of roll call votes and taking roll call votes only if requested, if there are any votes in opposition on a particular action item or when considering the uniform standards for adoption.

Commissioner Sevigny began with the first item on the agenda: the meeting of the Legislative Committee. Commissioner Sevigny recognized all legislators who were in attendance. Representative Damron, Chair of the Committee, stated that the Committee is working with legislators in non-Compacting states to join the Compact and in 2013 the Committee will work to educate new legislative members on the Compact.

Commissioner Sevigny proceeded to the next item on the Agenda: the public hearing. Commissioner Sevigny noted that there were three uniform standards for group term life insurance which were published for notice and comment during the September Management Committee call. Those uniform standards are the Group Policyholder Application Uniform Standards for Group Term Life Insurance, the Uniform Standards for Riders, Endorsements or Amendments Used to Effect Group Term Life Insurance Certificate Changes, and the Uniform Standards for Riders, Endorsements or Amendments Used to Effect Group Term Life Insurance Policy Changes. The hearing also was conducted to receive comments on the proposed Schedule of Fees for 2013 as well as the draft 2013 Annual Budget and proposed changes to the
Filing Fee Rule. The three group life uniform standards were issued on September 28th by the IIPRC Office after several months of review by the members of the Product Standards Committee and public calls to receive comments. Before oral comments were heard, Ms. Ezalarab provided a brief overview of the group term life standards. Commissioner Sevigny opened the public hearing to receive comments on the group term life uniform standards; there were none. Before comments were heard on the proposed Schedule of Fees for 2013, amendments to the Filing Fee Rule, and the proposed 2013 Annual Budget, Ms. Schutter provided an overview of these items including the vetting process and explained the amendments to the Filing Fee Rule. Commissioner Sevigny asked for comments on the proposed rule amendments, the 2013 Schedule of Fees, or Annual Budget. Representative Kennedy expressed his support for the new fee categories in the 2013 Schedule of Fees. Hearing no further comments, the public hearing portion of the meeting concluded.

Commissioner Sevigny advanced to the Management Committee’s consideration of approval of the uniform standards just subject to the public hearing. Commissioner Sevigny asked for a motion from a member of the Management Committee to approve the uniform standards. Commissioner Savage made a motion and Director Huff seconded the motion. After a voice vote, the motion carried.

Commissioner Sevigny proceeded to the next agenda item, the Commission consideration of the uniform standards as approved by the Management Committee. Commissioner Sevigny asked for a motion from a member of the Commissioner to approve the uniform standards. Superintendent Torti made a motion, while Commissioner McPeak seconded the motion. After a voice vote, the motion carried.

Commissioner Sevigny moved to the approval of the Meeting Minutes of the September 24th, 2012 meeting of the Management Committee and Commission. Commissioner Sevigny asked for a motion from a member of the Management Committee to approve the minutes. Commissioner Consedine made a motion, while Director Huff seconded the motion. After a voice vote, the motion carried.

Commissioner Sevigny continued to the Commission approval of the same Meeting Minutes as approved by the Management Committee. Mr. Beatty made a motion to approve the minutes and Commissioner Clark seconded the motion. A voice vote was then taken and the motion passed.

The annual formation of the Management Committee by the Commission was the next item on the agenda. Commissioner Sevigny explained that the composition of the Management Committee is based on premium volume, and is governed by the Compact statute and the selection process is laid out in Article 3 of the IIPRC Bylaws. Commissioner Sevigny highlighted the six-largest members who automatically serve on the Management Committee as: Texas, Pennsylvania, New Jersey, Illinois, Ohio and Michigan. Commissioner Sevigny noted that Massachusetts, Missouri, Maryland, and Wisconsin were the four states with at least 2% of the premium volume to serve on the Management Committee. Commissioner Sevigny identified Tennessee, Oregon, Nebraska, and New Hampshire as the four states to serve who represent less than two percent of the premium volume from the four zones to serve on the Management Committee. Commissioner Sevigny acknowledged the substantial contributions of Georgia, Minnesota, and Mississippi which all rolled off the Management Committee.

The next item on the agenda was the Election of the 2012/2013 Officers: Chair, Vice Chair and Treasurer. Under the IIPRC Bylaws, the Officers are elected by the entire Commission but must be from the membership of the Management Committee. Commissioner Sevigny asked Director Huff, Vice Chair, to conduct the election for the position of Chair. Director Huff opened the floor for nominations for the office of Chair of the Commission. Superintendent Torti moved that the Commission accept the slate nomination for the office of Chair, Vice Chair, and Treasurer by acclamation. Superintendent Torti nominated Commissioner Sevigny for Chair, Commissioner Consedine for Vice Chair, and Commissioner Murphy for Treasurer. There were no other nominations. Director Huff asked for a motion
to close the nominations and also elect by acclamation the three candidates. Commissioner Savage made a motion, and Commissioner Voss seconded the motion. After a voice vote, the motion carried.

Following the elections, Commissioner Sevigny proceeded to the report of the Communications Committee. Commissioner Sevigny suggested that one motion be taken to adopt the reports of the next three (3) committees since there were no recommendations or action items associated with these reports. There were no objections to this suggestion. Mr. Sisk provided the Report of the Communications Committee, and noted that the IIPRC increased its outreach efforts this summer with webinars being provided to both consumers as well as company filers. Additionally, in September, with the Massachusetts Department of Insurance, the IIPRC Office, and Officers held a Compact Day with the intent of reaching out to more companies on a one-on-one level. The IIPRC also held a Compact Day in New York City. To continue their outreach, the IIPRC will hold a series of webinars for Compacting state regulators in the coming weeks. Mr. Sisk concluded his report and there were no comments or questions. Commissioner Sevigny discussed the successful Massachusetts Department of Insurance Compact Day and encouraged more outreach efforts. Senator Kelley suggested the webinars be offered to others, such as legislators, particularly in non-compacting states.

The report of the Finance Committee was the next item on the agenda and was presented by Ms. Brodeur. Ms. Brodeur noted that the Finance Committee had been meeting with the IIPRC Office on a regular basis to review the Financials as well as the proposed budget and Schedule of Fees. The IIPRC hit a milestone in October when the Compact earned over $1 million in revenue. Additionally, revenues are approximately 2% above the re-stated budget year-to-date as of the end of October. There were no questions or comments for Ms. Brodeur.

Commissioner Sevigny resumed to the order of the agenda and the next item was the Report of the Rulemaking Committee by Mr. Beatty. Mr. Beatty gave the report of the Rulemaking Committee, and explained that one of the first items on the Committee’s agenda for 2013 is to complete the five-year review process for nine of its 14 rules or operating procedures which were adopted by or before December 31, 2007. The Rulemaking Committee issued notice over the summer that it was accepting comments on the need for continuation, repeal or amendment with respect to these nine rules, but to date, no written comments have been received. In January, the Committee will commence another five-year review process for rules and operating procedures adopted between January 1 and June 30, 2008. In the upcoming year the Rulemaking Committee will provide specific examples of any concerns regarding mix and match and market regulation to the IIPRC Office. The Rulemaking Committee will be convening in early 2013 to move forward on these items and will hold public meetings as necessary to receive input from interested parties as well as vet any recommendations this Committee may have for the Management Committee. Mr. Beatty concluded his report. Commissioner Savage stated that he appreciated the Rulemaking Committee taking up the issue of mix and match as it is very important to consumers at this time. Ms. Krol made a comment regarding several legitimate needs for mix and match, such as features that insurance companies are trying to file with the states which do not exist in the Compact. Ms. Krol asked if the Industry Advisory Committee was allowed to submit comments to the Rulemaking Committee. Mr. Beatty answered that yes, the comments would be appreciated. For further clarification, Ms. Schutter explained the term “reverse mix and match” for the Commission. Director Ramge announced that the Market Regulation Handbook is currently in process. Ms. Schutter mentioned that the IIPRC Office Letter to Director Ramge, regarding suggestions for discussion and references to the Interstate Insurance Product Regulation Compact and Commission in the Market Regulation Handbook may be found on the Compact website.

Commissioner Sevigny advanced to the report of the Product Standards Committee and asked Ms. Ezalarab to provide the report. Ms. Ezalarab announced the Committee had two new uniform
standards for recommendation to the Management Committee. The uniform standards are the Uniform Standards for Group Term Life Insurance Enrollment Forms and Statement of Insurability Forms and the Uniform Standards for Group Term Life Insurance Statement of Insurability Change Form. Ms. Ezalarab explained the purpose of both of the proposed uniform standards. Two rounds of public comments have been held on the enrollment and statement of insurability form standards, while one public comment period has been held for the statement of insurability change form. Ms. Ezalarab concluded her report and there were no questions or comments. Commissioner Sevigny mentioned that the uniform standards would be posted to the Compact website once they were approved.

Ms. Ezalarab then presented the report of the Technology Committee. Ms. Ezalarab reported that the Technology Committee recently met with the IIPRC Office to receive an update regarding recent enhancements to SERFF. The IIPRC Office worked with SERFF to implement new updates recently for templates and excel uploading. This new tool will make the filing submission process easier and allow for fewer errors with regard to the data entry. The next project for the Technology Committee will be working with the IIPRC Office on possibly enabling public access to Compact-approved filings through its website -- www.insurancecompact.org. There were no questions or comments regarding Ms. Ezalarab’s report.

Commissioner Sevigny then asked for a motion from a member of the Management Committee to adopt the reports of the Communications, Finance, Rulemaking, Product Standards, and Technology Committees, as well as the recommendation of the Product Standards Committee to publish those uniform standards ready for the Rulemaking process. Mr. Schirripa made a motion, and Commissioner McPeak seconded the motion. A voice vote was taken and the motion passed.

As the final two reports had no recommendations or action items, Commissioner Sevigny suggested that one motion be taken to adopt the reports of the next two (2) Agenda Items. There were no objections to that suggestion. Commissioner Consedine gave the Treasurer’s Report and summarized the IIPRC’s strong financial growth through the year 2012. To date the IIPRC Office has operated at or under budget in all expense lines other than the Equipment Maintenance and Occupancy lines which are due to the way the amounts in these budget lines are spread throughout the year and should balance out by the end of the year. Based on the proposed 2013 Budget, the IIPRC expects to request another line of credit from the NAIC in 2013 in the amount of $250,000. However, if its revenue projections are fully realized, it will only utilize a small portion of this amount. There were no questions or comments for Commissioner Consedine.

Superintendent Torti provided the report of the Audit Committee, and noted that the Committee is very pleased with the financial performance of the Commission as it is currently meeting its budgeted revenue and under budgeted expenses. Due to its continued progress, the Commission will not need to utilize the full Line of Credit from the NAIC – only needing $250,000 of the $400,000 that was available this year. In the coming weeks, the Audit Committee will be meeting with the independent auditor. This will be the first audit year with the new audit firm, RSM McGladrey, which was selected by the Audit Committee earlier in 2012. There were no questions or comments for Superintendent Torti.

Commissioner Sevigny asked for a motion from a member of the Commission to adopt the Treasurer’s Report and the Report of the Audit Committee. Commissioner Savage made a motion, and Commissioner Consedine seconded the motion. A voice vote was taken and the motion passed.

Commissioner Sevigny asked that Ms. Schutter provide an Operational Update. Ms. Schutter announced the IIPRC would hold a joint meeting of the Management Committee and the Commission on Monday,
December 17th. Ms. Schutter also announced the IIPRC Office would be hosting a webinar series for state regulators over the coming weeks. These webinars will be very useful for any state regulator who deals with Compact filings. Ms. Schutter noted that 2012 was a great year for the IIPRC as a record number of filings were submitted and a record number of companies were registered. There were no comments or questions for Ms. Schutter.

As there were no further matters, Mr. Beatty made a motion to adjourn and Director Huff seconded the motion and the meeting was adjourned.