



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

**April 8, 2013**

**9:00 am ET / 8:00 am CT / 7:00 am MT / 6:00 am PT**

1. Roll Call
2. [Public Hearing on the Uniform Standards Issued on March 12, 2013:](#)
  - a. Group Term Life Insurance Uniform Standards for Accidental Death Benefits;
  - b. Group Term Life Insurance Uniform Standards for Accidental Death and Dismemberment Benefits; and
  - c. Group Term Life Insurance Uniform Standards for Waiver of Premium While the Employee is Totally Disabled

(Written comments for the uniform standards are due on May 11<sup>th</sup>; refer to the [Docket](#) for more information).

3. [Report of the Audit Committee and Consideration by the Commission to Approve the Report of the Audit Committee](#)
4. [Report of the Communications Committee and Consideration by the Management Committee to Approve the Report of the Communications Committee](#)
5. [Report of the Rulemaking Committee and Consideration by the Management Committee to Adopt the Report of the Rulemaking Committee](#)
6. [Report and Recommendation of the Finance Committee and Consideration by the joint Management Committee and Commission to Adopt the Report and Recommendation of the Finance Committee including the Recommendation to Amend the 2013 Adopted Budget](#)
7. [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](#)
8. [Update on Illinois' Implementation Process and Consider Extension of Illinois' Stay of the Effectiveness of Certain Uniform Standards](#)
9. [Management Committee Consideration of Approval of Meeting Minutes of the February 25<sup>th</sup> Joint Meeting of the Management Committee and Commission](#)
10. [Commission Consideration to Approve the February 25<sup>th</sup> Joint Management Committee and Commission Meeting Minutes as Approved by the Management Committee](#)
11. [Operational Update](#)
12. Any Other Matters
13. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance  
Product Regulation Commission  
Monday, April 8<sup>th</sup>, 2013**

**Members of the Commission and Department Staff in Attendance:**

Commissioner Roger Sevigny, Chair, New Hampshire  
Commissioner Michael Consedine, Vice Chair, Pennsylvania  
Peter Camacci, Pennsylvania  
Commissioner Joseph G. Murphy, Treasurer, Massachusetts  
Reyn Norman, as a designated representative for Commissioner Jim Ridling, Alabama  
Commissioner Jim Riesberg, Colorado  
Steve Manders, as a designated representative for Commissioner Ralph Hudgens, Georgia  
Donna Daniel, as a designated representative for Director William Deal, Idaho  
Bruce Sartain, as a designated representative for Director Andrew Boron, Illinois  
Tom O'Meara, as a designated representative for Commissioner Nick Gerhart, Iowa  
Commissioner Sandy Praeger, Kansas  
Jason Lapham, Kansas  
Maggie Woods, as a designated representative for Commissioner Sharon Clark, Kentucky  
Commissioner James Donelon, Louisiana  
Superintendent Eric Cioppa, Maine  
Commissioner Therese Goldsmith, Maryland  
Joe Garcia, as a designated representative for Commissioner R. Kevin Clinton, Michigan  
Commissioner Mike Chaney, Mississippi  
Aaron Sisk, Mississippi  
Jay Eads, Mississippi  
Director John Huff, Missouri  
David Hippen, Missouri  
Director Bruce Ramge, Nebraska  
Anne Marie Narcini, as a designated representative for Commissioner Kenneth Kobylowski, New Jersey  
Ted Hamby, as a designated representative for Commissioner Wayne Goodwin, North Carolina  
Michael Farley, as a designated representative for Lieutenant Governor Mary Taylor, Ohio  
Denise Engle, as a designated representative for Commissioner Doak, Oklahoma  
Commissioner Lou Savage, Oregon  
Commissioner Angela Weyne, Puerto Rico  
Ruben Gely-Rodriguez, Puerto Rico  
Superintendent Joseph Torti III, Rhode Island  
Andrew Dvorine, as a designated representative for Interim Director Raymond Farmer, South Carolina  
Commissioner Julie Mix McPeak, Tennessee  
Sara Waitt, as a designated representative for Commissioner Eleanor Kitzman, Texas  
Commissioner Todd Kiser, Utah  
Betsy Jerome, Utah  
Commissioner Susan Donegan, Vermont  
Don Beatty, as a designated representative for Commissioner Jacqueline Cunningham, Virginia  
Beth Berendt, as a designated representative for Commissioner Mike Kreidler, Washington  
Susan Ezalarab, as a designated representative for Commissioner Ted Nickel, Wisconsin

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

Gary Sanders, National Association of Insurance and Financial Advisors (NAIFA)  
Mary Keim, State Farm Insurance Company  
Miriam Krol, American Council of Life Insurers (ACLI)

Amanda Matthiesen, America's Health Insurance Plans (AHIP)  
Joe Muratore, New York Life Insurance Company  
Marie Roche, John Hancock Life Insurance Company (U.S.A.)

**Members of the Consumer Advisory Committee in attendance:**

Brendan Bridgeland, Center for Insurance Research  
T. Ryan Wilson, AARP  
Sonja Larkin-Thorne, NAIC Consumer Liaison representative

**Members of the IIPRC Legislative Committee in attendance:**

Representative Brian Patrick Kennedy, Rhode Island  
Susan Nolan, Executive Director of the National Conference of Insurance Legislators (NCOIL)

**IIPRC staff in attendance:**

Karen Schutter, Executive Director  
Sara Dubsy, Operations Manager  
MacKenzie Heidelmark, Administrative Coordinator  
Alice Fontaine, Actuarial Consultant  
Karen Givens, Product Review Consultant  
David Morris, Product Review Consultant  
Maureen Perry, Product Review Consultant  
Charlie Rapacciuolo, Product Review Coordinator

**NAIC staff in attendance:**

Becky McElduff, Senior Counsel

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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 recognized all legislators who were in attendance, and noted that since the last in-person meeting; the Legislative Committee has two new members. At the end of January, the National Conference of Insurance Legislators (NCOIL) appointed Indiana Senator Travis Holdman to replace Ohio Senator Keith Faber. Senator Holdman serves as the Chair of the Indiana Senate Insurance Committee and is an NCOIL Officer. The National Conference of State Legislatures (NCSL) notified the Commission that it had appointed Ohio Representative Robert Hackett to replace Kansas Senator Ruth Teichman. Representative Hackett serves as the Chair of the Ohio House Insurance Committee.

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 asked if there were objections to having voice votes instead of roll call votes and taking roll call votes only if requested, or when there are any votes in opposition on a particular action item or when considering the uniform standards for adoption. There were no objections.

Commissioner Sevigny proceeded to the public hearing to receive comments on three uniform standards that are currently in the Commission's formal rulemaking process. The comment period for these uniform standards will expire on May 11th. The three uniform standards in the employer-employee group product line were issued on March 12th for comment after several months of review by the members of the Product Standards Committee and public calls to receive comments. No written comments have been received from any interested parties on these three uniform standards. Commissioner Sevigny then asked

Ms. Ezalarab, chair of the Product Standards Committee, to review the process these group term life uniform standards have undergone. Ms. Ezalarab provided a brief summary of the following uniform standards: 1) Group Term Life Insurance Uniform Standards for Accidental Death Benefits; 2) Group Term Life Insurance Uniform Standards for Accidental Death and Dismemberment Benefits; and 3) Group Term Life Insurance Uniform Standards for Waiver of Premium While the Employee is Totally Disabled. Commissioner Sevigny then opened the public hearing to receive comments on the three uniform standards. The only comment came from Mr. Bridgeland, who pointed out a minor typo in the Group Term Life Insurance Uniform Standards for Accidental Death and Dismemberment Benefits, specifically under the incontestability division. Hearing no further comments, the public hearing portion of the meeting concluded.

Commissioner Sevigny advanced to the Report of the Audit Committee, which was provided by Superintendent Torti. Superintendent Torti reported that the Committee completed its 2012 Audit in a timely manner and received an unqualified opinion from the auditors, McGladrey, LLP. Kevin Smith, the IIPRC engagement partner from McGladrey, met with the Audit Committee at the end of March via teleconference to present the results of the 2012 audit. Additionally, the Commission is consistently reaching budgeted revenues and has reduced its reliance on NAIC's line of credit in terms of needing a lesser amount each year. There were no questions or comments for Superintendent Torti. Commissioner Sevigny then asked for a motion from a member of the Commission to adopt the Report of the Audit Committee. Commissioner McPeak made a motion and Commissioner Weyne seconded the motion. A voice vote was then taken and the motion passed.

Commissioner Sevigny asked Commissioner Chaney to provide the Report of the Communications Committee. Commissioner Chaney noted that the Communications Committee most recently convened at the end of March to receive an update from the IIPRC Office with regard to proposed outreach initiatives for the coming year to be conducted by both the members of the Commission and the IIPRC Office. Over the course of the last year, the IIPRC Office held numerous webinars for interested parties, consumers, and state regulators. One of the initiatives for this year is to continue the momentum with the webinars and offer sessions on a variety of topics for all interested parties. Another initiative for this year is to encourage more consumer representatives to participate in the Insurance Compact. Commissioner Chaney reported that the IIPRC Office, at the request of the IIPRC Officers, will be circulating a letter for the Commissioners to send to their domestic consumer representatives in an effort to increase membership on the Consumer Advisory Committee. Commissioner Chaney highlighted that one of the most important initiatives involves the members to work with their domestics and encourage their participation in the Insurance Compact. This year, the IIPRC Office will be working with Compacting States interested in hosting Compact information sessions for their domestics. In previous years other states have held such events and the Communications Committee and IIPRC Officers would encourage other states to host such days in 2013. Lastly, the Insurance Compact will leverage the insurance companies who are already filing and receiving the benefits of a Compact approval to encourage their peers to participate in the Compact. There were no questions or comments for Commissioner Chaney. Commissioner Sevigny stressed the importance of outreach by Member States to their life companies.

Commissioner Sevigny proceeded to the Report of the Rulemaking Committee, presented by Mr. Beatty. Mr. Beatty explained the Rulemaking Committee met in January to map out its workplan for 2013 which included three key deliverables. The first one is to wrap up the five-year review process for those rules and operating procedures that were developed in 2007. The second issue is to take closer look at how mix and match was being utilized and whether clarifications or changes should be made to Section 111 of the Product Filing Rule. A small Rulemaking Committee subgroup met in February and reviewed the comments submitted to the Rulemaking Committee from member states and the Industry Advisory Committee regarding the types of mix and match that have raised questions and concerns previously with member states. The subgroup will present to the Rulemaking Committee a list of mix and match

considerations and some suggested steps or checklists for members and companies to use when considering mix and match for further discussion and public input. The third issue is the study of the role of the Commission in the ongoing discussion of the market regulation of Compact-approved products. The goal is to work through examples, or questions, that have been raised by member states, as well as filers and the Industry Advisory Committee, to see if guiding principles or other information or processes can be developed to address these questions through a uniform approach. This working group will convene after the National Meeting in order to begin working on this important issue. There were no questions or comments for Mr. Beatty.

Commissioner Sevigny then asked for a motion from a member of the Management Committee to approve the reports of the Communications and Rulemaking Committee. Commissioner Murphy made a motion and Commissioner Consedine seconded the motion. A voice vote was taken and the motion passed.

Commissioner Sevigny moved to the Report and Recommendation of the Finance Committee which was provided by Commissioner Murphy. Commissioner Murphy announced that the Finance Committee is bringing forth a recommendation to the Management Committee and Commission for action to request additional funding for the 2013 budget. The IIPRC Office, in consultation with the Officers, presented a proposal to the Finance Committee regarding the hiring of one new full-time employee and the request for a new part-time consultant. With the addition of the new resources, the IIPRC Office is requesting an additional \$65,000 be added to the 2013 budget. The first part of this proposal involves moving the role and duties performed by the current Product Operations Coordinator to a new full-time employee position in close proximity with the Executive Director in Kansas City. This recommendation is expense neutral based on the 2013 adopted annual budget and would involve reallocating the funding from the Professional Services line to the budget line items that pertain to the full-time employee. The second position recommended would be a new part-time consultant who would work on an hourly basis, and would be working proactively to support the uniform standards development process with the IIPRC Office and members as well as the industry. This new consultant position would facilitate the deliberations of the uniform standards at the Product Standards Committee and would communicate with the member states, company representatives, the Industry Advisory Committee, and the IIPRC review team to develop the uniform standards and guide them through the rulemaking processes of the Commission. In order to ensure adequate funding for this resource proposal, the Finance Committee is recommending that the 2013 adopted annual budget be amended to include an additional \$65,000 in the Professional Services line item to cover the expenses associated with this new position. Additionally, as of the end of February, the IIPRC has seen an approximate revenue growth of 22% over February last year and is running at 100% of actual to budget.

Commissioner Sevigny asked for comments on the Report and Recommendation of the Finance Committee. Commissioner Savage asked if there was concern regarding the creation of a permanent position as opposed to a more flexible, consultant position. Ms. Schutter indicated the duties of this position are critical to the mission of the IIPRC and should be performed by an employee. Mr. Beatty asked if the position would be located in Kansas City; Ms. Schutter responded that the position would be located in the Kansas City office of the IIPRC.

Commissioner Sevigny asked for a motion from a member of the Commission to adopt the Report and Recommendation of the Finance Committee including the recommendation to amend the budget in the amount of \$65,000 in operating expenses for a new part-time consultant position. Mr. Beatty made a motion and Director Huff seconded the motion. There were no further questions or comments. After a voice vote, the motion carried. Commissioner Sevigny announced that upon request of the IIPRC Officers, the NAIC's Internal Administration (EX1) Subcommittee and Executive (EX) Committee approved an available line of credit for 2013 in the amount of \$250,000. Commissioner Sevigny reported

that if the IIPRC continues to meet its budgeted revenues, it will need less than \$100,000 to cover any shortfall. Commissioner Sevigny asked for comments or questions and Commissioner Donegan asked if printing and distributing the annual report was expensive for the IIPRC, and whether distributing it electronically would save the Compact substantial amounts of money. Ms. Schutter explained that the IIPRC is required under the Compact Statute to send the annual report to the Compact Governors. There were no further questions or comments.

Commissioner Sevigny advanced to the Report and Recommendation of the Product Standards Committee, which was presented by Ms. Ezalarab. Ms. Ezalarab stated that the Product Standards Committee's recommendation is for accelerated death benefits for group term life insurance, which is the fourth and final benefit feature in the initial set of group life insurance uniform standards. Ms. Ezalarab noted that by accepting this recommendation the Commission's formal rulemaking process would start for these uniform standards and provide at least 60 days for public comment. Two rounds of public comments have been held on the proposed uniform standards. The proposed uniform standards reflect strong consumer protections and awareness of the increasing appeal of accelerated death benefits in the group market. There were no questions or comments for Ms. Ezalarab.

Commissioner Sevigny asked for a motion from a member of the Management Committee to approve the Report and Recommendation of the Product Standards Committee to publish the Group Term Life Insurance Standards for Accelerated Death Benefits. Commissioner Savage made a motion and Commissioner Consedine seconded the motion. A voice vote was taken and the motion passed. Commissioner Sevigny noted that the uniform standard would be posted to the IIPRC Website, specifically the Docket.

The next agenda item was the update from Illinois on their efforts to address their concerns that have caused them to request to stay the effectiveness of the one Uniform Standard, specifically the Additional Standards for Market Value Adjustment through the Separate Accounts. Commissioner Sevigny explained that Illinois has indicated that it does not permit these types of products and that rather than promulgating a regulation to opt out of this one Uniform Standard, it has put forward legislation to give the Commissioner authority to accept these products. Mr. Sartain was asked to provide an update on this matter. Mr. Sartain explained that the Illinois House passed the bill that the Department put forth. Just last week, the bill was assigned to the Senate Insurance Committee. As opposed to other instances, there has been a great deal of progress recently and Illinois is going to request another stay. Commissioner Sevigny explained that the IIPRC Office does have a request from the Department to continue its stay of this Uniform Standard until the end of its legislative session. Because that request was not distributed in advance of this meeting, Commissioner Sevigny deferred this action item until the Commission's next conference call which will be in May. In the meantime, the extension that is in place will continue. There were no questions for Illinois on this matter.

Commissioner Sevigny moved to the approval of the Meeting Minutes of the February 25, 2013 joint meeting of the Management Committee and Commission. Commissioner Consedine made a motion to approve the minutes and Commissioner McPeak seconded the motion. After a voice vote, the motion carried.

Commissioner Sevigny continued to the Commission adoption of the same Meeting Minutes as approved by the Management Committee. Commissioner Chaney made a motion to adopt the minutes and Superintendent Torti seconded the motion. A voice vote was then taken and the motion passed.

Commissioner Sevigny proceeded to the IIPRC Operational Update, which was provided by Ms. Schutter. Ms. Schutter reported that the 2012 Annual Report has been completed, and all Compacting State governors and legislative leadership would receive a copy. Each commissioner will be copied on

these letters. The IIPRC Office offered several sessions of a general informational webinar on the Compact between December and February. This session will be offered additional times through this year. This month, the IIPRC is offering a session on individual long-term care, which includes an overview of the structure of the LTC standards as well as the Commission's filing and approval process. As part of this session, John Hancock will be providing a regulator-only briefing on its individual long-term care product portfolio that has been approved through the Compact. Ms. Schutter noted that, there will not be a regular monthly meeting of the Management Committee at the end of April. The IIPRC Office will look to schedule a joint Management Committee and Commission meeting in May as uniform standards will be ready for adoption at that time. Ms. Schutter then briefly summarized the legislative activity in non-compacting states. On February 1, the Montana Senate passed the Compact legislation and it is now being considered by the House. Arkansas Senator Rapert, Chair of the Arkansas Insurance Committee, introduced the Compact bill and it passed the Senate at the end of March. In Florida, the Senate and House are both considering the Compact legislation.

Ms. Schutter recognized Charlie Rapacciuolo for his outstanding services as the IIPRC's Development Consultant.

There were no comments or questions for Ms. Schutter.

As there were no further matters, Commissioner Murphy made a motion to adjourn and the meeting was adjourned.