

DATE: August 14, 2007

TO: IIPRC Management Committee

FROM: IIPRC Industry Advisory Committee

SUBJECT: Proposal for IIPRC Filing Fee Structure (Dated May 30, 2007)

The Industry Advisory Committee is pleased that two companies have made filings with the IIPRC and that the disposition of the filings took less than 30 days. We are aware that others are in the process of preparing filings, and we are confident that companies will file as soon as reasonably possible for them.

Re: Filing Fee Per Filing

The proposed filing fee of \$500 per filing per company is reasonable. We suggest that it be clarified that the fee is applicable regardless of the number of forms included in the filing. We also suggest that if there is a technology related limit for the number of forms that may be included in a filing, this should also be specified.

Re: Annual Registration Fee

The proposed \$5,000 per company is reasonable, but we believe that the \$5,000 fee should also apply on a per fleet basis (for corporations with multiple insurance companies). We believe that since each company in a fleet will be required to pay the \$500 fee per filing, requiring each company in a fleet to pay the \$5,000 annual registration fee is burdensome and unnecessary.

Will this fee be required at the beginning of each calendar year, or can a company pay the fee in July of a year as it is planning to make a filing? If a company pays in July of a given year, will the fee still be \$5,000, or will it be pro-rated (say \$2,500) accordingly? This may require some accounting, but the thought is that at the beginning of 2008 companies may determine that the standards they need are not available and may elect not to pay the \$5,000, but later on as the standards are available they would want to file. This may only be a transitional issue for 2008 and 2009 when in all likelihood some companies may not know in January of these years if they will be able to make filings (for example, disability, long-term care and group products).

We also suggest that consideration be given for those companies who, in good faith at the beginning of a calendar year, pay the annual registration fee but for one reason or another are unable to file in that year. We suggest that in these situations, at the request of a company, the fee paid be credited to the fee that would have been required for the next year. Again, we see this as a transitional issue for 2008 and 2009.

Re: Feasibility Study for Flat Filing Fee

We welcome this type of study. The current state filing fee structure is an administrative nightmare since states vary widely on how the fees are calculated (per form, per filing, per policy vs. per other forms, etc.) and the amount of the fees. Some states bill in arrears and some require the fee with each filing. Some states also have specific fee submission requirements (special transmittals, special instructions). As one can imagine, mistakes are made on both sides of the filing equation (wrong fee included, state claims check was not enclosed).

As one company found out after it had filed with the IIPRC, the billing in arrears process that had been in place for some states has been eliminated for IIPRC filings.

While the IIPRC filing requirements have eliminated some of the state variation fee requirements (special forms no longer required; electronic fund transfer now required), companies still have to wrestle with the various fee calculation requirements. So the concept of a “flat fee” is intriguing, and would expedite the filing preparation process, as well as eliminate filing review delays that may be caused by fee miscalculations.

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