

INTERSTATE INSURANCE
PRODUCT REGULATION COMMISSION



States, Strength & Speed Aligned

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

Friday, June 1, 2007
San Francisco Marriott
55 4th St, San Francisco, CA 94103
Meeting Room: Salon 9, San Francisco Marriott
9:00am – 10:30pm PT

1. Roll Call
2. [Report of Finance Committee and Consider Adoption of Report and Recommendation of Finance Committee](#)
3. [Report of Audit Committee and Consider Adoption of Report of Audit Committee](#)
4. [Report of Rulemaking Committee and Consider Adoption of Report of Rulemaking Committee](#)
5. [Report of Product Standards Committee and Consider Adoption of Report of Product Standards Committee](#)
6. [Report of Technology Committee and Consider Adoption of Report of Technology Committee](#)
7. [Report of Communications Committee and Consider Adoption of Report of Communications Committee](#)
8. [Consider Approval of Operating Procedures and Uniform Standards from May 16, 2007 Public Hearing](#)
9. [Consider Any Outstanding Matters and Recommendations from the May 21, 2007 Management Committee Teleconference Meeting](#)
10. [Consider Any Outstanding Matters and Recommendations from May 25, 2007 Commission Teleconference Meeting](#)
11. [Any Other Matters](#)

12. Adjourn

**Minutes of the Meeting of the Management Committee of
The Interstate Insurance Product Regulation Commission (IIPRC)
June 1, 2007
San Francisco Marriott, San Francisco, CA**

Members of the Management Committee in Attendance:

Commissioner Jane Cline, Chair, West Virginia
Commissioner Glenn Wilson, Treasurer, Minnesota
Margaret Witten as a designated representative for Commissioner John Oxendine, Georgia
Commissioner William Deal, Idaho
Carol Cutter as a designated representative for Director Jim Atterholt, Indiana
Joe Murphy as a designated representative for Commissioner Nonnie Burnes, Massachusetts
Fran Wallace as a designated representative for Commissioner Linda Watters, Michigan
Commissioner Jim Long, North Carolina
Commissioner Kim Holland, Oklahoma
Peg Ising as a designated representative for Director Mary Jo Hudson, Ohio
Brad Harker as a designated representative for Acting Commissioner Joel Ario, Pennsylvania
Sara Waitt as a designated representative for Commissioner Mike Geeslin, Texas
Herb Olson as a designated representative for Commissioner Paulette Thabualt, Vermont
Don Beatty as a designated representative for Commissioner Al Gross, Virginia
Beth Berendt as a designated representative for Commissioner Mike Kriedler, Washington

Commission Members in attendance:

Commissioner Roger Sevigny, New Hampshire
Director Tim Wagner, Nebraska
Commissioner Kent Michie, Utah
Shelley Santo, as a designated representative of Hawaii

Legislative Committee Members in Attendance:

Representative Bob Damron, Kentucky
Senator Delores Kelley, Maryland
Senator Ralph Hudgens, Georgia
Representative Larry Taylor, Texas
Representative Brian Patrick Kennedy, Rhode Island

Industry Advisory Committee Members in Attendance

Michael Lovendusky, ACLI
Miriam Krol, ACLI
Cande Olsen, New York Life
Nancy Johnson, UNUM
Michael Gerber, NAFIA
Steve Buhr, AEGON

Consumer Advisory Committee Members in Attendance:

Ryan Wilson, AARP
Rod Bordelon, Texas Office of the Public Insurance Counsel
Brendan Bridgeland, Center for Insurance Research

IIPRC Staff in Attendance:

Frances Arricale, Executive Director
Sara Bamford, Administrative Coordinator

NAIC Staff in Attendance:

Kay Noonan, General Counsel

Becky McElduff, Staff Attorney

Karen Schutter, Senior Manager, Business Initiatives

Commissioner Cline called the meeting of the Management Committee of the Interstate Insurance Product Regulation Commission (“IIPRC”) to order. Commissioner Cline thanked all of the IIPRC for their diligent work over the past few months on the standards and operational issues; and the interested parties that have been engaged in the process as well. Commissioner Cline recognized the Legislative Committee members who were present for the meeting: Representative Bob Damron, from Kentucky, Senator Delores Kelley, from Maryland, Senator Ralph Hudgens, Georgia, Representative Larry Taylor, from Texas, and Representative Brian Patrick Kennedy, from Rhode Island. Commissioner Cline asked Representative Bob Damron to make some opening remarks. Representative Damron thanked the Chair and stated that it was a pleasure to be at the meeting. Representative Damron also stated that the Legislative Committee looks forward to continuing their work with the Commission. Commissioner Cline noted that the Commission now has permanent members of the Consumer Advisory Committee and asked that they introduce themselves. Brendan Bridgeland, from the Center for Insurance Research, stated that he looks forward to working with the Commission on behalf of the Consumers. Commissioner Cline asked the members of the Industry Advisory Committee to introduce themselves as well.

Commissioner Cline then moved to the first item on the Agenda, the report of the Finance Committee and consider adoption of the report and recommendation of the Finance Committee. Commissioner Cline asked Director Tim Wagner, from Nebraska, to provide the report.

Director Wagner reported on the activities of the Finance Committee since the March Commission Meeting in New York City. Director Wagner stated with regard to the Filing Fees for the Commission, following the discussion on this topic at the March meeting, the Finance Committee had a joint meeting with the Technology Committee on May 11 to work with Ms. Arricale on a Proposal. Director Wagner highlighted that this Proposal will be submitted to the Members by Ms. Arricale at the end of today’s Meeting, and will be recommended for public notice and comment. Director Wagner provided further detail on the due diligence undertaken by the Finance Committee on two proposed pending financial agreements with the NAIC. Director Wagner stated that during the last Meeting in March, the Management Committee asked the Finance Committee to conduct a review and provide a Recommendation on the proposed Line of Credit Agreement with the NAIC. Since that Meeting, the proposed License and Service Agreement was also submitted to the Finance Committee for review and Recommendation. Director Wagner continued his report, the possibility of these two proposed agreements has been discussed by the Commission over the last year, including throughout the Budget process this year. As a start-up organization, the Commission requires additional financial input to cover its operating expenses before it starts to generate anticipated filing fees revenue. Currently, the Commission has under \$40,000 remaining from its initial grant from the NAIC to cover its operating expenses. Additionally, as a start-up operation, the Commission requires a host of services, including technology/computer support, accounting, human resources, legal staffing for our committees, and administrative services in order to carry out its daily responsibilities. The NAIC has offered these two agreements to meet our financing and start-up services needs. Director Wagner noted that the Finance Committee has undertaken a review of the proposed terms of these agreements, as well as a review with the Executive Director on the obligations it would place on the Commission. Outside legal counsel also was retained to review the pending contracts and continues to advise the Commission through the final negotiation of these agreements. Director Wagner stated that additionally, in line with the requirements to provide public notice on proposed recommendations, the Commission sent out to all Interested Parties the Committee’s proposed Recommendation Memo with a Summary of Terms on these agreements. The

Finance Committee then held a public call on May 30 to engage public comment on the terms of these proposed agreements. Director Wagner reported that no comments were put forth during the Public Call. Director Wagner concluded the report by stating that at this time, he would like to submit the Finance Committee Recommendation to the Members today -- that the Commission conclude both the Line of Credit Agreement and the License and Services Agreement with the NAIC, and have Ms. Arricale sign both of these agreements today on behalf of the Commission.

Commissioner Cline asked if there were any questions regarding the report of the Finance Committee. Hearing none, Commissioner Cline noted that there were two motions to make. The first is a motion to accept the report and the second is to accept the recommendation of the Finance Committee and to conclude the two (2) financial agreements with the NAIC by directing Frances Arricale, IIPRC Executive Director, to sign both on behalf of the Commission. Commissioner Glenn Wilson, from Minnesota, made the motion to accept the report and recommendation of the Finance Committee; Commissioner Kim Holland, from Oklahoma, seconded the motion. The motion passed by unanimous voice vote.

Commissioner Cline moved to the next item on the Agenda, the report of the Audit Committee and consider adoption of the report of the Audit Committee. Commissioner Cline called upon Commissioner Michie to provide the report.

Commissioner Michie provided the report on the activities of the Audit Committee since the March Commission Meeting in New York City. Commissioner Michie reminded the Members that one of the main functions of the Audit Committee is to oversee the annual audit of the Commission. Commissioner Michie reported that since the March meeting, the Commission staff has compiled and submitted all the necessary information to the auditors. This included a letter from the Commission's retained legal counsel on Financial Accounting Standards and documentation of our Meetings and actions taken during 2006. Commissioner Michie noted that the Audit Committee met on May 23 to review the final draft Audit with the auditors. Commissioner Michie stated that he would summarize some key points on the Audit, and advise all that the actual Audit Report will be forwarded with the Annual Report to all the Members, state governors, state legislators, committees, and will be available to the public. Commissioner Michie stated that the Audit for the Commission was conducted in accordance with the applicable pronouncements of the Governmental Accounting Standards Board or "GASB Standards" as is appropriate for the Commission as an instrumentality of our Member States. Commissioner Michie continued, the Audit was for about only one-half of the year 2006 as the Commission was brought into existence only last June, and it should be noted that the operations were in the start-up mode during 2006. The Commission's only funds in 2006 were from a \$500,000 grant from the NAIC. The majority of expenditures were for salaries and recruitment expenses, costs associated with our Meetings last year -- both in-person meetings and teleconferencing costs, and legal services retained for assistance in establishing the entity of the Commission last year. Commissioner Michie noted that NAIC Accounting has handled the accounting functions for the Commission. As a start-up, the Commission has utilized the services of the NAIC to enable its daily operations, and this accounting service is formalized under the Services Agreement just discussed. Commissioner Michie stated that in terms of the Audit results, the Commission received a "clean opinion." Commissioner Michie noted that the Audit Committee intends to meet within the next few weeks to start work on an Audit Committee Charter proposal, and will look towards the procedures for engaging an audit firm for the upcoming 2007 Audit.

Commissioner Cline asked if there were any comments regarding the report of the Audit Committee. Hearing none, Commissioner Cline asked if there was a motion to accept the report of the Audit Committee. Commissioner Jim Long, from North Carolina, made the motion and Beth Berendt, from Washington, seconded the motion. The report was approved by a unanimous voice vote.

Commissioner Cline moved to the next item on the Agenda, the report of the Rulemaking Committee and consider adoption of report of the Rulemaking Committee. Commissioner Cline asked Vermont to provide the report.

Herb Olson, General Counsel of Vermont made the report for Commissioner Thabault. Mr. Olson reported that after the May 21 Management Committee meeting, the Rulemaking Committee has been asked to consider if there should be any amendments to the Public Access Rule. Mr. Olson noted that a Rulemaking Committee call will be scheduled in the near future for this discussion. Mr. Olson reported that the Rulemaking Committee continues to work on outstanding rules and as the drafts are further reviewed and finalized, they will be recommended to the Management Committee.

Commissioner Cline asked if there were any questions regarding the report of the Rulemaking Committee. Hearing none, Commissioner Cline asked if there was a motion to accept the report of the Rulemaking Committee. Commissioner Long made the motion and Commissioner Holland seconded the motion. The report was approved by unanimous voice vote.

Commissioner Cline moved to the next Agenda Item, the report of the Product Standards Committee and consider adoption of the report of the Product Standards Committee. Commissioner Cline asked Commissioner Sevigny to provide the report.

Commissioner Sevigny reported that the Product Standards Committee does not have a formal recommendation to make to the Management Committee at this time. Commissioner Sevigny reminded the Members of the Commission and any interested parties of the upcoming scheduled meeting in San Francisco. Commissioner Sevigny highlighted the items on the Agenda, which included receiving comments on four (4) endowment standards and on two (2) individual deferred variable annuity standards, and an extended discussion on Appendix A to the Product Filing Rule. Commissioner Sevigny stated that the Committee will be receiving comments on its proposed plan of action for developing the Appendix A, which will served as the basis to determine how long mix and match will be available for each product line. Commissioner Sevigny noted that the Committee anticipates forwarding the individual endowment standards to the Management Committee at its next regularly scheduled meeting.

Commissioner Cline asked if there were any questions regarding the report of the Product Standards Committee. Hearing none, Commissioner Cline asked if there was a motion to adopt the report of the Product Standards Committee. Ms. Berendt made the motion and Peg Ising, from Ohio, seconded the motion. The motion was approved by unanimous voice vote.

Commissioner Cline moved to the next item on the Agenda, the report of the Technology Committee and consider adoption of the report of the Technology Committee. Commissioner Cline asked Ms. Ising to make the report on behalf of Director Hudson who could not make the meeting.

Ms. Ising began the report of the Technology Committee and stated that the Technology Committee met via Joint Teleconference with the Finance Committee to work on the Filing Fees Proposal with Ms. Arricale. Ms. Ising provided an update on the technology capabilities for Compact filings on the System for Electronic Rate and Form Filing (SERFF) as the Commission readies for the anticipated start of the product filing operations. Ms. Ising advised how the fees will work on the SERFF system once the first filings are submitted. Ms. Ising reported that while the Commission's Filing Fees Proposal is still under consideration, the first filings received by the Commission will not have a Compact Fee associated with it. Once a fee structure is approved, it will be accommodated on SERFF for collection. So at this time, there is an added incentive to be one of the first filers with the Compact. Ms. Ising reminded the Members that all respective Member State Filing Fees will be collected via SERFF as of the first filing. Ms. Ising noted that the SERFF transaction fees also will apply. Ms. Ising stated that all Commission

filings must use Electronic Funds Transfer (EFT) to transmit fees and the SERFF team can help you get set up for EFT if this feature is not already used. Ms. Ising noted that the Commission's 14 adopted Uniform Standards have been loaded into SERFF and are ready for filing use by life companies. In order to submit to filings, filers must request a Compact set-up via serffhelp@naic.org. Ms. Ising stated that in the Commission adopts the "Mix and Match" procedure, SERFF also will be able to accommodate "Mix and Match" filings. Filers would see a Submission Requirement for "Statement of Intent and Certification for Non-IIPRC Forms" that should be completed when filing in this manner. Ms. Ising noted that the instructions for submitting Compact filings via SERFF will be found on the SERFF and Commission websites. Ms. Ising continued, if you are a SERFF filer already, filing with the Compact should be intuitive and if there are questions, the Help Desk is available to answer any questions. Ms. Ising noted that Ms. Arricale has received requests for Demos of the Compact pages on SERFF. These Demos are in the process of being set-up via web links, so if there are any interested insurers please let Ms. Arricale know of your intended participation.

Commissioner Cline asked if there were any questions regarding the report of the Technology Committee. Hearing none, Commissioner Cline asked if there was a motion to accept the report of the Technology Committee. Fran Wallace, from Michigan, made the motion and Commissioner Long seconded the motion. The motion was approved by unanimous voice vote.

Commissioner Cline moved to the next item on the Agenda, the report of the Communications Committee and consider adoption of the report of the Communications Committee. Commissioner Cline noted that Commissioner Steve Orr, who served as the Chair of the Communications Committee, left the Maryland Department of Insurance and thanked him for his contributions to the Commission during the start-up of the Commission. Commissioner Cline noted that Commissioner Holland who has been serving as Vice Chair and is now the Acting Chair of the Communications Committee is here and recommended that she be appointed Chair of the Communications Committee. Commissioner Cline also recommended that Maryland hold the Vice Chair. Commissioner Cline asked if there was a motion. Ms. Ising made the motion and Commissioner Wilson seconded the motion. Commissioner Holland was appointed Chair by a unanimous voice vote. Commissioner Cline then asked Commissioner Holland to make the report of the Communications Committee.

Commissioner Holland started the report on the activities of the Communications Committee since the March Commission Meeting in New York City. Commissioner Holland noted that the Committee met via Teleconference on April 30, 2007. Commissioner Holland noted that at this meeting the Committee directed the Commission Staff to begin work on the following three items: create an IIPRC State Resource Group; continue to make updates to the IIPRC website to make it more user-friendly; and develop a list of communications-related priorities for the Commission for the Members of the Communications Committee to review and adopt. Commissioner Holland reported that the "IIPRC State Resource Group" is intended to be comprised of Members who are willing to speak at events on the Compact and to serve as a resource within the regulatory community on Compact issues, when appropriate. Commissioner Holland stated that the intention was to invite at least (4) Members to serve on the IIPRC State Resource Group to represent each of the four (4) NAIC Zones. Commissioner Holland explained that this would enable speaking invitations to be sent to Members where it may be convenient to travel, and also to speak with regulatory colleagues in their respective zones who may be looking to pass Compact legislation, and perhaps answer some questions in a Commissioner-to-Commissioner dialogue. Commissioner Holland invited any Members who may be willing to serve in this capacity on the IIPRC State Resource Group, to inform Ms. Arricale. Commissioner Holland continued, the Communications Committee also has reviewed the IIPRC Website and has requested some additional updates to include: a "Marching to Implementation" Section with posted advisories on Commission developments; a reconfiguration of the Event Calendar, which already has been accomplished; a section of the website which would provide targeted, practical information for filing

insurers; and to look into streaming audio and video messaging capabilities, as to when this may be a possible update for the IIPRC web site. Commissioner Holland noted that the IIPRC will work with the NAIC Communications Division on these items as they provide communications support. Commissioner Holland reported that the Communication Committee Members requested that Ms. Arricale develop a List of Communications Priorities for the Commission for review and adoption by the Committee Members. Commissioner Holland stated that Ms. Arricale will begin to develop this List after the meeting based upon a number of decisions that will be made with regard to the operations, and then will reconvene the Communications Committee to review.

Commissioner Cline asked if there were any comments regarding this report. Hearing none, Commissioner Cline asked if there was a motion to accept the report of the Communications Committee. Commissioner Long made the motion and Commissioner Thabault seconded the motion. Commissioner Cline asked if there were any further comments. Senator Kelley made comments. Commissioner Holland thanked Senator Kelley for her suggestions. The motion was approved by unanimous voice vote. *Drafting note: The audio for this meeting is of poor quality and makes it very hard to hear all that was said clearly and distinctly.*

Commissioner Cline thanked all of the Committee Chairs for the reports that they provided. Commissioner Cline then moved to the next item on the Agenda, the approval of the Operating Procedures and Uniform Standards from the May 16 Public Hearing. Commissioner Cline noted that there are two (2) proposed Operating Procedures and eight (8) proposed Uniform Standards which were exposed for public comment and the subject of a Public Hearing on May 16. Commissioner Cline stated that the Operating Procedures would be taken up first. Commissioner Cline asked Mr. Olson to briefly highlight the two (2) proposed rules and changes for the Commission's consideration.

Mr. Olson noted that there were two (2) Operating Procedures before the Committee today – the Operating Procedure on Consumer Assistance and the Operating Procedure on Advisory Opinions. Mr. Olson provided a summary on the Operating Procedure on Consumer Assistance. Mr. Olson stated that Rulemaking Committee would like to recommend that the Consumer Assistance Operating Procedure be considered for vote by the Management Committee. Mr. Olson then provided a summary on the Operating Procedure on Advisory Opinions and noted that this Operating Procedure needs to be sent back to the Rulemaking Committee for further discussion. *Drafting note: The audio for this meeting is of poor quality and makes it very hard to hear all that was said clearly and distinctly.*

Commissioner Cline asked if there were any comments. Senator Kelley suggested that the Commission fill the Consumer seats with large consumer funded groups so not to need as much assistance. Senator Kelley noted that the Commission is providing them assistance to carry out their own missions. Michael Lovendusky, with the ACLI, asked if there should be language about the “recapture or reimbursement” of unused funds; those that were misspent; or those unused. Mr. Olson replied and thanked the Senator and Mr. Lovendusky for their comments.

Commissioner Cline asked if there was a motion to approve the Operating Procedure for Submission of Requests by the Consumer Advisory Committee for Financial Assistance and Consideration and Approval of Requests by the Commission. Commissioner Kreidler made the motion and Don Beatty, from Virginia, seconded the motion. The Operating Procedure was approved by unanimous voice vote. Commissioner Cline asked if there was a motion to send back to the Rulemaking Committee for review and consideration of the proposed amendments to the Operating Procedure for the Issuance of Advisory and Interpretive Opinions. Mr. Olson made the motion and Ms. Ising seconded the motion. The motion was approved by unanimous voice vote and the operating procedure will return to the Rulemaking Committee.

Commissioner Cline then moved to the eight (8) proposed Uniform Standards. Commissioner Cline asked Commissioner Sevigny to provide a brief overview of the proposed standards and amendments.

Commissioner Sevigny emphasized that, for purposes of consistency, the revisions to be considered would apply to the individual adjustable life insurance standards that were adopted in December. Commissioner Sevigny noted that in order for the Management Committee and interested parties to process these potential amendments, there is a summary that he would like to use, rather than flipping through all of the drafts themselves. Commissioner Sevigny provided an overview and stated that the summary is divided in order of the parties suggesting revisions and that the Committee has primarily technical changes to work with. Commissioner Sevigny proposed that the Committee follow the summary in order and take motions for each amendment individually, except for the technical amendments which he would propose the Management Committee act on as an entire slate of technical revisions. Commissioner Sevigny asked if there were any questions about the process. Hearing none, Commissioner Sevigny started on the first page of the summary; there are notes about two written comments that did not suggest further revisions to the standards. Commissioner Sevigny proceeded and noted that next are the comments from the AARP, which focus on arbitration. Commissioner Sevigny noted the provision excerpted in the summary was put together based on the AARP's written comments. Commissioner Sevigny asked the Consumer Advisory Committee if these revisions would be in line with the AARP comments. The Consumer Advisory Committee replied that they were. Commissioner Sevigny asked if there were any further revisions that should be considered at this point. Hearing none, Commissioner Sevigny asked if there was a motion to adopt these changes. Commissioner Long motioned and it was seconded. The motion was approved unanimously.

Commissioner Sevigny moved to the next proposal. Commissioner Sevigny briefly explained that the proposal is to exclude return of premium benefits from the non-single premium standards to afford time for the Commission to develop appropriate standards for nonforfeiture compliance demonstrations for return of premium benefits. Commissioner Sevigny asked if the member from Kentucky would like to provide any further information. Commissioner Sevigny asked if there was a motion to accept the proposed amendments to the scope provision. A motion was made and seconded. The motion was approved by unanimous voice vote.

Commissioner Sevigny discussed the suggestions of the Industry Advisory Committee that were divided into substantive and technical changes. Commissioner Sevigny noted that the substantive changes appear on pages 2 through 4 of the summary. Commissioner Sevigny reported that these substantive revisions are all consistent with revisions the Product Standards Committee has already considered in the context of other uniform standards, and has uniformly accepted. Commissioner Sevigny explained that this means a consensus has been achieved on the form requirements for assignment, beneficiary and ownership, in addition to appropriate revisions to the dependent and family member coverage provisions. Commissioner Sevigny asked for a motion and second from the Management Committee to accept the proposed substantive amendments suggested by the Industry Advisory Committee. A motion was made and seconded. The motion was approved by unanimous voice vote.

Commissioner Sevigny moved to the last changes, the technical amendments proposed by the Industry Advisory Committee, starting on page 4 of the summary. Commissioner Sevigny highlighted that like the substantive amendments, these revisions have been proposed to the Product Standards Committee for other standards, and the Product Standards Committee has uniformly accepted them. Commissioner Sevigny characterized these changes as primarily stylistic, such as using "shall" instead of "will" because of the conventions first established by the NAIC standards working group. Commissioner Sevigny asked for a motion and second from the Management Committee to accept the proposed technical amendments suggested by the Industry Advisory Committee. Ms. Ising made the motion and Commissioner Long seconded the motion. The motion was approved by unanimous voice vote.

Commissioner Sevigny thanked everyone and noted that the consideration of the written comments is completed. Commissioner Sevigny asked if there are any other comments or suggestions with regard to these standards and the conforming amendments, before we proceed to consideration of the complete standards, as amended. Hearing none, Commissioner Sevigny returned to the agenda item for the Management Committee to receive a motion to approve all eight individual term and whole life insurance standards, as amended, including conforming amendments to the individual adjustable life insurance standards adopted in December. A Ms. Berndt made the motion and Commissioner Wilson seconded. The Uniform Standards were approved by unanimous voice vote.

Commissioner Cline moved to the next item on the Agenda, consider any outstanding matters and recommendations from the May 21 Management Committee teleconference. Commissioner Cline noted that she did not think there were any outstanding matters, but will ask the members of the Management Committee if there are any outstanding items. Hearing none, Commissioner Cline moved to the next item.

Commissioner Cline moved to the next item on the Agenda, consider any outstanding matters and recommendations from the May 25 Commission teleconference meeting. Commissioner Cline recommended that the Members turn to the information in their packets related to the Proposed Operating Procedure for the Filing and Approval of Product Filings, the so-called “mix and match” system is included in the Operating Procedure. Commissioner Cline reminded the members that the Management Committee approved this Operating Procedure during the April 23 meeting. Commissioner Cline highlighted that subsequent to that time and after the Operating Procedure was forwarded to the full Commission for consideration, two (2) of the Member States proposed amendments to the approved Operating Procedure. Commissioner Cline further explained that during the May 25 Committee teleconference the Commission members voted to send this proposed Operating Procedure back to the Management Committee for reconsideration in order to consider these amendments and vote on such; and send the Operating Procedure back to the full Commission for consideration after this meeting. Commissioner Cline stated that in order to undertake the reconsideration, a brief review of the April 23 Operating Procedure and have the proposed amendments highlighted for the Members. Commissioner Cline asked either Ohio or Vermont to comment on the proposed rule and then asked Pennsylvania or Washington to comment on the proposed amendments.

Mr. Olson provided some general background on the rule. *Drafting note: The audio for this meeting is of poor quality and makes it very hard to hear all that was said clearly and distinctly.*

Ms. Berendt reviewed the amendment summary memo that was provided by both Pennsylvania and Washington. Ms. Berendt highlighted that Pennsylvania and Washington worked with both Ohio and Vermont to achieve these proposed changes to the Product Filing Rule. Ms. Berendt summarized the changes and noted that they would: require insurers to provide the compacting state with informational copies of the combined forms upon request providing the states with readily accessible information to be used to evaluate any potential conflicts between the states and the Compact forms. The changes would permit a compacting state to make a “standing request” for such copies so that companies routinely submit the documents. The changes would clarify that the Commissioner has the authority to prohibit the sale of combination forms, if the combination results in ambiguous, unfair, inequitable or misleading clauses. The changes clarify that the certification from the company does not create a presumption that the combination is compliant and does not prevent the Commissioner of Compacting state from prohibiting the use of the combined form when a conflict is identified. Ms. Berendt concluded and noted that these changes are import and would allow Pennsylvania and Washington to vote in favor of the Product Filing Rule.

Commissioner Cline then asked if there were any questions from the Management Committee; other Commission Members; the Legislative Committee; Consumer Advisory Committee; Industry Advisory Committee; and any Interested Parties. Mr. Bridgeland commented that he thought the changes were more favorable.

Commissioner Cline then asked if there was a motion to accept these amendments to the Product Filing Rule and then forward this Rule to the full Commission to consider adoption. Ms. Ising made the motion and Mr. Olson seconded the motion. The motion was approved by unanimous voice vote and the Operating Procedure with amendments will be sent back to the full Commission.

Commissioner Cline then moved to the next Agenda Item, any other matters. Commissioner Cline asked Ms. Arricale to introduce the Filing Fees Structure Proposal to be received by the Management Committee. Ms. Arricale explained the proposal for the Filing Fee Structure which Ms. Arricale was directed by the Bylaws and Statute to create. Ms. Arricale suggested, in the proposal that the Management Committee initiate public and comment on the proposal.

Commissioner Cline reassured the Members that all respective state fees will be collected on behalf of the Members. Commissioner Cline noted that for the insurers looking to file, there will be a bargain for the next couple of months in not having a Compact fee. Commissioner Cline asked if there was a motion to receive this proposal and direct Ms. Arricale to notice it out for a 60-day public comment period. Ms. Berendt made the motion and Commissioner Holland seconded the motion. Commissioner Cline asked if there were any comments. Michael Lovendusky, from the ACLI, stated that the Industry Advisory Committee supports the reviewing the proposal and appreciates the incentive to use the Compact structure as is. Mr. Lovendusky noted that there is some concern about the nature of the process involved and it not being as open the Industry had hoped. Mr. Lovendusky noted that it was anticipated to have much more open discussion especially with regard to the financial agreements and the filing fees proposal. Mr. Lovendusky noted that all are interested in achieving a common goal. Commissioner Cline replied and thanked Mr. Lovendusky for his comments. Commissioner Cline noted that the Commission appreciates the willingness to work towards the common goal. The motion was approved by unanimous voice vote.

Commissioner Cline reminded the members that during the May 21 Management Committee meeting, the Commission has agreed to accept additional applications for the five (5) remaining seats on the Consumer Advisory Committee.

Commissioner Cline asked if there were any other matters to take up before the Management Committee. Hearing none, Commissioner Cline asked if there was a motion to adjourn. Commissioner Wilson motioned. The Management Committee adjourned by unanimous voice vote.