

INTERSTATE INSURANCE  
PRODUCT REGULATION COMMISSION



*States, Strength & Speed Aligned*

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

**Monday, August 27, 2007**

**1:30pm EDT / 12:30pm CDT / 11:30pm MDT / 10:30pm PDT**

**AGENDA**

1. Roll Call
2. [Report of the Product Standards Committee and Consider Adoption of Report of the Product Standards Committee](#)
3. [Consideration of Filing Fees Proposal](#)
4. [Consideration of Possible Technical Amendment to Bylaws concerning Electronic Legislative Notices](#)
5. [Operational Update](#)
6. Any Other Matters
7. Adjourn

**Minutes of the Meeting of the Management Committee of  
The Interstate Insurance Product Regulation Commission (IIPRC)  
August 27, 2007  
Conference Call**

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

Commissioner Jane Cline, Chair, West Virginia  
Shari Spitzley as a designated representative for Superintendent Linda Watters, Michigan  
Commissioner Glen Wilson, Minnesota  
Margaret Witten, as a designated representative for Commissioner John Oxendine, Georgia  
John Kissling as a designated representative for Director Jim Atterholt, Indiana  
Louis Belo as a designated representative for Commissioner Jim Long, North Carolina  
Director Mary Jo Hudson  
Michael Ridgeway as a designated representative for Commissioner Kim Holland, Oklahoma  
Acting Commissioner Joel Ario, Pennsylvania  
Sara Waitt as a designated representative for Commissioner Mike Geeslin, Texas  
Commissioner Paulette Thabault  
Don Beatty as a designated representative for Commissioner Al Gross, Virginia  
Beth Berendt as a designated representative for Commissioner Mike Kreidler

**Industry Advisory Committee Members in Attendance**

Michael Lovendusky, ACLI  
Cande Olsen, NYLife  
Nancy Johnson, UNUM  
Michael Gerber, NAFIA  
Dennis Herschel, Mass Mutual

**Consumer Advisory Committee Members in Attendance:**

Ryan Wilson, AARP  
Rod Bordelon, Office of the Public Insurance Counsel, Texas

**Regulator Staff in Attendance:**

Bard Harker, Pennsylvania  
Tom Record, Maine  
Sean Hawk, Tennessee  
Malinda Shepherd, Kentucky  
Lee Sellmeyer, Iowa  
Maureen Hartsmith, New Hampshire  
Elizabeth Dwyer, Rhode Island

**IIPRC Staff in Attendance:**

Frances Arricale, Executive Director  
Sara Bamford, Administrative Coordinator

**NAIC Staff in Attendance:**

Kay Noonan, General Counsel  
Becky McElduff, Staff Attorney  
Amanda Yanek, Government Relations Policy Analyst

**Other Interested Parties:**

Gail Carron, New York

Gayle Williams, Oregon  
Josh May, Coventry  
Jim Guirdy, Wisconsin  
Tim Ring, Met Life  
Susan Ezalarab, Wisconsin

Commissioner Jane Cline started the meeting of the Management Committee of the Insurance Products Regulations Commission (“IIPRC”). Commissioner Cline asked for a report of the Product Standards Committee. Commissioner Cline asked Commissioner Roger Sevigny to provide the Product Standards Committee report. Kay Noonan, from the NAIC, commented that Commissioner Sevigny had not joined the call at this point. Ms. Noonan highlighted that there were a few ways to proceed. First, Becky McElduff, who supports the Committee, would be able to provide a report and Sara Waitt from Texas, co-chair of the Committee, could also provide some remark. The second, option would be to proceed to the third Agenda Item and the Compact office can contact Commissioner Sevigny’s office. Commissioner Cline opted to move forward while the Compact office called Commissioner Sevigny’s office.

Commissioner Cline moved to the third Agenda Item, the Consideration of the Filing Fees Proposal. Commissioner Cline provided some background for the development of the Filing Fees Proposal. Commissioner Cline explained that the Compact is directed by the Compact statutes to collect and remit to all the Member States’ filing fees for each product filing submission to the Commission. Commissioner Cline noted that the statute provides the Compact to charge fees to cover its operating expenses and budget. As such, Frances Arricale, IIPRC Executive Director, in collaboration with the IIPRC Finance Committee developed a proposal for Compact fees which issued for public comment on June 15. Ms. Arricale has provided a redlined version of the Filing Fees Proposal based on the written comments received and the oral comments received during the Public Hearing. Commissioner Cline explained that in this redline version of the proposal Ms. Arricale has included additional suggested text to respond to the questions and comments from members and industry on the proposal. Commissioner Cline asked Ms. Arricale to walk through the suggested text. Commissioner Cline state that the Committee would then take comments and questions both from the Management Committee, Commission Members, the industry and all other interested parties.

Ms. Arricale noted that based on the comments received, both written and via the public hearing, from the members and from the Industry Advisory Committee was to mark up the proposal with some suggestions that would answer those questions and perhaps provide clarifications that were not readily available in the proposal. Starting with Section 102, the definition of what a product filing would be with the Commission was clarified. Ms. Arricale noted that the definition of product comes from the Compact statute and “mix and match” was incorporated into the definition as wells since it was adopted under the Operating Procedure for the Filing and Approval of Product Filings. Moving to Section 104, Ms. Arricale highlighted that the per filing fee would be based on the product definition and a product would be a policy contract and forms as defined in section102. Ms. Arricale explained that some suggested text which would addresses some industry concern and also some member questions as to the conflict of fleet filing, or insurers with more than one company, filing with the Commission was added. Ms. Arricale stated that it provides that after 5 insurers who operate in the fleet, there would be some discounted fee per company within that fleet. Ms. Arricale note that there was some question of what would happen if a company would like to file but doesn’t know if they can do that until later in the year. Ms. Arricale noted that after the end of a second quarter that there would be a

discounted fee due which is half of the registration fee. Ms. Arricale explained that should a company not do any filing during the year and they would like to carryover the registration fee to following year, they would have to provide written notice to the Executive Office. Ms. Arricale ended her comments by highlighting the changes made in Section 105 that address when the filing fees are to be submitted.

Commissioner Cline asked if there were any members of the Management Committee who may have any comments or questions.

Sara Waitt, from Texas asked Ms. Arricale to go through and let us know how much an insurer would pay for filing a product.

Ms Arricale responded that one of the intentions in this proposal would be to require the Industry to register with the Compact. Ms. Arricale explained that an annual registration fee of \$5000 needs to be submitted in order to do filings with the Commission. Ms. Arricale stated that there would be a per filing fee of \$500 and the filing is based on the product definition of a policy: a contract, its application, and additional riders. As an example, Ms. Arricale stated that a company files three different policies and those would be three filings under this proposal.

Commissioner Cline asked if there were any other questions for Ms. Arricale.

Michael Lovendusky, from ACLI, stated that he had a question. Mr. Lovendusky thanked Ms. Arricale for the responsiveness to the Industry's commentary and the revisions that have been proposed for the filing fees. Mr. Lovendusky asked, with regard to the definition of product, if there was a filing of a product and the product included an application, a contract and then let's say a rider, would that be \$500 or \$1500.

Ms. Arricale responded and explained what is meant by product in terms of the per filing is and if you see the definition, the product means the ? to the contract including any application endorsement and the rider. So it is that product itself. What would be \$1500 if you were filing 3 different policies and the products binding rider and the applications that would go with those policies, that would be considered separate products.

Commissioner Cline asked if there were any other comments or questions from the Industry Advisory Committee. Hearing none, Commissioner Cline asked if there were any comments from the Consumer Advisory Committee; any interested parties that may be on the call.

Commissioner Thabault, from Vermont, stated that she had comments about the feasibility study. Commissioner Thabault continued, at a previous meeting there was a discussion about a study to determine what would be the most appropriate filing fee structure. Commissioner Thabault stated that it would be important that the study keep in mind what the goals and the commitments of the Compact were to the state and that the full amount of the state filing fees would remain intact. Commissioner Thabault wanted to make sure that the states would still be anticipating that fee according to that structure.

Ms. Arricale replied that under the statute and the obligation of the Commission always remains to remit the filing fees appropriately to the member states. Ms. Arricale continued so any study conducted would be a study to try to see if the Commission can streamline the fees in general for those insurers and those member states. Ms. Arricale explained that the Commission would just want to undertake a study to see if we could streamline the fee process in any way. Ms. Arricale

concluded and reiterated that the member state fees would always be collected and remitted as per the statute.

Commissioner Thabault asked what sort of profit or procedure was the Commission office thinking or intending to clarify with the study, how that will be conducted and what questions will be answered by the study.

Ms. Arricale replied that in terms of the study the Commission will examine whether or not the Commission office could collect in one fee all of the fees that would encompass the member state fees and the commission's fees. Ms. Arricale explained that the only way the Commission would be able to keep that possible is to have some filing data to see what may be a fee that would encompass all of the fees appropriately and that it could be done under one flat fee. Ms. Arricale stated that at this time the Commission office does not have enough filing data and that is why there is a provision for a year study to see if would be feasible to do that.

Commissioner Thabault asked Ms. Arricale if the Commission was proposing an outline type of study, not something that is going to be added to the statute where a study would be identified.

Ms. Arricale replied that the way that it is proposed is the Commission, working with some of the statistics, that is anticipated to be collected over the next few months would take that in and that it would be incumbent upon me, the Executive Director, to submit a recommendation as to whether it is possible to do a flat filing fee and that would be submitted to the Management Committee for further consideration.

Commissioner Cline asked if there were any other questions or comments. Hearing none, Commissioner Cline asked if there was a motion to approve this proposal and then send it to the full Commission for a vote. Commissioner Wilson, from Minnesota proposed that this proposal move forward. Director Hudson, from Ohio, seconded the motion. Commissioner Cline asked if there were any other comments. Hearing none, Commissioner Cline asked Fran to take the Roll Call. The motion passes unanimously.

Commissioner Cline noted that this proposal will not be sent to the full Commission for a vote. Commissioner Cline explained that the Commission would like to set this vote as an electronic vote of the Commission. This will involve a public notice to be sent out that will provide information on the subject of the vote. Members will then vote electronically via e-mail and the information on the results of the vote will then be sent out to the public. Commissioner Cline stated that the Commission was initiating an electronic vote as we would like to be able to utilize technology to our advantage for the Commission. This will allow us to have a vote on the proposal and then if adopted by the Commission, it will enable us to implement the Compact fees in September rather than waiting another one or two months. Commissioner Cline asked if there were any questions on this procedure. Commissioner Cline noted that Ms. Arricale would be sending out information on this electronic vote shortly and it will be posted on the website.

Commissioner Cline proceeded to the next Agenda Item, the consideration of the possible technical amendments to the Bylaws concerning the electronic legislative notice. Commissioner Cline noted that in the advance materials for the call, Ms. Arricale included a memo regarding the proposed technical amendment to the Bylaws on the electronic legislative notice. Commissioner Cline asked Ms. Arricale to provide some background on the memo and proposal. Commissioner Cline noted that she would like to first ask if any Legislative Committee members who may be on the call today, would like to comment as they have worked on this proposal with Ms. Arricale. Hearing no response, Commissioner Cline noted that it appears none of the Legislative

Committee members are present. Commissioner Cline asked Ms. Arricale to explain the proposal.

Ms. Arricale stated that she would provide some background on the change prior to reviewing the memo. Ms. Arricale reminded the members that the Commission is required to send legislative notices before adopting any uniform standards to send out notice to all of the member state legislature. Ms. Arricale stated that the Commission office had initially done that by mail which was a very costly enterprise to the Commission and since that time we have made headway making these electronic notices. Ms. Arricale noted that the Commission office is sending out over 700 electronic notices to every member of the Committee of Jurisdiction in the member states. Ms. Arricale explained that she had discussed with the Legislative Committee what might be a more effective notice for those members who need to receive the notice and to make sure that in each state legislature they are aware of the Commission, of our operations, of what these notices are. Ms. Arricale noted that in her discussions with the Legislative Committee on streamlining these required legislative notices, it was suggested that a change to bylaws which would bring the bylaws into conformity with the statute and the rulemaking rule. This amendment would provide that the presiding officer of each legislative chamber and the chair and ranking member of each committee of jurisdiction would get that notice and then under each states respective processes, they could forward that on in a way in which it would be delivered more affectively to other members who may need to receive that notice. Ms. Arricale noted that also during those discussions a recommendation from the Legislative Committee was made to add the majority and minority leaders of each chamber. Ms. Arricale stated that this would allow for better distribution, as well as a show of bipartisanship and that all leaders within the state legislature would have these notices and they could be affectively distributed. Ms. Arricale reported that the Commission statute and rulemaking would allow that type of notice to go forward, but the bylaws would need a technical amendment to conform. Ms. Arricale stated that what was issued is a redline version what would be a technical change to allow for the streamlined electronic notice but to also have it be in conforming with the statute and rulemaking rule. Ms. Arricale noted that under Article V of the Compact Statute, Commission personnel, it is her responsibility to send those proposed changes.

John Kissling, from Indiana, asked if it would be a correct statement to say, that the current procedure is to e-mail it directly to each representative and what the Commission is proposing would be to mail it to certain people and have them distribute it.

Ms. Arricale replied that it is correct. Ms. Arricale noted that in the discussions with the Legislative Committee, they have found that when every member gets this, this may not be the most effective rather than having the chair and the ranking member distribute it more effectively when it gets to the state.

Mr. Kissling asked who the notice was sent to. Ms. Arricale replied that now the Commission has a list of over 700 which includes every member. Ms. Arricale noted that if this change would be adopted then the Commission office would recalibrate the list to include the presiding officer of each chamber, the majority, minority leader of each chamber and the chair and ranking member of each committee and jurisdiction. Ms. Arricale highlighted that it would be a more focused distribution and it would also be a more streamlined distribution on the Commissions end.

Ms. Arricale explained that the intent of the memo that accompanied the proposed amendment and the intent of distributing it for the meeting was to recommend that the Management Committee notice this proposed amendment for a public notice and comment period.

Commissioner Cline asked if there were any other comments or questions. Hearing none, Commissioner Cline asked if there was a motion to notice out the proposed amendment for a 30 day public comment period.

Louis Belo from North Carolina made the motion and Director Hudson seconded. Commissioner Cline asked if there were any further comments. Hearing none, Commissioner Cline asked Ms. Arricale to take a Roll Call vote. The motion passed unanimously.

Commissioner Cline asked if Commissioner Sevigny has been able to join. Ms. McElduff stated that Commissioner Sevigny was not going to be able to join the call. Commissioner Cline then asked Ms. McElduff to provide an update on the Product Standards Committee.

Ms. McElduff agreed to provide the report and then asked that either Ms. Waitt or other members of the Committee would confirm that this is an accurate reflection of the status. Ms. McElduff reported that the Product Standards Committee has reached a final recommendation on two benefit features that are currently designed for use with individual life insurance policy standards. These are the standards for Additional Life Insurance Benefits provided on a Guaranteed Insurability Basis and also the standard for Additional Term Life Insurance Benefits. Ms. McElduff highlighted that in addition to the open meetings of the NAIC working Group when these standards were first drafted, the Product Standards Committee received comments on these standards from the public on two occasions. Ms. McElduff reported that at this time the Committee is recommending the Management Committee initiate the rulemaking process by issuing the two proposed standards for a 60-day public comment period as required under the rulemaking rules. A transmittal memo was distributed with recommended draft to explain the revisions that were made to the draft provided by the NAIC Working Group. This particular recommendation doesn't include any conforming amendments to other standards that have been adopted previously. Ms. McElduff concluded her report.

Commissioner Cline asked Ms. Waitt if she had anything to add as vice-chair. Ms. Waitt replied that she had nothing to add.

Commissioner Cline asked if there were any comments or questions from the member of the Management Committee; other members of the Commission; from the Consumer Advisory Committee; the Industry Advisory Committee. Hearing no comments, Commissioner Cline asked if there was a motion to adopt the report of the Product Standards Committee which includes the recommendations noted. Beth Berendt, from Washington, motioned and Mr. Belo seconds. Commissioner Cline asked if there were any other comments or questions. Hearing none, Commissioner Cline asked Ms. Arricale to take a Roll Call vote. The motion was approved unanimously.

Commissioner Cline moved to the next item on the Agenda, an operational update. Commissioner Cline asked Ms. Arricale to provide the Management Committee with an operational update. Commissioner Cline highlighted that the Commission has been receiving filings since June and it would be good to have a brief update.

Ms. Arricale began her update and noted that the Commission has been operational since receiving the first filings in June. Ms. Arricale thanked the members and the industry who have been working with the Commission as we have been receiving and reviewing these product filings. Ms. Arricale noted that enhancements to the Compact pages in SERFF were done so as a

result of the efforts of the states who work with the Commission and companies who file with the Commission. Ms. Arricale recognized the extra work and thanked all involved for their efforts.

Ms. Arricale noted that the Commission has continued to receive filings which are in various stages of review. Ms. Arricale reported that the Commission office is verifying all the member state fees and will continue to do that with the members as the Commission becomes familiar with the state filing fee structure. Ms. Arricale noted that the Commission will also continue to make improvements to the SERFF system. Ms. Arricale asked all who were on the call to continue to look at the Compact cases as the Commission office makes updates to the instructions. Ms. Arricale highlighted that for those on the industry side should refresh the pages as the Commission office makes changes to the instructions. Ms. Arricale noted that the Commission office has learned that there is an issue.

Commissioner Cline asked if there were any comments or questions for Ms. Arricale. Hearing none, Commissioner Cline moved to the next item on the Agenda, any other matters. Commissioner Cline stated that under any other matters today, she would like to provide a preview of some procedural and structural matters that will be taken up at the annual meeting in DC next month. Commissioner Cline noted that the provisions of the Compact provide that the Commission's Management Committee is based on a three-tier representational structure of all member states based upon premium dollars. Commissioner Cline explained that the first tier is the largest six (6) member states by premium, while the second tier represents four (4) member states with more than 2% of premium and the third tier represents the smallest member states by premium under 2% and are chosen to represent each of the four (4) NAIC regional Zones. Commissioner Cline noted that under the bylaws each year the NAIC annual premium volume report is provided to the Commission. The Commission office is currently working on finalizing these numbers as they relate to the Commission. Commissioner Cline explained that this information will be finalized shortly and with this final information the Commission is required to reconstitute the Management Committee each year based upon the updated premium volume number. Commissioner Cline noted that during the annual meeting is where the Management Committee will be reconstituted. Commissioner Cline noted that she has been advised that is likely that the Annual Premium members, as they relate to the Commission members, will not differ greatly from last year and subject to final review in terms of the members of the Management Committee, the top six (6) states will likely remain on the Management Committee as will the tier two (2) states since we still have only four (4) that fall into this category. Commissioner Cline stated that the states who represent the four (4) regional zones for the third tier. Commissioner Cline noted that Ms. Arricale will send an e-mail in advance of the Annual Meeting to these states to explain and initiate the voting procedures. Commissioner Cline explained that when the Management Committee has been reconstituted at the Annual Meeting following the elections for the third tier, the elections for officers, as required by the bylaws, will take place. Commissioner Cline noted that the Commission office does recognize that the terms of the current officers has been shortened since vacancy elections were held this past March. However, the bylaws specify that the Commission is to hold elections each annual meeting and as such the Commission is proceeding in compliance with those provisions. Commissioner Cline mentioned that all the members' subcommittees as well as the advisory committees have had shortened terms since all appointments were only finalized this past March or thereafter. Commissioner Cline explained that the appointments to the committees is a function of the Management Committee and as such, she proposed for the members consideration at the annual meeting that all member subcommittee appointments and Advisory Committee appointments be extended over to the following annual meeting. Commissioner Cline noted that the Commission is in a unique situation during our startup year and this will likely be the only time the Management Committee will need to consider an extension. Commissioner Cline stated that this



would benefit the Commission to have some continuity and experience that has been gained by the current committee appointments and are carried over from the startup to a more fully functional operation next year. Commissioner Cline highlighted that there will not be a vote this, but that this is for consideration in advance of the Annual Meeting. Commissioner Cline reported that Ms. Arricale will send out all the required advance information on these issues including the final information on reconstituting the Management Committee prior to the Annual Meeting.

Commissioner Cline asked if there were any questions or comments on the information she just reported. Hearing none, Commissioner Cline asked if there were any other matters. Hearing none, Commissioner Cline asked if there was a motion to adjourn. Director Hudson moves to adjourn and Mr. Belo seconds the motion. The meeting adjourned by unanimous voice vote.