

INTERSTATE INSURANCE
PRODUCT REGULATION COMMISSION



States, Strength & Speed Aligned

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

Wednesday, November 2, 2011

Washington, D.C.

1:00 – 3:00 pm ET

Maryland Ballroom D – Level 2

Gaylord National Hotel & Convention Center,

National Harbor, Maryland

1. Roll Call
2. [Meeting of the Legislative Committee](#)
3. [Report of the Audit Committee and Consideration by the Commission to Adopt 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 and Recommendation of the Rulemaking Committee and Consideration by the Management Committee to Adopt the Report and Recommendation of the Rulemaking Committee](#)
6. [Report of the Technology Committee and Consideration by the Management Committee to Adopt the Report of the Technology Committee](#)
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. [Management Committee Consideration of Approval of the Individual Disability Business Overhead Expense Insurance Policy Standards Issued on July 1, 2011](#)
9. [Commission Consideration of Uniform Standard Approved by the Management Committee](#)
10. [Report of the Finance Committee and Consideration by the Management Committee to Approve the Report of the Finance Committee](#)
11. [Management Committee Consideration to Approve the 2012 Annual Budget and Schedule of Fees](#)
12. [Commission Consideration to Adopt the 2012 Annual Budget and Schedule of Fees](#)

13. [Management Committee Consideration to Approve the September 26, 2011 Joint Management Committee and Commission Meeting Minutes](#)
14. [Commission Consideration to Approve the September 26, 2011 Joint Management Committee and Commission Meeting Minutes as Approved by the Management Committee](#)
15. [Treasurer's Report](#)
16. [Operational Update](#)
17. [Consider Reappointments of Advisory Committees](#)
18. [Annual Formation of Management Committee for 2011/2012](#)
19. [Elections of the 2011/2012 Officers](#)
20. Any Other Matters
21. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance
Product Regulation Commission
Wednesday, November 2, 2011**

Members of the Management Committee in attendance:

Commissioner Roger Sevigny, Chair, New Hampshire
Commissioner Wayne Goodwin, Vice Chair, North Carolina
Director John Huff, Treasurer, Missouri
Bruce Sartain, as a designated representative for Acting Director Andrew R. Stolfi, Illinois
Commissioner Sandy Praeger, Kansas
Brenda Wilson, as a designated representative for Commissioner Therese Goldsmith, Maryland
Rhonda Fossitt, as a designated representative for Commissioner R. Kevin Clinton, Michigan
Aaron Sisk, as a designated representative for Commissioner Mike Chaney, Mississippi
Felix Schirripa, as a designated representative for Commissioner Tom Considine, New Jersey
Mary Miller, as a designated representative for Director Mary Taylor, Ohio
Peter Camacci, as a designated representative for Commissioner Michael Consedine, Pennsylvania
Sara Waitt, as a designated representative for Commissioner Eleanor Kitzman, Texas
Don Beatty, as a designated representative for Commissioner Jacqueline K. Cunningham, Virginia
Beth Berendt, as a designated representative for Commissioner Mike Kreidler, Washington
Jo Leduc, as a designated representative for Commissioner Ted Nickel, Wisconsin

Members of the Commission in attendance:

Linda Brunette, Alaska
Commissioner Jim Riesberg, Colorado
Margaret Witten as a designate representative for Commissioner Ralph Hudgens, Georgia
Donna Daniel, Idaho
Tina L. Korty, Indiana
Commissioner Susan Voss, Iowa
Commissioner Sharon P. Clark, Kentucky
Commissioner Jim Donelon, Louisiana
Superintendent Eric Cioppa, Maine
Robert Whitney, as a designated representative for Commissioner Joseph Murphy, Massachusetts
Tammy Lohmann, as a designated representative for Commissioner Mike Rothman, Minnesota
Director Bruce Ramage, Nebraska
Commissioner Scott Kipper, Nevada
Thomas Bowling, as a designated representative for Superintendent John Franchini New Mexico
Denise Engle, as a designated representative for Commissioner John Doak, Oklahoma
Administrator Teresa Miller, Oregon
Ruben Gely Rodriguez, as a designated representative for Commissioner Ramon Cruz Colon, Puerto Rico
Superintendent Joseph Torti III, Rhode Island
Commissioner Julie Mix McPeak, Tennessee
Susan Donegan, Vermont
Commissioner Neal T. Gooch, Utah
Peter Greff, as a designated representative for Commissioner Ken Vines, Wyoming

State Regulators in attendance:

Ed Charbonnier, Massachusetts
Brian Pennington, Minnesota

Sue Ezalarab, Wisconsin

Interested Regulators in attendance:

Sarah Huffer, New York

Members of the Legislative Committee in attendance:

Representative Robert Damron, Kentucky

Senator Delores Kelley, Maryland

Representative Brian Patrick Kennedy, Rhode Island

Senator Carol Leavell, New Mexico

Representative Kurt Olson, Alaska

Senator Ruth Teichman, Kansas

Susan Nolan, Executive Director of National Conference of Insurance Legislators (NCOIL)

Mike Humphries, NCOIL

Members of the Industry Advisory Committee in attendance:

Bill Anderson, National Association of Insurance and Financial Advisors (NAIFA)

Tom English, New York Life

Mary Keim, State Farm Insurance Companies

Miriam Krol, American Council of Life Insurers (ACLI)

Amanda Matthiesen, America's Health Insurance Plans (AHIP)

Jill Morgan, Symetra

Joe Muratore, New York Life

Marie Roche, John Hancock Life Insurance Company (U.S.A.)

Members of the Consumer Advisory Committee in attendance:

Brendan Bridgeland, Center for Insurance Research

Ryan Wilson, AARP

IIPRC staff in attendance:

Karen Schutter, Executive Director

Sara Dubsky, Operations Manager

MacKenzie Heidelberg, Administrative Coordinator

Jeanne Daharsh, Actuarial Consultant

Alice Fontaine, Actuarial Consultant

Karen Givens, Product Review Consultant

David Morris, Product Review Consultant

Maureen Hart Perry, Product Review Consultant

Charles Rapacciuolo, Product Review Consultant

NAIC staff in attendance:

Becky McElduff, Senior Counsel

Amanda Yanek, Government Relations Analyst and Chief State Liaison

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 are only a few members on the phone and most here in person, Commissioner Sevigny proposed having voice votes instead of roll call votes and take roll call votes only if requested or if there are any votes in opposition on a particular action item. A roll call vote will be taken when considering the uniform standard for adoption.

Commissioner Sevigny acknowledged the three new states that have joined the Compact since the last in-person meeting in March-Alabama, Nevada and Oregon. Alabama began accepting Compact filings in June and Nevada started accepting Compact filings in October. Oregon begins accepting Compact filings in January. With five new states enacting the Compact in the last year including Illinois and New Jersey, there are 41 Compacting States representing 70% of the nationwide premium volume for asset-based insurance products. Commissioner Sevigny then moved to the first item on the agenda, the meeting of the Legislative Committee. Commissioner Sevigny acknowledged and thanked Representative Damron for sponsoring a resolution at NCOIL's upcoming annual meeting encouraging legislators in remaining states to enact the Compact. Commissioner Sevigny noted that this past year was a perfect example of how it requires strong leadership and commitments from legislators to not only sponsor the legislation but also to navigate it through committees and the floor in both legislative chambers. Commissioner Sevigny also thanked all the legislators for playing such an important role in the Compact. Commissioner Sevigny turned the floor to the Legislators. Representative Damron explained that because it had been a long time since the Compact was discussed at NCOIL, that they drafted a resolution encouraging colleagues who are not members of the Compact to join. Representative Leavell commented that the Compact is working very well and invited all members to the annual NCOIL Conference. Senator Kelley stated she attended the very first meeting once the Compact became operational and it has been wonderful to watch the Compact grow over the years. Senator Kelley would like to see the Compact continue to grow and hopefully become financially independent. Representative Kennedy noted that the goal of the Compact at the first meeting was to reach twenty five states, and now there are 41 states in the Compact. Representative Kennedy remarked that the NCOIL resolution should encourage other states to join. Commissioner Sevigny mentioned the Federal Insurance Office and reported that, on behalf of the NAIC, Commissioner McCarty is in the process of assisting that Office with drafting its report regarding the status of state regulation of insurance, for which the IIPRC also has a good story to tell.

Commissioner Sevigny proceeded to the next agenda item, the Report of the Audit Committee and Consideration by the Commission to Adopt the Report of the Audit Committee. Superintendent Torti reported that the IIPRC Audit Committee held a conference call in August to review the Commission's financial statements for the first half of 2011. By the end of July, actual self-generated revenues were \$200,000 ahead of the same time last year. Superintendent Torti stated that the actual revenues were only at 68% of what was budgeted through the end of July and were now about 66% through the end of September. One key reason for the variance is that the IIPRC budgeted to receive 178 registrations through the end of July compared to the actual 119 registered companies. Superintendent Torti continued, with the addition of five new states this year and two new product lines, the Audit Committee is optimistic that the IIPRC will continue to have significant growth in

the coming year. Superintendent Torti reported that in August, the IIPRC took its first draw on the 2011 Line of Credit in the amount of \$250,000. With the lower than anticipated actual revenue, the IIPRC expects to need the full \$400,000 Line of Credit granted to it by the NAIC this year and will be taking the remaining draw sometime this month. Superintendent Torti stated that the Audit Committee will continue to work with the IIPRC Office to monitor its financial condition and believes that the Office will continue to show positive growth though at a slower pace than expected during the first half of this year. The Audit Committee will be meeting with the IIPRC's independent audit firm, Mayer Hoffman McCann, in December to receive an overview of the 2011 audit process which will commence in January. Superintendent Torti concluded his report.

Commissioner Sevigny then asked if there were any questions or comments for Superintendent Torti. Mr. Bridgeland asked how long the contract was with Mayer Hoffman McCann. Superintendent Torti stated that the IIPRC's contract with Mayer Hoffman McCann ends this year and other audit firms are in consideration. Ms. Schutter confirmed that this is the Compact's last year with Mayer, Hoffman and McCann. With no further questions, Commissioner Sevigny asked for a motion to adopt the Report of the Audit Committee. Commissioner Gooch made a motion and Commissioner Goodwin seconded that motion. A voice vote was taken, and the motion passed.

Commissioner Sevigny suggested that one motion be taken to adopt the reports of the next three (3) committees since there are no recommendations or action items associated with these reports. There were no objections to this suggestion.

The next item on the agenda was the Report of the Communications Committee and Consideration by the Management Committee to Approve the Report of the Communications Committee. Mr. Sisk provided the Report of the Communications Committee, and noted that the Committee had not met since September. Mr. Sisk reported that the IIPRC Office has been keeping busy by participating in several Compact outreach opportunities. In September, the IIPRC presented at three conferences including the Illinois Life Insurance Council Annual Meeting, the Smith Group Disability Insurance Conference and the Association of Insurance Compliance Professionals Annual Meeting. In October, the IIPRC exhibited and presented at the ACLI Annual Conference and also presented at the annual conference of the Society of Actuaries. Mr. Sisk explained that the IIPRC Office launched a Compact webinar series geared towards companies, including ones that have not yet registered to file. There is no Compact fee for these webinars and they have been well attended with an average of 60 – 70 attendees on each call. Mr. Sisk noted that for additional information, interested parties should visit the IIPRC web site. Mr. Sisk encouraged all Members to check out the three new web-based tutorials for Compacting State Regulators as they provide a good overview of the Compact and the uniform standards development process along with how to view and export information from a Compact filing within SERFF. Mr. Sisk noted that the IIPRC is hoping to conduct several more no-charge informational webinars in the coming weeks for consumer representatives to learn more about the Compact's structure, process and activities. Mr. Sisk explained that the IIPRC Office will be working with NCOIL and NCSL, with feedback from the Legislative Committee, to put together a Compact 101 webinar for state legislators interested in learning more about the Compact. Mr. Sisk concluded his report and there were no comments or questions.

Commissioner Sevigny stressed the importance of outreach by all Members to domestic life companies -- not only the domestics, but all those making life, annuity and long-term care filings in the states.

Commissioner Sevigny then proceeded to the next item on the agenda, the Report and Recommendation of the Rulemaking Committee and Consideration by the Management Committee to Adopt the Report and Recommendation of the Rulemaking Committee. Commissioner Sevigny called on Mr. Beatty to make this report. Mr. Beatty noted that at the last joint meeting on September 26th, the Commission adopted amendments to the Rulemaking Rule establishing a procedure for Potential Rulemaking. The amendments will become effective on November 10th. Mr. Beatty reported that the Rulemaking Committee has moved on to drafting a procedure for the 5-year review of rules, operating procedures and uniform standards that is required by Section 119 of the Rulemaking Rule. A subgroup consisting of Virginia, Tennessee and Utah is working on a draft procedure that will include notice, opportunity to comment, and a final recommendation from the IIPRC office to the committee of jurisdiction for the rule, operating procedure or uniform standard that is up for review. Mr. Beatty explained that the scope of review will also be established by the procedure. The intent of the process is not to reopen each rule, operating procedure or uniform standard for amendment, but to evaluate its ongoing necessity. Mr. Beatty noted that the subgroup plans to share the draft procedure with the Rulemaking Committee on a conference call this month. Mr. Beatty concluded his report, and there were no comments or questions.

The next item on the agenda, the Report of the Technology Committee and Consideration by the Management Committee to Adopt the Report of the Technology Committee, was presented by Commissioner Goodwin. Commissioner Goodwin noted that over the last year, the Technology Committee has provided feedback to the IIPRC Office and SERFF Team with regards to enhancements to the Statement of Intent (SOI) functionality. Commissioner Goodwin reported that when the Commission removed the timeline for mix and match, the SOI was programmed into the Compact's SERFF instance meaning that companies had to input this information in order to make it easier for states to export, report and track this information. Commissioner Goodwin noted that the IIPRC Office soon heard from filers that this input requirement for SOI information significantly increased their preparation time for a Compact mix and match product filing. IIPRC and SERFF released several enhancements over the last several months to make the input of Statement of Intent information easier and faster. Commissioner Goodwin also noted that the IIPRC has also prepared a web-based tutorial for regulators on how to review and export SOI information – this tutorial is available on the Compact's web site under Regulator Resources. Commissioner Goodwin highlighted that the IIPRC Office has received comments from Compact filers that they want to leverage SERFF's new functionality for cloning filings and the Committee will soon be looking at whether it makes sense to include the ability to clone filings within the Compact's instance in SERFF. Commissioner Goodwin concluded the Report of the Technology Committee and there were no questions.

Commissioner Sevigny asked for a motion from a member of the Management Committee to adopt the Reports of the Communications, Rulemaking and Technology Committees. Ms. Berendt made a motion and Director Huff seconded that motion. A voice vote was then taken and the motion passed.

Ms. Ezalarab presented the next item on the agenda, the 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. Ms. Ezalarab noted that the Product Standards Committee brought a recommendation to the Management Committee with regards to the remaining disability uniform standard -the Individual Disability Business Overhead Expense Policies Standard. The Management Committee held a public hearing at its September 26th conference call and asked the Product Standards Committee to review the written and oral comments submitted and make a recommendation as to whether there should be any changes to these standards. Ms. Ezalarab

explained that the Product Standards Committee held two-member only calls and a public call to discuss these comments. Ms. Ezalarab noted that included in the advanced materials for the Commission meeting today is a chart summarizing the proposed changes being recommended by the Product Standards Committee along with a redlined version of this uniform standard showing these proposed changes.

Ms. Ezalarab reviewed the proposed amendments. The first are changes in response to Illinois' comments. Ms. Ezalarab noted that these include amending the definitions for "Injury" and "Preexisting Condition" to be consistent with the changes approved by the Management Committee to the Disability Income Uniform Standards, and adding a timely payment of claims provision similar to the change made in the Disability Income Uniform Standards that were adopted. Second, a definition was added that was either missing or deleted in previous versions. It is the definition of "Maximum Covered Monthly Expense Benefit" which is a term that is used in the accumulation carryover provision.

Ms. Ezalarab stated that the Product Standards Committee understands it may be difficult to administer the provision that calls for a pro-rata refund of premium when benefits are reduced on account of other DBOE coverage, because accumulation and carryover are typically provided in most DBOE products. Ms. Ezalarab explained that in light of the comments provided by interested parties, the Product Standards Committee is proposing removing the pro-rata premium refund provision from the benefit reduction section and making the Accumulation Carryover Provision a mandatory provision to ensure that unused benefits would be required to carry over into later months. Ms. Ezalarab noted that all other comments referenced technical changes which the Product Standards Committee recommends should be made when approving these uniform standards. Ms. Ezalarab highlighted that the NAIC Life Subgroup transmitted six completed uniform standards for Employer Group Term Life Insurance to the Product Standards Committee – including the policy and certificate standards, the employer application standards, along with standards for various benefit features.

As there were no questions for Ms. Ezalarab, the next item on the agenda was the Management Committee Consideration of Approval of the Individual Disability Business Overhead Expense Insurance Policy Standards issued on July 1, 2011. Commissioner Sevigny then asked if there was a motion from a member of the Management Committee to adopt these uniform standards with the amendments recommended by the Product Standards Committee. Mr. Sisk made a motion and Mr. Beatty seconded that motion. Ms. Schutter conducted a roll call vote of the Management Committee. The motion passed, while Michigan voted no, in order to preserve Michigan law.

Commissioner Sevigny then asked for a motion from a Commission member to adopt the Uniform Standards just approved by the Management Committee. Mr. Schirripa made a motion and Commissioner Gooch seconded that motion. Ms. Schutter conducted a roll call vote of the Commission. The motion passed, while Indiana abstained from the vote.

The next item on the agenda was the Management Committee Consideration to Approve the September 26, 2011 Joint Management Committee and Commission Meeting Minutes. As this was a Management Committee action item, Commissioner Sevigny asked for a motion from a member of the Management Committee to approve the minutes of the September 26th joint meeting of the Management Committee and Commission. Commissioner Consedine made a motion and Commissioner Praeger seconded that motion. Hearing no further discussion, a voice vote was taken and the motion passed.

The next item was the Commission Consideration to Approve the September 26, 2011 Joint Management Committee and Commission Meeting Minutes as Approved by the Management Committee. Commissioner Gooch made a motion and Ms. Dwyer seconded that motion. A voice vote was taken and the motion passed. Commissioner Sevigny resumed to the order of the Agenda, and the next item was the Report of the Finance Committee by Commissioner Donelon.

Commissioner Donelon reported that the Finance Committee has no new recommendations for this meeting. At the Commission's September meeting, the Finance Committee recommended the proposed 2012 IIPRC Budget and Schedule of Fees. Commissioner Donelon noted that a conference call was held on August 17th to receive public comments on the proposed Budget and Schedule of Fees which have since been published and made available. To date, the IIPRC has received no comments on the Budget or Schedule of Fees for next year. Commissioner Donelon explained that the 2012 Budget incorporates the current year projections along with an expectation for continued growth in both company registrations and product filings. Commissioner Donelon highlighted that there has already been a 33% growth in IIPRC self-generated revenue for this year. For 2012, it is expected that revenue will grow significantly as 41 states will be accepting Compact products and there will be a robust set of uniform standards for all the individual product lines along with the ability to file combination products. Commissioner Donelon noted that for 2012 it is anticipated that the IIPRC will reach the level of revenues that were expected this year. Commissioner Donelon noted that the revenue figure for 2012 is relatively the same, if not a little lower, than the revenue amount in the original 2011 budget. However, the 2012 revenue figure represents a 43% increase in revenues over the amount the IIPRC is now projecting to receive by the end of 2011. The percentage increase in revenue growth is consistent with what was experienced in 2009 and 2010 and is a little more than the 33% revenue growth seen so far this year. Commissioner Donelon reported that the 2012 budget also reflects that expenses are being held relatively flat when compared to the 2011 budget growing less than 1% over the amount budgeted in 2011.

Commissioner Donelon highlighted that the Finance Committee also recommended two new types of fees in the 2012 Schedule of Fees. Commissioner Donelon explained that the first is a filing fee for individual disability income product filings. The Commission adopted these Uniform Standards this Fall and will start accepting product filings on January 12th. The proposed filing fee is \$1,000 per product filing which is similar to the filing fees for individual long-term care product filings as both type of products require the review of rates. Commissioner further explained and noted that the second is a new type of registration fee which is called an Update-Only Registration Fee. This would provide flexibility for companies that are not planning to make new product filings with the Compact but wish to simply keep their previously-approved products current with mix and match and add-a-state. The amount of this Update-Only Registration Fee is proposed to be \$1,500. Commissioner Donelon reported that the resources that have been added to the IIPRC Team this year have helped tremendously in ensuring the IIPRC has the capacity to review product filings in a prompt and thorough manner as well as work with prospective filers to answer their questions. While the Product Filing Statistics show that the turnaround times for product filings has improved to an average 40 days for 2011, the average review turnaround time since July has actually been around 30 days. Commissioner Donelon concluded his report.

Commissioner Sevigny asked if there were any questions regarding the report. Ms. Berendt raised concerns about companies possibly manipulating the schedule of registration fees and whether any penalties were considered. Ms. Shutter responded that the IIPRC gave that idea some thought, but this is a fee that would encourage companies that have had a major product rollout and in subsequent

years can pay the update only fee to keep that product updated. Ms. Schutter further noted that the IIPRC believes it will not be losing money, but helping companies who find the Compact to be cost prohibitive. Mr. Bridgeland asked what the level of confidence is that in 2012, the revenues will reach the projected amount. Mr. Bridgeland further stated that when looking at past budgets, you can see the rosy projections which aren't quite met, and this can complicated efforts to market the Compact to states and companies. Commissioner Sevigny noted that what the IIPRC is projecting is to reach the level next year that was experienced this year, plus a little growth. Although a robust year was expected, based on the addition of new states and more product availability, the IIPRC did not reach that high expectation, but experienced significant growth. Commissioner Sevigny noted that the growth may be seen in a 33% revenue increase and the IIPRC is conservatively estimating that there will be a 43% increase next year. Commissioner Sevigny state that there were hopes that the IIPRC would become financially independent, but that has not happened yet. What can be seen are significant-double digit increases in the IIPRC's revenue, and that's a positive.

Superintendent Torti commented that it seems as though there are still a lot of companies filing directly with the states. Superintendent Torti noted that when a company files with the state, they pay the state fee, and when a company files with the Compact they pay the state fee and the Compact fee. Perhaps in Rhode Island, the state fee could be raised for when a company files with the state, but lower the state fee when a company files through the Compact. Raising the fee would encourage companies to file with the Compact and for the state, perhaps cover the cost of fewer companies filing. Mr. Schirripa commented that he was considering a similar fee proposal and wondered if it made sense to develop a uniform strategy for promoting IIPRC filing through state fee changes. Commissioner Sevigny explained that idea has been and should continue to be considered. Senator Kelley asked New Jersey if they currently were subsidizing the companies when they file with the state when they could file through the Commission. Mr. Schirripa commented that in a way is it subsidizing, but it is not an overwhelming amount of work and the charges are reasonable.

Senator Kelley wondered if the current macroeconomic situation is impacting some of the smaller companies, causing them not to be as active as they might be with regard to developing new products to file. Senator Kelley inquired as to whether the IIPRC has heard anything from the industry along those lines? Ms. Schutter explained that many dynamics play a factor in the IIPRC revenue and the IIPRC only has three years of experience and as such it is very difficult to see a trend. Senator Kelley asked if the Finance Committee would consider surveying companies to ascertain the troubles that they may be having due to the economy. Senator Kelley also suggested a three tier registration fee structure so as to accommodate the volatile economy and smaller companies. Commissioner Sevigny suggested the ideas presented by Senator Kelley be incorporated into the planning process.

Hearing no other comments, Commissioner Sevigny asked for a motion from a Member of the Management Committee to adopt the Report of the Finance Committee and approve the 2012 Annual Budget and the 2012 Schedule of Fees. Commissioner Goodwin made a motion and Ms. Berendt seconded that motion. As there were no further questions and comments, a voice vote was taken and the motion passed unanimously.

Commissioner Sevigny asked for a motion from a Commission Member to adopt the 2012 Annual Budget and the 2012 Schedule of Fees as approved by the Management Committee. Director Ramage made a motion and Mr. Whitney seconded that motion. A voice vote was taken and the motion passed. Commissioner Sevigny proceeded to the Treasurer's Report.

Director Huff reported that the key performance metrics are generally strong and the self-generated revenue is up 33%. The Compact filing fee revenue is up 15%, and as of September 30th, the registration fees are up 40%. The collected fees for the states are up almost 70% over last year. Director Huff noted that due to the fact that revenues were less than budget, the IIPRC has reduced expenses accordingly. Director Huff explained that the IIPRC is in a deferral status on repayment of its debt based on the adoption of the budget, it is expected that the IIPRC will have another line of credit with the NAIC in 2012 at the same amount as in 2011. The IIPRC office continues to monitor its revenue and report those findings to the officers. As there were no questions or comments, Director Huff made a motion to adopt the report and Mr. Beatty seconded the motion. A voice vote was taken and the motion passed.

The following item on the agenda was the operational update, which was provided by Ms. Schutter. Ms. Schutter reported that on October 18th, the IIPRC started accepting filings for Nevada. Beginning January 17th, companies will be able to add Oregon to their previously approved or pending filings. Ms. Schutter noted that Indiana has finalized their long-term care opt out regulation. Ms. Schutter highlighted that the Disability Income Uniform Standards that were approved in September have been promulgated, and will become effective on January 11th. The IIPRC recently received a letter from Indiana opting out of the Disability Income Uniform Standards, but the IIPRC has since been informed by the department that they did not intend opt out and they are withdrawing that letter.

Commissioner Sevigny moved to the next item of business, the appointment of representatives to four seats on the Industry Advisory Committee. Commissioner Sevigny reported that under Article VIII, Section 2 of the Compact Bylaws, the Industry Advisory Committee has eight seats with staggering two-year terms. Commissioner Sevigny explained that even though there are four seats that must be reappointed, they are specifically designated in the Compact's Bylaws. One seat is reserved for a representative from a company, one seat is reserved for a representative of a producer organization and two seats are held by representatives from industry trade organizations. Each of the representatives who are currently sitting on the Industry Advisory Committee have requested to be reappointed - Mary Keim of State Farm Insurance Companies, Miriam Krol of ACLI, Amanda Matthiesen of AHIP and Bill Anderson of NAIFA. Commissioner Sevigny noted the IIPRC has not received any submissions from other companies this year and ACLI, AHIP and NAIFA have played an important role in our processes and should continue to serve on the Industry Advisory Committee. Commissioner Sevigny asked for a motion from a member of the Management Committee to appoint these current Industry Advisory Committee members for another a two-year term. Ms. Miller made a motion and Director Huff seconded that motion. A voice vote was then taken, and the motion passed.

Commissioner Sevigny explained that at each Annual Meeting, the Commission officially forms the Management Committee for the upcoming annual period. The composition of the Management Committee is governed by the Compact statute and the selection process is in Article III of the IIPRC Bylaws. The 14-member Management Committee is based on representation from the Member states as follows: six Member states with the largest premium volume are automatically on the Management Committee; four seats are allotted to Member states with more than two percent of premium volume (other than the six largest) based on an annual rotation; and four seats are allotted to Member states with less than two percent of premium volume selected to represent each of the four NAIC zones. The six largest compacting states based on premium volume are: Texas, Pennsylvania, New Jersey, Illinois, Ohio and Michigan. The Management Committee members representing the states with two percent or more of the premium volume are: Maryland, Missouri, Georgia and Minnesota. For those states with less than two percent of the premium volume, each zone has

notified the IIPRC of their selection as follows: New Hampshire will represent the Northeastern Zone; Mississippi will represent the Southeastern Zone; Nebraska will represent the Midwestern Zone; and Oregon will represent the Western Zone. Commissioner Sevigny then acknowledged and thanked those states who have rolled off the Management Committee.

The next item on the agenda was the Elections of the 2011/2012 Officers. Pursuant to the IIPRC Bylaws, the Commission selects its Officers at each Annual Meeting. The Officers consist of a Chair, Vice Chair and Treasurer and are selected by the Commission from membership of the Management Committee. Commissioner Sevigny asked Commissioner Goodwin to conduct the nominations for Chair of the Commission. Commissioner Goodwin then opened the floor for nominations for the office of Chair of the Commission. Commissioner Gooch nominated Commissioner Sevigny for Chair, Director Huff for Vice Chair, and Commissioner Consedine for Treasurer. Mr. Beatty seconded the nominations. Commissioner Gooch made a motion to elect the slate of officers. A voice vote was taken, and the motion passed.

Commissioner Sevigny stated that this coming year, the officers will be placing emphasis on working with the remaining non-compacting states to address and hopefully overcome any issues they may have to getting the legislation passed. Much of our emphasis will also be on outreach to the remaining companies that have not yet registered to file with the Compact. Commissioner Sevigny encouraged every state around the table to participate in at least one, if not more, IIPRC Committees this year. The Commission is a member-driven organization and greatly benefits when Commissioners and their staff are engaged in these Committees.

Commissioner Sevigny asked if there were any other matters that needed to be discussed. Mr. Beatty made a motion to adjourn and Commissioner Goodwin seconded that motion. The Joint Meeting of the Management Committee and the Interstate Insurance Product Regulation Commission was then adjourned.