

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

**Friday, August 15, 2014**

**12:30 pm – 1:30 pm ET**

**Cascade Ballroom C at the Kentucky International Convention Center**

**CHORUS CALL DIAL-IN: 1-866-332-4905**

**Ask for “IIPRC Joint Meeting”**

1. Roll Call
2. [Report and Recommendation of the Regulatory Counsel Committee and Consideration by the Commission to Approve the Report and Recommendation of the Regulatory Counsel Committee](#)
3. [Management Committee Consideration to Approve the Uniform Standards Subject to Phase One of the Five-Year Review as Issued on April 14<sup>th</sup> and May 12<sup>th</sup>](#)
4. [Commission Consideration to Adopt the Uniform Standards Subject to Phase One of the Five-Year Review as Approved by the Management Committee](#)
5. [Management Committee Consideration to Approve the July 28<sup>th</sup> Management Committee Meeting Minutes](#)
6. [Commission Consideration to Adopt the March 28<sup>th</sup> Joint Meeting of the Management Committee and Commission Meeting Minutes as Approved by the Management Committee on April 28<sup>th</sup>](#)
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. [Report of the Rulemaking Committee and Consideration by the Management Committee to Approve the Report of the Rulemaking Committee](#)
9. [Report of the Finance Committee and Consideration by the Management Committee to Approve the Report of the Finance Committee](#)
10. [Operational Update](#)
11. Any Other Matters
12. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance Product  
Regulation Commission  
Friday, August 15, 2014**

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

Commissioner Roger Sevigny, Chair, New Hampshire  
Commissioner Michael Consedine, Vice Chair, Pennsylvania  
Commissioner Joseph G. Murphy, Treasurer, Massachusetts  
Charles Angell as a designated representative for Commissioner Jim Ridling, Alabama  
Dan Honey as a designated representative for Commissioner Jay Bradford, Arkansas  
Steve Manders as a designated representative for Commissioner Ralph Hudgens, Georgia  
Kathleen Nakasone as a designated representative for Commissioner Gordon Ito, Hawaii  
Donna Daniel as a designated representative for Director William Deal, Idaho  
Cindy Colonius as a designated representative for Director Andrew Boron, Illinois  
Amy Beard, Indiana  
Tina Korty as a designated representative for Commissioner Stephen W. Robertson, Indiana  
Mihir Nag, Indiana  
Commissioner Sandy Praeger, Kansas  
Maggie Woods as a designated representative for Commissioner Sharon Clark, Kentucky  
Barry Ward as a designated representative for Commissioner James Donelon, Louisiana  
Tom Record as a designated representative for Superintendent Eric Cioppa, Maine  
Commissioner Therese Goldsmith, Maryland  
Randall Gregg as a designated representative for Director Ann Flood, Michigan  
Tammy Lohmann as a designated representative for Commissioner Mike Rothman, Minnesota  
Jay Eads as a designated representative for Commissioner Mike Chaney, Mississippi  
Director John Huff, Missouri  
Commissioner Monica Lindeen, Montana  
Myrna O'Dell, Montana  
Director Bruce Ramge, Nebraska  
Commissioner Scott Kipper, Nevada  
Felix Schirripa as a designated representative for Commissioner Kenneth Kobylowski, New Jersey  
Commissioner John Franchini, New Mexico  
Ted Hamby as a designated representative for Commissioner Wayne Goodwin, North Carolina  
Peter Weber as a designated representative for Director Mary Taylor, Ohio  
Joel Sander as a designated representative for Commissioner John Doak, Oklahoma  
Eric Cutler as a designated representative for Commissioner Laura Cali, Oregon  
Commissioner Angela Weyne, Puerto Rico  
Superintendent Joseph Torti, Rhode Island  
Commissioner Raymond G. Farmer, South Carolina  
Sherry Miles, South Carolina  
Commissioner Julie Mix McPeak, Tennessee  
Chlora Lindley-Myers, Tennessee  
Sara Waitt as a designated representative for Commissioner Julia Rathgeber, Texas  
Tanji Northtrup as a designated representative for Commissioner Todd Kiser, Utah  
Betsy Jerome, Utah  
Commissioner Susan Donegan, Vermont  
Bob Grissom as a designated representative for Commissioner Jacqueline Cunningham, Virginia  
Leslie Krier as a designated representative for Commissioner Mike Kreidler, Washington  
Commissioner Michael D. Riley, West Virginia  
Sue Ezalarab as a designated representative for Commissioner Ted Nickel, Wisconsin  
John Titslaar, Wisconsin

Peter Greff as a designated representative for Commissioner Tom Hirsig, Wyoming

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

William Anderson, National Associate of Insurance and Financial Advisors  
Angela Hanson, Northwestern Mutual Life Insurance Company  
Miriam Krol, ACLI  
Amanda Matthiesen, AHIP  
Jill Morgan, Symetra  
Joe Muratore, New York Life Insurance Company  
Marie Roche, John Hancock

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

Sonja Larkin-Thorne, NAIC Funded Consumer Representative  
Fred Nepple, Consumer representative  
Ryan Wilson, AARP

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

Representative Robert Damron, Kentucky  
Senator Travis Holdman, Indiana  
Senator Delores Kelley, Maryland  
Senator Jason Rapert, Arkansas  
Susan Nolan, National Conference of Insurance Legislators (NCOIL)

**Interested Regulators in attendance:**

Rich Robleto, Florida

**Interested Parties in attendance:**

Jeff Pederson, Riversource Life Insurance Company

**IIPRC staff in attendance:**

Karen Schutter, Executive Director  
Becky McElduff, Assistant Director-Product Operations/Counsel  
Sara Dubsy, Senior Operations Manager  
MacKenzie Heidelmark, Administrative Coordinator  
Aimee Lawson, Intake Coordinator  
Jeanne Daharsh, Actuarial Consultant  
Alice Fontaine, Actuarial Consultant  
Karen Givens, Product Review Consultant  
David Morris, Product Review Consultant  
Anne Marie Narcini, Regulatory Consultant  
Maureen Perry, Product Review Consultant

**NAIC Staff in attendance:**

Kara Binderup, Sr. Counsel I  
Kay Noonan, General Counsel

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Commissioner Consedine called to order the joint Meeting of the Management Committee and the Interstate Insurance Product Regulation Commission (Commission). Ms. Schutter took the roll call of the Management Committee, Commission, members of the Legislative Committee, members of the Industry Advisory Committee, and members of the Consumer Advisory Committee. Commissioner Sevigny noted

that as provided in the bylaws, when one or more member participates by telephone, a roll call vote upon each action item is to be taken. However, since only a few Commission members joined by phone, Commissioner Sevigny proposed taking voice votes instead of roll call votes and taking roll call votes only if requested or if there are any votes in opposition on a particular action item or when considering the uniform standards for adoption. There were no objections to this proposal.

Commissioner Sevigny advanced to the first item on the agenda, the Report and Recommendation of the Regulatory Counsel Committee. As Chair of the Regulatory Counsel Committee, Commissioner Sevigny presented the Report and Recommendation and announced that on June 30<sup>th</sup>, the Management Committee formed the Committee for the purpose of providing guidance and recommendations to the Commission in responding to the notification from Florida Commissioner McCarty regarding Florida's Compact legislation, which became effective on July 1, 2014. In the notification, Commissioner McCarty stated the Florida legislature expressed its intent to join the Compact but included terms and conditions within the legislation that were not in the Model Compact. The notification requested a formal response whether the Commission assents to the new terms and conditions.

The Committee worked with the IIPRC Office, the NAIC Legal Division and outside counsel to review Florida's law, to review legal principles of Compact law and to apply these principles to the Florida law. Tom Bond with Greenberg Traurig was retained as outside legal counsel for this purpose. The Committee issued its Proposed Report and Recommendation on August 1<sup>st</sup> and held a public call to receive public comments on August 8<sup>th</sup>. No comments were received from Commission members, the Legislative Committee, the advisory committees or the public. Commissioner Sevigny provided the conclusion of the Report and Recommendation from the Regulatory Counsel Committee. The Regulatory Counsel Committee recommends that the Commission recognize that the acceptance of the offer to join the Interstate Insurance Product Regulation Compact and participate in the Interstate Insurance Product Regulation Commission is through the enactment of the Model Compact. The Committee further recommends that the Commission find that the Florida Compact Statute contains several material variances from the Model Compact and because of these material variances, the Florida Compact does not constitute an acceptance of the offer to join the Compact. Mr. Robleto stated that on behalf of the Office of Insurance Regulation and Commissioner McCarty, they did not take issue with the findings or recommendation. There were no questions or comments. Mr. Ward made a motion to adopt the Report and Recommendation of the Regulatory Counsel Committee and Commissioner Praeger seconded the motion. Ms. Schutter took a roll call vote of the Commission and the motion passed.

Commissioner Sevigny moved to the Management Committee Consideration to Approve the Uniform Standards Subject to Phase 1 of the Five-Year Review as Issued on April 14<sup>th</sup> and May 12<sup>th</sup>. Proposed amendments to the Additional Standards for Accelerated Death Benefits for Individual Life Insurance Policies were issued for public comment on April 14<sup>th</sup>, and proposed amendments to the remaining Uniform Standards were issued on May 12<sup>th</sup>. The Management Committee convened a Public Hearing for the proposed amendments on Monday, July 28<sup>th</sup> and no additional comments were received during this Public Hearing. Commissioner Goldsmith made a motion to approve all the amendments to the Uniform Standards issued on April 14<sup>th</sup> and May 12<sup>th</sup>, and Commissioner Consedine seconded the motion. Ms. Schutter took a roll call vote of the Management Committee and the motion passed.

Commissioner Sevigny proceeded to the Commission Consideration to Adopt the Uniform Standards Subject to Phase 1 of the Five-Year Review as just Approved by the Management Committee. Commissioner Murphy made a motion and Mr. Hamby seconded the motion. Ms. Schutter took a roll call vote of the Commission and the motion passed. Commissioner Sevigny explained that the amendments in

these Uniform Standards will apply on a going-forward basis and therefore it is not necessary for filers to resubmit previously-approved forms or to suspend use of previously-approved forms.

Commissioner Sevigny advanced to the approval of minutes, and suggested adopting the meeting minutes from the July 28<sup>th</sup> Management Committee teleconference and the March 28<sup>th</sup> joint meeting of the Management Committee and Commission as approved by the Management Committee on April 28<sup>th</sup> under one motion. There was no objection. Commissioner Sevigny asked for a motion from a member of the Commission to adopt the meeting minutes. Mr. Ward made a motion and Commissioner Praeger seconded the motion. As this was a ministerial matter, a voice vote was held and the motion passed.

The Report and Recommendation of the Product Standards Committee was the next agenda item. Ms. Ezalarab explained that the Product Standards Committee's recommendation was for amendments to Uniform Standards subject to the next three phases of the 5-year review process. Phase 2 covers Uniform Standards effective between January 1 and June 30, 2008. Phase 3 covers Uniform Standards effective between July 1 and December 31, 2008. Phase 4 covers the Uniform Standards effective between January 1 and June 30, 2009. The IIPRC Office presented a report and recommendation to the Product Standards Committee on June 18<sup>th</sup> with a detailed description of the submitted comments and suggested changes including changes proposed by the IIPRC Office as a result of applying the Uniform Standards. Written comments were requested on the IIPRC Office Report and Recommendation; and two public calls were held to receive comments on the Product Standards Committee's questions and recommendations. Comments were received from the Industry Advisory Committee, an industry representative, and a member state. Ms. Ezalarab concluded the report and there were no questions or comments. Commissioner Mix McPeak made a motion to approve the Report and Recommendation of the Product Standards Committee to publish for notice and comment the amendments to the Uniform Standards as part of the 5-Year Review process for Phases 2, 3 and 4 and Commissioner Goldsmith seconded the motion. Ms. Schutter took a roll call vote of the Management Committee and the motion passed.

Commissioner Sevigny advanced to the report of the Rulemaking Committee. Ms. Lindley-Myers explained that the Rulemaking Committee report would be brief as the Committee had not met in several weeks. The Committee will be convening in the upcoming weeks to continue to examine the mix and match process and develop guidelines for the IIPRC Office, filers, and states to identify inappropriate uses of mix and match. It is helpful when a filer or a state contacts the IIPRC Office about whether a state filing intended to be used with a Compact filing is being made because the Compact does not have an available uniform standard or for other legitimate product filing and business systems needs. The Committee observes that the use of mix and match continues to decrease, which is an indicator of companies bringing more product components into the Compact. Ms. Lindley-Myers concluded the report and there were no questions or comments. Commissioner Sevigny suggested hearing the Report of the Finance Committee and then considering the approval of both the Rulemaking and Finance Committee reports in a single motion. There was no objection.

Commissioner Murphy provided the report of the Finance Committee. The Committee held a member-only call to receive an update from the IIPRC Office on the financials as of June 30<sup>th</sup> and to review the initial budget drafting process. The Commission continues to meet budgeted revenue throughout the year and as of the end of June, has earned \$1,098,261 in revenue. This is approximately \$130,000 more than this time last year. The product filing fees are approximately \$49,000 (or 16%) higher than budgeted through the first half of 2014, and expenses are operating at about 89% of the budget which equates to an 11% savings. The NAIC Finance Department is reviewing the draft 2015 Annual Budget before returning to the IIPRC Office for the final edits. It is the intention of the Finance Committee to make a recommendation to the Management Committee regarding the 2015 Annual Budget and then provide a public comment period before considering the 2015 Annual Budget for final action by the Management Committee and Commission later in the year. Commissioner Murphy concluded the report of the Finance

Committee and there were no comments or questions. Commissioner Consedine made a motion to approve the Reports of the Rulemaking and Finance Committees and Commissioner Murphy seconded the motion. As this was a ministerial item, a voice vote was taken and the motion passed.

As the final agenda item, Ms. Schutter provided the Operational Update of the IIPRC and gave an update of recent Compact filing and registration statistics. Ms. Schutter announced a new IIPRC webinar series for industry filers which will commence in the September. Ms. Schutter also noted that the IIPRC office had been working with the NAIC SERFF team to release a new functionality in SERFF called "Associated Filings," which will allow states to easily link between Compact filings that are related. Additionally, the IIPRC Office has been working with the NAIC SERFF team to implement SERFF Filing Access this year. As there were no further matters or questions, Commissioner Consedine made a motion to adjourn and the meeting was adjourned.