

INTERSTATE INSURANCE
PRODUCT REGULATION COMMISSION



States, Strength & Speed Aligned

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

Friday, March 27, 2015

12:30 pm MST & PDT / 2:30 pm CDT / 3:30 pm EDT

**Sheraton Phoenix Downtown, Valley of the Sun ABC—2nd Floor
Phoenix, AZ**

1. Roll Call
2. [Report of the Audit Committee and Consideration by the Commission to Adopt the Report of the Audit Committee](#)
3. [Report of the Communications Committee and Consideration by the Management Committee to Approve the Report of the Communications Committee](#)
4. [Report of the Finance Committee and Consideration by the Management Committee to Approve the Report of the Finance Committee](#)
5. [Report of the Product Standards Committee and Consideration by the Management Committee to Approve the Report of the Product Standards Committee](#)
6. [Report of the Rulemaking Committee and Consideration by the Management Committee to Approve the Report of the Rulemaking Committee](#)
7. [Report of the Technology Committee and Consideration by the Management Committee to Approve the Report of the Technology Committee](#)
8. [Management Committee Consideration of Approval of Meeting Minutes of the November 15th Joint Meeting of the Management Committee and Commission](#)
9. [Commission Consideration to Adopt the November 15th Joint Management Committee and Commission Meeting Minutes as Approved by the Management Committee](#)
10. [Management Committee Consideration of Approval of Meeting Minutes of the December 15th Meeting of the Management Committee](#)
11. [Election for IIPRC Chair](#)
12. [Operational Matters](#)

13. [Any Other Matters](#)

14. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance Product
Regulation Commission
Friday, March 27, 2015**

Members of the Commission and Department Staff in Attendance:

Commissioner Roger Sevigny, Acting Vice Chair, New Hampshire
Commissioner Jacqueline Cunningham, Treasurer, Virginia
Steve Ostlund as a designated representative for Commissioner Jim Ridling, Alabama
Director Lori Wing-Heier, Alaska
Commissioner Germaine L. Marks, Arizona
Justin Durrance as a designated representative for Commissioner Ralph Hudgens, Georgia
Colin Hayashida as a designated representative for Commissioner Gordon Ito, Hawaii
Donna Daniel as a designated representative for Acting Director Tom Donovan, Idaho
Cindy Colonius as a designated representative for Acting Director James A. Stephens, Illinois
Mihir Nag as a designated representative for Commissioner Stephen W. Robertson, Indiana
Jason Lapham as a designated representative for Commissioner Ken Selzer, Kansas
Commissioner Sharon Clark, Kentucky
Commissioner Jim Donelon, Louisiana
Superintendent Eric Cioppa, Maine
Commissioner Al Redmer, Maryland
Ed Charbonnier as a designated representative for Acting Commissioner Gary Anderson, Massachusetts
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
Director Bruce Ramge, Nebraska
Commissioner Scott Kipper, Nevada
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
Annette Boyce as a designated representative for Commissioner Laura Cali, Oregon
Peter Camacci as a designated representative for Acting Commissioner Teresa D. Miller, Pennsylvania
Ruben Gely as a designated representative for Commissioner Angela Weyne, Puerto Rico
Superintendent Joseph Torti, Rhode Island
Commissioner Raymond G. Farmer, South Carolina
Commissioner Julie Mix McPeak, Tennessee
Commissioner David Mattax, Texas
Tanji Northrup as a designated representative for Commissioner Todd Kiser, Utah
Betsy Jerome, Utah
Don Beatty, Virginia
Leslie Krier as a designated representative for Commissioner Mike Kreidler, Washington
Commissioner Michael D. Riley, West Virginia
Cari Lee as a designated representative for Commissioner Ted Nickel, Wisconsin
Brittany Buss as a designated representative for Commissioner Tom Glause, Wyoming

Members of the Industry Advisory Committee in attendance:

William Anderson, National Association of Insurance and Financial Advisors
Hugh Barrett, MassMutual Financial Group
Jason Berkowitz, Insured Retirement Institute
Tanya Gonzales, Great-West Life & Annuity Insurance Company
Angela Hanson, Northwestern Mutual Life Insurance Company

Miriam Krol, American Council of Life Insurers
Amanda Matthiesen, Association of Health Insurance Plans
Joe Muratore, New York Life Insurance Company

Members of the Consumer Advisory Committee in attendance:

Brendan Bridgeland, Center for Insurance Research
Sonja Larkin-Thorne, NAIC Funded Consumer Representative
Fred Nepple, Consumer representative
Ryan Wilson, AARP

Members of the IIPRC Legislative Committee in attendance:

Representative Robert D. Hackett, Ohio
Senator Travis Holdman, Indiana
Senator Delores Kelley, Maryland
Representative Brian Patrick Kennedy, Rhode Island

IIPRC staff in attendance:

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

Commissioner Sevigny 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; and the Industry Advisory and Consumer Advisory Committees. 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. There were no objections to this proposal.

Commissioner Sevigny proceeded to recognize the members of the Industry Advisory and Consumer Advisory Committees in attendance, as well as the Legislative Committee; and asked Senator Kelley if she had any remarks. Senator Kelley announced that the Committee was pleased with several of the Commission's recent achievements and also asked the timing of the Spring in-person meeting be reconsidered next year as many state legislators are in session.

Commissioner Sevigny advanced to the first item on the agenda, the Report of the Audit Committee. As Chair of the Audit Committee, Superintendent Torti presented the Report and noted that the 2014 Audit was completed in a timely manner and the Compact received an unqualified opinion from McGladrey, LLP. Superintendent Torti noted that a copy of the Independent Auditors Report may be found in the back of the 2014 Annual Report and is also available on the web site. Kevin Smith, the engagement partner from McGladrey, met with the Audit Committee at the end of March via teleconference to present the results of the 2014 audit. The results included the unqualified audit opinion, along with supplemental letters to the audit report which are required under auditing standards issued by the AICPA, noting no deficiencies in internal control structure or disagreements/issues/concerns with management. Superintendent Torti reported that the Audit Committee also continues to monitor the financial

performance including keeping abreast of short-term and long-term financial projections. The Commission consistently reached budgeted revenues and did not need to utilize the NAIC's line of credit in 2014. There were no questions or comments for Superintendent Torti. As this was a Commission action item, Superintendent Torti made a motion to adopt the Report of the Audit Committee and Commissioner Cunningham seconded the motion. A voice vote was taken and the motion passed.

Commissioner Sevigny moved to the Report of the Communications Committee, which was presented by Commissioner Kipper. Commissioner Kipper explained that the Communications Committee held a member-only call in February to receive an update on outreach activities of the IIPRC. The IIPRC Office recently launched a Member Newsletter which will be issued on a bi-monthly basis to the Commissioners and their designated representatives. Additionally, the IIPRC Office will conduct webinars throughout the course of the year for the member state regulators in addition to the ones that are offered for other interested parties. These two items, in addition to Weekly Tips, will enhance outreach and lines of communication between the IIPRC Office and the Member state regulators. Commissioner Kipper noted that the IIPRC Office continues to spread the word about the Compact and the speed-to-market benefits through various outreach platforms. Commissioner Kipper noted that the IIPRC Office will soon propose some changes to the website to enhance the functionality of the electronic platform, including social media – namely Facebook, LinkedIn, and Twitter. Additionally, the IIPRC Office has made several presentations to targeted groups and will continue to do so in the coming months. There were no questions or comments for Commissioner Kipper. Commissioner Sevigny suggested hearing the remaining Committee Reports and then considering the approval of the Committee Reports in a single motion after the Report of the Technology Committee. There were no objections to this suggestion.

Commissioner Cunningham proceeded to give the Report of the Finance Committee and noted that a member-only call was held in early March to receive an update from the IIPRC Office on the end-of-year audited financials and to review the financials for January 2015. The IIPRC earned \$1,550,333 which was approximately \$11,000 over the budgeted revenue for 2014, and 2014 revenues were 13% over the earned revenue in 2013. The IIPRC expenses were under budget by approximately 8%. Commissioner Cunningham announced that 2015 is off to a great start, as revenues have been met in both January and February, and the IIPRC has earned the budgeted \$811,000 year-to-date and expenses are 9% under budget. A large part of this savings is due to the timing in the hiring of the new product reviewer and actuary. The Finance Committee will work with the IIPRC Office to review the Schedule of Fees and assess any potential changes in correlation with the development of the 2016 Annual Budget to be presented later in the year. Additionally, the IIPRC Office briefed the Finance Committee on its request to reclassify a current consultant position to a full-time employee. Commissioner Cunningham explained that the Finance Committee expects to review and recommend a plan to convert the product review operations from primarily consultant based to employee based as part of the 2016 budget preparation process. Commissioner Cunningham concluded the report and there no comments or questions.

Commissioner Sevigny continued to the Report of the Product Standards Committee, which was presented by Mr. Lapham. Mr. Lapham explained that the Product Standards Committee continues to review the group disability income uniform standards drafts. Three public calls have been held in 2015 to receive comments on the first 9 sections of the draft, and following each public call, the full Committee meets to review the comments that were received and consider further revisions to the draft. In addition to the work on the Group Disability Income Uniform Standards, the Product Standards Committee will begin consideration of recommendations for Phase Five of the 5 Year Review process. Phase Five includes eight Uniform Standards that were originally effective prior to July 1, 2010. The IIPRC Office is preparing a report and recommendation to the Product Standards Committee with detailed descriptions of the submitted comments and suggested changes as well as changes proposed by the IIPRC Office as a result of applying the Uniform Standards. In the coming months, in coordination with interested parties,

the Committee will consider these suggestions and provide recommendations to the Management Committee. Mr. Lapham concluded the Report and there were no comments or questions.

Commissioner Sevigny advanced to the Report of the Rulemaking Committee, which was presented by Mr. Beatty. Mr. Beatty reported that the Rulemaking Committee held a member-only call in January and discussed a plan for addressing certain items that have been referred to the Committee. The Rulemaking Committee will survey the Member State regulators this year regarding the types and number of state filings that utilize mix and match with Compact-approved forms, and the IIPRC Office has offered to provide an initial draft for the Committee's review and the Committee expects to expose it for public comments before sending it to the Member States. The Rulemaking Committee will also develop a procedure for participation by the IIPRC Office in third-party litigation with respect to requests to provide an affidavit, amicus brief or other input in cases where the applicability of the Compact and its Uniform Standards are at issue. Finally, the Rulemaking Committee will continue its work on whether to provide guidance on the applicability and non-applicability of state law to Compact-approved products. Mr. Beatty explained that the Committee may be able to leverage the guidance that is now included in the NAIC Market Regulation Handbook regarding Compact-approved products to formulate more detailed discussions with examples. There were no comments or questions for Mr. Beatty.

The next item on the agenda was the Report of the Technology Committee, which was provided by Mr. Hamby. Mr. Hamby gave a brief update on the Committee's recent activities, including a member-only call in January to receive an update on items the IIPRC Office and NAIC's SERFF Team have been working on as well as to review potential future projects. One of these projects is a survey for the Compacting State regulators with the intention of proposing some enhancements to SERFF for Compact submissions, which will make it easier to search for Compact submissions within SERFF. Mr. Hamby announced that the Statement of Intent (SOI) information will be available in SERFF Filing Access in early April after the next release of SERFF. There were no questions or comments for Mr. Hamby. Commissioner Sevigny then asked for a motion from a member of the Management Committee to approve the Reports of the: Communications, Finance, Product Standards, Rulemaking, and Technology Committees. Ms. Lohmann made a motion and Commissioner Cunningham seconded the motion. A voice vote was taken and the motion passed.

Commissioner Sevigny moved to the Management Committee Consideration of Approval of Meeting Minutes of the November 15th Joint Meeting of the Management Committee and Commission. Commissioner Cunningham made a motion to approve the minutes and Commissioner Clark seconded the motion. A voice vote was taken and the motion passed.

Commissioner Sevigny continued to the Commission Consideration to adopt the same meeting minutes as approved by the Management Committee. Commissioner Clark made a motion to adopt the meeting minutes and Mr. Ostlund seconded the motion. A voice vote was taken and the motion passed.

Commissioner Sevigny proceeded to the final set of minutes and asked for a motion from a member of the Management Committee to approve the December 15th Management Committee Meeting Minutes. Mr. Camacci made a motion and Director Huff seconded the motion. The motion passed.

Commissioner Sevigny announced that the next agenda item was to elect the IIPRC Chair and explained that Commissioner Murphy was elected Chair last November, but has since left the Massachusetts Division of Insurance leaving the IIPRC with a vacancy in the Chair position. Commissioner Kobylowski was elected Vice Chair at the Compact's last in-person meeting and in this capacity has also served as Acting Chair. Commissioner Kobylowski asked Commissioner Sevigny to serve as Acting Vice Chair in the interim until election for the open Chair position could be conducted. Commissioner Sevigny explained that Commissioner Kobylowski is stepping down as Vice Chair. Therefore the Commission

needs to conduct an election for both the Chair and Vice Chair position. Under the Bylaws, the Officers are elected by the entire Commission but must be from the membership of the Management Committee. Commissioner Sevigny proceeded to open the floor for nominations for the office of Chair of the Commission. Superintendent Torti made a motion to nominate a slate for Chair, Vice Chair, and Treasurer. Superintendent Torti nominated Texas Insurance Commissioner David Mattax for the office of Chair; Virginia Insurance Commissioner Jackie Cunningham for the office of Vice Chair; and Puerto Rico Insurance Commissioner Angela Weyne for the office of Treasurer. Director Huff seconded the motion and there were no other nominations. Superintendent Torti then made a motion to close the nominations and elect by acclamation the nominated slate of Commissioners Mattax, Cunningham, and Weyne for Chair, Vice Chair, and Treasurer, respectively. Commissioner Clark seconded the motion. A voice vote was taken and the motion passed.

As the final agenda item, Ms. Schutter discussed several items under Operational Matters. Ms. Schutter announced that the Compact implemented SERFF Filing Access in December which allows users to access Compact-approved filings simply by visiting the Compact website; and on April 2, an updated version of SERFF Filing Access will be released which will provide access to the Statement of Intent Schedule of Compact-approved mix and match filings. In regards to Non-Compacting States, Ms. Schutter announced that the Compact legislation was introduced in South Dakota and passed out of the committee in the house but was defeated on the House floor. At the request of the Connecticut Insurance Department, Ms. Schutter testified before their joint Insurance and Real Estate Committee in February. There is a bill that is moving that would require the Department to provide a report and recommendation on joining the Compact to the Legislature by the end of this year. The Compact has also enhanced communications with each member state this year. Each state has been asked to provide their point-of-contacts for the Compact and has also circulated a member newsletter along with providing quarterly reporting on the filings submitted and approved to the Compact for the member state. Ms. Schutter continued with the Operational Matters and gave a brief PowerPoint presentation on the Compact's Individual Long-Term Care Uniform Standards and filing process. Superintendent Torti remarked that the information is helpful to member state regulators.

Ms. Schutter proceeded to ask the Management Committee for their consideration in reclassifying a budgeted position from Professional Services to Salaries/Taxes/Benefits in the 2015 budget due to the departure of David Morris, the longest-serving product reviewer consultant, at the end of May. Commissioner Cunningham made a motion to reclassify the product reviewer consultant position under Professional Services to a full-time employee position under Salaries/Taxes/Benefits as of June 1, 2015 and Mr. Camacci seconded the motion. There were no further questions and the motion passed. As there were no further matters or questions, Director Huff made a motion to adjourn and the meeting was adjourned.