



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

**Thursday, August 25, 2016  
3:30 pm ET / 2:30 pm CT / 1:30 pm MT / 12:30 pm PT  
San Diego, CA**

1. Roll Call
2. Report of the Communications Committee and Consideration by the Management Committee to Approve the Report of the Communications Committee
3. Report of the Finance Committee and Consideration by the Management Committee to Approve the Report of the Finance Committee
4. Report of the Product Standards Committee and Consideration by the Management Committee to Approve the Report and Recommendation of the Product Standards Committee
5. Management Committee Consideration of Approval of War Exclusion Amendments as Issued on May 31, 2016
6. Commission Consideration of Adoption of War Exclusion Amendments as Approved by the Management Committee
7. Update on the Opt-Out Process and Consider Extension of Stay of the Effectiveness of the Group Disability Income Uniform Standards for Montana and Wyoming
8. Management Committee and Commission Consideration of Adoption of Meeting Minutes of the June 29<sup>th</sup> Joint Meeting of the Management Committee and Commission
9. Operational Update
10. Any Other Matters
11. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance  
Product Regulation Commission  
Thursday, August 25, 2016**

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

Don Beatty as a designated representative for Commissioner Jacqueline K. Cunningham, Virginia  
Commissioner Angela Weyne, Vice Chair, Puerto Rico  
Superintendent Eric A. Cioppa, Treasurer, Maine  
Charles Angell as a designated representative for Commissioner Jim L. Ridling, Alabama  
Director Lori K. Wing-Heier, Alaska  
Mayumi Gabor, Alaska  
Bill Lacy as a designated representative for Commissioner Allen W. Kerr, Arkansas  
Michael Conway as a designated representative for Commissioner Marguerite Salazar, Colorado  
Steve Manders as a designated representative for Commissioner Ralph T. Hudgens, Georgia  
Kathleen Nakasone as a designated representative for Commissioner Gordon I. Ito, Hawaii  
Martha Im, Hawaii  
Donna Daniel as a designated representative for Director Dean L. Cameron, Idaho  
Paulette Dove as a designated representative for Acting Director Anne Melissa Dowling, Illinois  
Tina Korty as a designated representative for Commissioner Stephen W. Robertson, Indiana  
Kate Kixmiller, Indiana  
Mihir Nag, Indiana  
Douglas Ommen as a designated representative for Commissioner Nick Gerhart, Iowa  
Julie Holmes as a designated representative for Commissioner Ken Selzer, Kansas  
Commissioner James J. Donelon, Louisiana  
Commissioner Al Redmer, Jr., Maryland  
Randall Gregg as a designated representative for Director Patrick M. McPharlin, Michigan  
Tammy Lohmann as a designated representative for Commissioner Mike Rothman, Minnesota  
Bob Williams as a designated representative for Commissioner Mike Chaney, Mississippi  
Director John M. Huff, Missouri  
Mary Mealer, Missouri  
Jess Barber as a designated representative for Commissioner Monica J. Lindeen, Montana  
Richard Hersey, Montana  
Director Bruce R. Ramage, Nebraska  
Commissioner Barbara Richardson, Nevada  
Commissioner Roger A. Sevigny, New Hampshire  
Commissioner Richard J. Badolato, New Jersey  
Lisa Reid as a designated representative for Superintendent John G. Franchini, New Mexico  
Ted Hamby as a designated representative for Commissioner Wayne Goodwin, North Carolina  
Jillian Froment as a designated representative for Lt. Governor-Director Mary Taylor, Ohio  
Cuc Nguyen as a designated representative for Commissioner John D. Doak, Oklahoma  
Eric Cutler as a designated representative for Commissioner Laura N. Cali, Oregon  
Johanna Fabian-Marks as a designated representative for Commissioner Teresa D. Miller, Pennsylvania  
Superintendent Elizabeth Kelleher Dwyer, Rhode Island  
Director Raymond G. Farmer, South Carolina  
Tina Brown, South Carolina

Chlora Lindley-Myers as a designated representative for Commissioner Julie Mix McPeak, Tennessee  
Commissioner David Mattax, Texas  
Jan Graeber, Texas  
Commissioner Todd E. Kiser, Utah  
Kaj Sansom as a designated representative for Commissioner Susan L. Donegan, Vermont  
Molly Nollette as a designated representative for Commissioner Mike Kreidler, Washington  
Alan Hudina, Washington  
Mike Bryant, Washington  
Joylynn Fix, West Virginia  
Cari Lee as a designated representative for Commissioner Ted Nickel, Wisconsin  
Sue Ezalarab, Wisconsin  
Brittany Buss as a designated representative for Commissioner Tom Glause, Wyoming

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

Hugh Barrett, MassMutual Financial Group  
Jason Berkowitz, Insured Retirement Institute  
Tanya Gonzales, Great-West Life & Annuity Insurance Company  
Rod Perkins, American Council of Life Insurers  
Angela Schaaf, Northwestern Mutual Life Insurance Company

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

Brendan Bridgeland, Center for Insurance Research  
Sonja Larkin-Thorne, NAIC Funded Consumer Liaison Representative

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

Senator Travis Holdman, Indiana  
Senator Delores Kelley, Maryland  
Representative Brian Patrick Kennedy, Rhode Island  
Representative Kurt Olson, Alaska  
Senator Jason Rapert, Arkansas  
Tom Considine, CEO, National Conference of Insurance Legislators

**IIPRC Staff in Attendance:**

Karen Schutter, Executive Director  
Becky McElduff, Assistant Director of Product Operations and Counsel  
Sara Dubsy, Senior Operations Manager  
Mindy Bradford, Product Reviewer  
Karen Givens, Product Reviewer  
Anne Marie Narcini, Regulatory Consultant  
Maureen Perry, Product Review Consultant

Superintendent Cioppa 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, the Commission, the Legislative Committee, and the Industry and Consumer Advisory Committees. Superintendent Cioppa stated that, as provided in the Bylaws, when one or more members of the Commission participates by telephone, a roll call vote on each substantive action item will be taken. The Superintendent proposed that a voice vote be taken for most items, since only a few members participated via telephone. He proposed conducting a roll call vote on the Uniform Standards and when otherwise requested. There were no objections.

Superintendent Cioppa announced that the Commission is celebrating the tenth anniversary of meeting its operational threshold and now has 45 member states, constituting 75% of national asset-based premium volume. He acknowledged and thanked Representative Olson and Representative Kennedy for their service on the Legislative Committee. He also acknowledged and thanked the members of the Consumer Advisory and the Industry Advisory Committees.

Superintendent Cioppa moved to the second agenda item and invited Ms. Lee to provide the report of the Communications Committee. Ms. Lee summarized the highlights of the IIPRC Focus Groups, which she said reported a positive overall perception of the Insurance Compact. She reported that both company filer and regulator Focus Group participants requested that more resources be made available for Insurers and Regulators on the Insurance Compact Website. Ms. Lee stated that company filer Focus Group participants requested new uniform standards to support filing growth, and that the Insurance Compact consider need before developing new uniform standards. Ms. Lee concluded her report and there were no questions.

Superintendent Cioppa continued to the third agenda item and delivered the report of the Finance Committee. He stated that the Committee held a member call on August 17<sup>th</sup> to receive an update from the IIPRC Office on current financials and the proposed 2017 annual budget. He reported that the Insurance Commission earned \$1,344,881 as of June 30<sup>th</sup>, approximately 3% over budget, and approximately 22% over the revenue earned in 2015 as of the same date. Superintendent Cioppa reported that expenses are under budget by 3%, that the largest portion of expenses relates to the IIPRC staff salaries and benefits, and that a record number of companies have registered to file this year, surpassing the total number of companies registered in 2015. He said that the IIPRC Office is managing its budget to minimize the need to utilize the NAIC line of credit for 2016. He then reported some highlights of the draft 2017 budget. He stated that for 2017, there is no increase in the Schedule of Fees anticipated, and the IIPRC is budgeting for approximately 9% growth over 2016 revenue, mainly due to an anticipated increase in product filing submissions attributable to required regulatory changes. Superintendent Cioppa said that expenses are budgeted to be at the same level as revenues next year, with an expected 5% growth over 2016 expenses. He concluded the report by announcing that the IIPRC Office will meet with the Officers and the Finance Committee in the coming weeks to go over the budget in greater detail before presenting the final draft to the Management Committee for a public comment period, with final action expected to be taken in December. There were no further questions, and Superintendent Cioppa requested a motion from a member of the Management Committee to approve the reports of the Communications and Finance Committees.

Commissioner Weyne moved and Mr. Beatty seconded. There was no further discussion and the motion carried.

Superintendent Cioppa continued to the next agenda and asked Ms. Mealer to provide the report of the Product Standards Committee. Ms. Mealer provided the recommendation of the Product Standards Committee for amendments resulting from Phase 6 of the Five-Year Review process, which includes ten individual long-term care insurance Uniform Standards originally adopted on December 1, 2010. She stated that the IIPRC Office presented a report and recommendation to the Product Standards Committee on April 12<sup>th</sup> with a detailed description of the submitted comments and suggested changes. The Product Standards Committee requested public comments on the *IIPRC Office Report and Recommendation*, referred several matters to the Actuarial Working Group for their review and recommendations, and held three public conference calls to receive comments. Ms. Mealer stated that comments were received from the Industry Advisory Committee, an industry representative, member states and the Consumer Advisory Committee. Ms. Mealer said that the transmittal memorandum and the chart attached summarize the Committee's recommendations regarding all comments presented, as required by the Procedures for the Five-Year Review Process ("Procedures"). She then summarized the chart and noted that the amendments are proposed to apply only to new filings submitted after the effective date of the amendments. She said the Procedures call for the Management Committee to commence the formal rulemaking process to receive comments on the Committee's recommendations pursuant to the Rulemaking Rule. Accepting this recommendation would provide at least 60 days for public comment prior to any final action to amend the Uniform Standards. Ms. Mealer reported that the Product Standards Committee believes the proposed amendments reflect strong consumer protections, update the Uniform Standards to reflect recent revisions to the NAIC *Long-Term Care Insurance Model Regulation*, allow insurers to file products currently available in the market with the IIPRC, and provide clarity to assure consistent application of the Uniform Standards. She stated that the Committee will consider new uniform standards going forward and will also begin Phase 7 of the Five-Year Review, which includes six additional benefit Uniform Standards for both life and annuity products, including longevity annuities, overloan protection, private placement, and graded death benefits. Notice for public comments on five-year review of these Uniform Standards was issued on January 5<sup>th</sup> and the comments that were received are posted on the Docket. Ms. Mealer stated that the IIPRC Office is finalizing the initial draft report and recommendations and the Product Standards Committee will hold public calls and discuss final recommendations with the goal of finalizing Phase 7 before the end of the year. Ms. Mealer concluded the report, and there were no questions.

Ms. Schutter then briefly explained the Rulemaking Procedure. Superintendent Cioppa requested a motion from a member of the Management Committee to approve the report of the Product Standards Committee, including accepting and publishing the Phase 6 Five-Year Review Recommendation for notice and comment. Mr. Beatty moved and Commissioner Redmer seconded. There was no further discussion and the motion carried.

Superintendent Cioppa continued to the next agenda item, Management Committee Consideration of Approval of War Exclusion Amendments as Issued on May 31, 2016. Ms. Schutter provided a brief overview of the War Exclusion provision and the proposed clarifying amendment. Ms. Schutter suggested that the Chair request a motion and second from the

Management Committee, and then take the full two-thirds vote. There were no objections. Commissioner Donelon asked if there was any discussion of terrorism. Ms. Schutter clarified that the amendment is specific to war exclusion. There were no further questions. Superintendent Cioppa requested a motion from the Management Committee. Commissioner Redmer moved and Commissioner Donelon seconded. Ms. Schutter then took a roll call vote. Two-thirds of the Commission voted in favor and the motion passed. Superintendent Cioppa stated that these amendments will be published to the member states 10 business days after this meeting and will become effective in 90 days thereafter.

Superintendent Cioppa proceeded to the next agenda item and suggested the Commission extend the stay of effectiveness for the Group Disability Income Uniform Standards in Wyoming and Montana until December 31<sup>st</sup>. Commissioner Donelon moved and Commissioner Badolato seconded. The motion carried.

The next agenda item was Management Committee and Commission Consideration of Adoption of Meeting Minutes of the June 29<sup>th</sup> Joint Meeting of the Management Committee and Commission. Superintendent Cioppa requested a motion. Mr. Beatty moved and Commissioner Weyne seconded. There were no further questions and the motion carried by voice vote.

Superintendent Cioppa moved to the next agenda item and asked Ms. Schutter to provide the operational update. Ms. Schutter stated that 208 companies had registered this year to date. She reported that revenue is up by over \$150,000, due to an increase in filing fees collected. The average review time continues to drop and is currently 28 review days. Ms. Schutter reported that Connecticut will start accepting life and annuity products next July, when the Insurance Compact legislation becomes effective. The DC Council is actively considering Compact legislation, and may see action later this fall. She reported that the IIPRC Office has offered to provide support and expertise to the California Department of Insurance as they conduct a comparative study of California law and the Uniform Standards. Ms. Schutter gave an update on recent outreach activities, which included presentations at several conferences and meetings this year. Ms. Schutter then provided some statistics to illustrate the growth of the Insurance Compact over the past ten years. She concluded her report and there were no further questions.

As there were no other matters, Mr. Beatty moved to adjourn. Commissioner Weyne seconded and the meeting was adjourned.