



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

Monday, November 7, 2016

1:30 pm ET / 12:30 pm CT / 11:30 am MT / 10:30 am PT

1. Roll Call
2. Public Hearing of Uniform Standards Listed Under Phase 6 of the Five-Year Review Published on September 1, 2016
3. Report and Recommendation of the Finance Committee and Consideration by the Management Committee to Approve the Report and Recommendation of the Finance Committee
4. Report of the Product Standards Committee and Consideration by the Management Committee to Approve the Report of the Product Standards Committee
5. Management Committee and Commission Consideration of Adoption of Meeting Minutes of the August 25th Joint Meeting of the Management Committee and Commission
6. Operational Update
7. Any Other Matters
8. Adjourn

**Minutes of the Meeting of the Management Committee of the Interstate Insurance Product
Regulation Commission
Monday, November 7, 2016**

Members of the Commission and Department Staff in Attendance:

Commissioner Jacqueline K. Cunningham, Chair, Virginia
Commissioner Angela Weyne, Vice Chair, Puerto Rico
Superintendent Eric A. Cioppa, Maine
Charles Angell, Alabama
Steve Ostlund, Alabama
Sarah Bailey, Alaska
Director Lori K. Wing-Heier, Alaska
Mayumi Gabor, Alaska
Tolanda Coker, Arizona
Bill Lacy, Arkansas
Jason Lapham, Colorado
Martha Im, Hawaii
Mike Chrysler as a designated representative for Acting Director Anne Melissa Dowling, Illinois
Kate Kixmiller, Indiana
Karl Knable, Indiana
Andria Seip, Iowa
Diane Haverkamp, Kansas
Mark McClaflin, Kansas
Kim Davis, Maine
Marti Hooper, Maine
Thomas Record, Maine
Commissioner Al Redmer, Jr., Maryland
Sheri Cullen, Massachusetts
Joseph Garcia as a designated representative for Director Patrick M. McPharlin, Michigan
Kristi Bohn, Minnesota
Daniel Bradshaw, Mississippi
Mary Mealer, Missouri
Director Bruce R. Ramage, Nebraska
Rhonda Ahrens, Nebraska
Karl Hug, Nebraska
Commissioner Barbara Richardson, Nevada
Brendan Peppard as a designated representative for Commissioner Richard J. Badolato, New Jersey
Terry Seaton, New Mexico
Ted Hamby, North Carolina
Pete Weber as a designated representative for Lt. Governor-Director Mary Taylor, Ohio
Cuc Nguyen, Oklahoma
Joel Sander, Oklahoma
Johanna Fabian-Marks as a designated representative for Commissioner Teresa D. Miller, Pennsylvania
Superintendent Elizabeth Kelleher Dwyer, Rhode Island
Sarah Neil, Rhode Island
Tina Brown, South Carolina

Chlora Lindley-Myers, Tennessee
Doug Danzeiser as a designated representative for Commissioner David Mattax, Texas
John Carter, Texas
Kaj Samsom, Vermont
Jon Ciappa, Vermont
Don Beatty, Virginia
Doug Hartz, Washington
Alan Hudina, Washington
Joylynn Fix, West Virginia
Cari Lee as a designated representative for Commissioner Ted Nickel, Wisconsin
John Kitslaar, Wisconsin
Commissioner Tom Glause, Wyoming
Brittany Buss, Wyoming

Members of the Industry Advisory Committee in Attendance:

Miriam Krol, American Council of Life Insurers
Amanda Matthiesen, Association of Health Insurance Plans
Wayne Mehlman, American Council of Life Insurers
Hugh Barrett, MassMutual Financial Group
Angela Schaaf, Northwestern Mutual

Members of the Consumer Advisory Committee in Attendance:

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

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
Ed Charbonnier, Product Reviewer
Jeanne Daharsh, Actuary
Alice Fontaine, Actuarial Consultant
Karen Givens, Product Reviewer
Anne Marie Narcini, Regulatory Consultant
Maureen Perry, Product Review Consultant

Interested Parties in Attendance:

Lorne Schinbein, Actuarial Resources Corporation of Georgia
Susan Vinson, Colonial Life & Accident Insurance
Sue Pape, Lincoln Financial Group
Steve Schoonveld, Lincoln Financial Group

Bob Corn, Mutual of Omaha
Kurt Vangreen, Mutual of Omaha
Aaron Ball, New York Life Insurance Company
Greg Gurlik, Northwestern Mutual
Yvonne Hayward, Pacific Life Insurance Company
Julia Weber, State Farm

Commissioner Cunningham called to order the meeting of the Management Committee of the Interstate Insurance Product Regulation Commission (Commission). Ms. Schutter took the roll call of the Management Committee, the Commission, the Legislative Committee, the Industry and Consumer Advisory Committees, and interested parties. Commissioner Cunningham stated that as provided in the bylaws, a roll call vote on each substantive action item would be taken, since one or more member of the Commission participated by telephone.

Commissioner Cunningham proceeded to the first item of the agenda, a Public Hearing of Uniform Standards listed under Phase 6 of the Five-Year Review, published on September 1, 2016. Ms. Schutter provided a brief overview of the Five-Year Review process and the proposed amendments under Phase 6. Ms. Schutter stated that comments received on the Non-Duplication of Benefits are not being recommended by the Product Standards Committee, because there was insufficient documentation of the need for such a provision. Commissioner Cunningham asked to hear comments from members of the Commission and the Consumer Advisory Committee. There were none. Commissioner Cunningham asked to hear comments from the Industry Advisory Committee. Ms. Krol stated that the Industry Advisory Committee is withdrawing their written comment on Phase-In Rate Increases after receiving clarification from the IIPRC Office. Next, Mr. Ball gave an overview of how the proposed Non-Duplication of Benefits provision was intended to work. Mr. Ball clarified that it was intended to allow consumers the ability to increase coverage by purchasing additional policies, but protect insurance companies from paying benefits in excess of the expenses incurred by the policyholder. Mr. Ball compared the proposed non-duplication provision to provisions in Property and Casualty insurance policies. Mr. Gurlik agreed with these comments. Commissioner Cunningham asked if the proposed provision would only work if all policies involved had Non-Duplication provisions. Mr. Gurlik clarified that there would not be primary or secondary insurers – each insurer would pay full benefits under their contract. Ms. Fabian-Marks asked for further discussion on how the Non-Duplication of Benefits provision would work when two different policies have different means of calculating what the policy covers. She stated her concern that the provision could harm consumers. Mr. Ball replied that a consumer would receive full coverage from each policy if the contracts were issued by different companies; if a consumer held multiple contracts with the same company, the consumer would receive the full cost incurred of the covered expense, but not more. Ms. Schutter asked the industry representatives to clarify if they are looking for a Non-Duplication of Benefits provision to apply to contracts between companies, or within companies. Ms. Schaaf and Mr. Ball clarified that the provision would apply within a company. Ms. Krol stated that this provision is not for the coordination of benefits as seen in medical insurance. Ms. Bohn suggested that a new term be used for this concept, since it is distinct from the Non-Duplication of Benefits provisions common in Medicaid and Medicare Supplement insurance policies. Ms. Krol stated that the Industry Advisory Committee could propose new language. There were no additional questions.

Commissioner Cunningham asked if there were any additional comments. Mr. Schoonveld stated that Lincoln Financial Group supported the Industry Advisory Committee's comments regarding the Non-Duplication of Benefits provision and made an additional comment regarding the Dollar-for-Dollar amendment. Mr. Schoonveld stated that Lincoln Financial Group believes that the amendment should apply to additional provisions within the *Rate Filing Standards for Individual Long-Term Care Insurance-Issue Age Rate Schedule Only*. Ms. Schutter summarized

the Dollar-for-Dollar change in the proposed amendment. Commissioner Cunningham asked that Lincoln Financial Group provide this comment in writing. The Commissioner proposed that additional discussion and questions be heard at the December 9th in-person meeting, to include a discussion on revised terminology for the proposed Non-Duplication of Benefits provision. Commissioner Cunningham stated that no action would be taken on the proposed Phase 6 Amendments to Uniform Standards until January, at the earliest. There were no objections.

Commissioner Cunningham proceeded to the next item on the Agenda and asked Superintendent Cioppa to deliver the Report and Recommendation of the Finance Committee. Superintendent Cioppa reported that the Finance Committee held a member-only call on October 18th to receive an update from the IIPRC Office on current financials and to receive the proposed 2017 annual budget. The Superintendent reported that as of September 30th, the Commission earned \$1,684,731 in revenue – approximately 4% over the budgeted amount, and 28% over the revenue earned as of September 30, 2015. Expenses are under budget by 3%, and the largest portion of expenses relate to the IIPRC staff salaries and benefits. Superintendent Cioppa reported that the IIPRC Office will not need to utilize the NAIC Line of Credit for 2016, and there is no increase proposed in the Schedule of Fees for 2017. Ms. Schutter then provided an overview of the proposed 2017 annual budget. The Superintendent delivered the Finance Committee recommendation that the Management Committee publish the draft 2017 annual budget for notice and comment before being considered for final action during the December 9th joint meeting of the Management Committee and Commission in Miami, Florida. Commissioner Cunningham asked if consideration of the national meeting location was included in the budget. Ms. Schutter replied that there was a fiscal impact associated with this budget and it was up to the membership to decide whether to hold the December 2017 in-person meeting in Hawaii due to the cost associated with the meeting. There were no additional questions. Commissioner Cunningham proposed that the Management Committee hear the report of the Product Standards Committee, and then approve both reports with one motion. There were no objections.

Commissioner Cunningham invited Ms. Mealer to deliver the report of the Product Standards Committee. Ms. Mealer reported that the Product Standards Committee has begun Phase 7 of the Five-Year Review Process, which includes the *Standards for Individual Deferred Paid-Up Non-Variable Annuities*, as well as five additional benefit Uniform Standards for life and annuity products, including Overloan Protection, Private Placement, and Graded Death Benefits. Ms. Mealer reported that the IIPRC Office finalized the initial draft report with preliminary recommendations, and the Product Standards Committee reviewed the draft and compiled several questions and issues for which the Committee sought public comment, and referred several items to the Actuarial Working Group for their consideration. Ms. Mealer stated that a public call was held on November 1st, and the Product Standards Committee received suggestions for several substantive changes requiring detailed consideration. Ms. Mealer said that the Product Standards Committee expects to present final recommendations on these Uniform Standards in early 2017, and concluded her report. There were no questions for Ms. Mealer.

Commissioner Cunningham requested a motion from a Management Committee member to adopt the reports of the Product Standards and Finance Committees and the Recommendation of the Finance Committee to publish the proposed 2017 Annual Budget for 30-day notice and

comment. Commissioner Weyne moved and Ms. Lee seconded. Commissioner Cunningham then asked Ms. Schutter to take a roll call vote of the Management Committee. The motion carried. Commissioner Cunningham stated that the Commission will receive comments at the December 9th meeting and, if there are no outstanding questions or issues, take action to adopt the budget. There were no additional questions.

Commissioner Cunningham asked Ms. Schutter to provide the Operational Update. Ms. Schutter reported that the IIPRC is 3% ahead of budget in revenue and 3% under budget for expenses at the end of October. She stated that the Insurance Compact met the budget for registration fees for the first time and did so by the end of August. Ms. Schutter reported that there will be a Joint in-person Meeting of the Management Committee and the Commission on December 9th at 12:30 p.m. ET in Miami, Florida, and stated that the IIPRC is still seeking applications for open Industry Advisory and Consumer Advisory Committee seats. Ms. Schutter concluded her updated, and there were no additional questions.

There were no further matters. Mr. Chrysler moved to adjourn, Ms. Lee seconded, and the meeting was adjourned.