



## MEMORANDUM

**TO:** IIPRC Management Committee

**FROM:** Finance Committee

**DATE:** September 25, 2017

**SUBJECT:** Finance Committee Recommendations Regarding Adoption of Proposed Amendment to Interstate Insurance Product Regulation Commission Terms and Procedures for IIPRC Filing Fees

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The Finance Committee of the Interstate Insurance Product Regulation Commission is recommending amendments to the Terms and Procedures for IIPRC Filing Fees (Filing Fee Rule). The proposed amendments would be to §104 (d) (iii) and (v) of the Filing Fee Rule and pertain to the pro-rated Annual Registration Fee. There are additional grammatical amendments recommended throughout the Filing Fee Rule.

The proposed amendment to §104 of the Filing Fee Rule moves the date on which the annual registration fees prorate from July 1 to October 1. The prorated date was put in place 10 years ago to incentivize companies who were concerned about the extra value-added costs of using the Insurance Compact to use it for a part of each year at a lower price point. Over the past 10 years, the Insurance Compact has expanded the fee categories so that smaller companies or regional companies pay a significantly lower amount even though the same amount of Insurance Compact resources are devoted to their filings and questions. The Insurance Compact has an Update-Only Registration Fee in place. At this point, companies should pay the full annual registration which is intended to keep the per-filing fee relatively low in relation to the actual resource expense to the Insurance Compact in reviewing a filing. It is also intended to smooth out and better manage the Insurance Compact's cash flow throughout the year. With this proposed amendment, the time period that the pro-rated fee is in effect each year is reduced.

The Finance Committee, after notice and opportunity for written comment, held a public conference call to receive comments from regulators and interested parties, including the members of the Legislative Committee and the Consumer Advisory and Industry Advisory Committees. During this public call, no comments were received in opposition to recommending these amendments.

The Finance Committee therefore brings forth the recommendation to amend the aforementioned Operating Procedure as provided in Appendix A.

## APPENDIX A

### §103 (d)

- (iii) As of ~~October~~July 1 of each year, the Annual Registration Fee will be prorated to fifty-percent of the Annual Registration Fee listed in the Schedule of Fees for the remainder of the year.
- (iv) The Regional Insurer Annual Registration Fee will be fifty percent of the Annual Registration Fee listed in the Schedule of Fees provided the Regional Insurer provides the IIPRC a list of the twelve (12) or fewer Compact Member States that the Regional Insurer will seek to use an approved Product Filing. If a Regional Insurer files a Product Filing, or adds a state to a Product Filing, where the total number of states on the Product Filing exceeds twelve (12), the Regional Insurer shall pay the difference between the Annual Registration Fee and the Regional Insurer Annual Registration Fee.
- (v) ~~For companies that have submitted their Annual Registration Fee on or before December 31, 2010, if no filings are made for that company for the year in which the Annual Registration Fee was paid, the Annual Registration Fee may be applied to make filings the next year upon written request of the company to the Executive Director by January 31 of the following year.~~ Annual Registration Fees ~~for 2011 and years thereafter~~ will not be allowed to carry over to the next year and a company will be required to pay the applicable Annual Registration Fee in order to utilize the IIPRC product filing operations