



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

Monday, June 4, 2018

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

1. Roll Call
2. Public Hearing on Proposed Amendments to the Uniform Standards Listed Under Phase 8 of the Five-Year Review Published on April 5, 2018:
 - i. [RAUS 2018-1: Standards for Individual Disability Income Insurance Policies](#)
 - ii. [RAUS 2018-2: Individual Disability Business Overhead Expense Insurance Policy Standards](#)
 - iii. [RAUS 2018-3: Individual Disability Income Insurance Application Standards](#)
 - iv. [RAUS 2018-4: Standards for Initial Rate Filings for Individual Disability Income Insurance Policies](#)
 - v. [RAUS 2018-5: Standards for Individual Disability Income Insurance Outline of Coverage](#)
 - vi. [RAUS 2018-6: Standards for Forms Used to Limit or Exclude Individual Disability Income Insurance Policy Coverage Based on the Underwriting Process](#)
 - vii. [RAUS 2018-7: Standards for Riders, Endorsements or Amendments Used to Effect Individual Disability Income Insurance Policy Changes](#)
 - viii. [RAUS 2018-8: Standards for Individual Disability Income Insurance Application Change Form](#)
 - ix. [RAUS 2018-9: Standards for Filing Revisions to Rate Filing Schedules in Individual Disability Income Insurance Policies](#)
3. Public Hearing on Proposed Comment Form for Future Five-Year Review
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 Regulatory Counsel Committee and Consideration by the Management Committee to Approve the Report of the Regulatory Counsel Committee
7. Management Committee and Commission Consideration of Adoption of Meeting Minutes of the March 23, 2018 Joint Meeting of the Management Committee and Commission
8. Operational Update
9. Any Other Matters
10. Adjourn

Members of the Commission and Department Staff in Attendance:

Director Jillian Froment, Chair, Ohio
Superintendent Elizabeth Kelleher Dwyer, Vice Chair, Rhode Island
Director Dean Cameron, Treasurer, Idaho
Sarah Bailey as a designated representative for Director Lori K. Wing-Heier, Alaska
Gregory Campbell, Alaska
Mayumi Gabor, Alaska
Bill Lacy as a designated representative for Commissioner Allen W. Kerr, Arkansas
Rolf Kaumann as a designated representative for Interim Commissioner Michael Conway, Colorado
Jason Lapham, Colorado
Paul Lombardo as a designated representative for Commissioner Katharine L. Wade, Connecticut
Martha Im as a designated representative for Commissioner Gordon I. Ito, Hawaii
Donna Daniel, Idaho
Tom Donovan, Idaho
Kate Kixmiller as a designated representative for Commissioner Stephen W. Robertson, Indiana
Mihir Nag, Indiana
Andria Seip as a designated representative for Commissioner Doug Ommen, Iowa
Julie Holmes as a designated representative for Commissioner Ken Selzer, Kansas
Malinda Shepherd as a designated representative for Commissioner Nancy G. Atkins
Commissioner James J. Donelon, Louisiana
Robert Morrow as a designated representative for Commissioner Al Redmer, Jr., Maryland
David Cooney, Maryland
Randall Gregg as a designated representative for Director Patrick M. McPharlin, Michigan
Tammy Lohmann as a designated representative for Commissioner Jessica Looman, Minnesota
Roger Stefani, Minnesota
Bob Williams as a designated representative for Commissioner Mike Chaney, Mississippi
Ted Bidon as a designated representative for Commissioner Matthew Rosendale, Montana
Director Bruce R. Ramage, Nebraska
Commissioner Roger A. Sevigny, New Hampshire
Diana Lavoie, New Hampshire
Philip Gennace as a designated representative for Commissioner Marlene Caride, New Jersey
Ted Hamby as a designated representative for Commissioner Mike Causey, North Carolina
Lilane Fox, Ohio
Cuc Nguyen as a designated representative for Commissioner John D. Doak, Oklahoma
Alex Chang as a designated representative for Commissioner Andrew Stolfi, Oregon
Thomas Kilcoyne, Pennsylvania
Kendall Buchanan as a designated representative for Director Raymond G. Farmer, South Carolina
Shari Miles, South Carolina
Lorrie Brouse as a designated representative for Commissioner Julie Mix McPeak, Tennessee
Doug Danzeiser as a designated representative for Commissioner Kent Sullivan, Texas
John Carter, Texas
Dewayne Matthews, Texas
Tomasz Serbinowski as a designated representative for Commissioner Todd E. Kiser, Utah
Heidi Clausen, Utah
Phil Keller as a designated representative for Commissioner Michael S. Pieciak, Vermont

Don Beatty as a designated representative for Commissioner Scott A. White, Virginia
Molly Nollette as a designated representative for Commissioner Mike Kreidler, Washington
Commissioner Allan L. McVey, West Virginia
Joylynn Fix, West Virginia
Rebecca Rebholz as a designated representative for Commissioner Ted Nickel, Wisconsin
Lisa Brandt, Wisconsin
Sue Ezalarab, Wisconsin
Commissioner Tom Glause, Wyoming
Brittany Nuoci, Wyoming

Members of the Industry Advisory Committee in Attendance:

Amanda Matthiesen, America's Health Insurance Plans
Miriam Krol, American Council of Life Insurers
Wayne Mehlman, American Council of Life Insurers
Emily Micale, American Council of Life Insurers
Hugh Barrett, MassMutual

Members of the Consumer Advisory Committee in Attendance:

Yvonne Hunter, Consumer Liaison Representative
Fred Nepple, Consumer Liaison Representative
Andrew Sperling, National Alliance on Mental Illness

Members of the Insurance Compact Legislative Committee in Attendance:

Senator Robert D. Hackett, Ohio

Insurance Compact 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
Jeanne Daharsh, Actuary
Aimee Lawson, Product Filing Support Coordinator
Anne Marie Narcini, Regulatory Consultant

Interested Parties in Attendance:

Franca D'Agostino, Cigna
Kurt Vangreen, Mutual of Omaha
Jon Brunner, State Farm
Julia Weber, State Farm

Director Froment called to order the Joint Meeting of the Management Committee and the Interstate Insurance Product Regulation Commission (Insurance Compact or Commission). Ms. Schutter took the roll call of the Management Committee, the Commission, the Legislative Committee, and the Industry and Consumer Advisory Committees.

Director Froment proceeded to the second agenda item and asked Ms. Schutter to provide background information on the proposed amendments to the individual Disability Income Insurance Uniform Standards listed under Phase 8 of the Five-Year Review. Ms. Schutter stated that several written comments were received and the Product Standards Committee (PSC) held four public calls to discuss the amendments. Ms. Schutter stated that the Insurance Compact Office publishes call summaries of the regulator-only and the public PSC calls on the Insurance Compact website. Ms. Schutter summarized the amendments recommended by the PSC. Director Froment then opened the public hearing to receive comments on the proposed amendments to Uniform Standards.

Mr. Danzeiser asked for clarification on how the Insurance Compact reviewers would address the proposed provision in the *Standards for Individual Disability Income Insurance Policies* that states that Mental and Nervous Disorder exclusions are subject to state law. Mr. Danzeiser also expressed concern that the provision does not provide sufficient guidance to consumers. Ms. Schutter stated that the Insurance Compact Office can provide further guidance to filers by maintaining a published state-specific chart as well as providing guidance on how to demonstrate compliance with state-specific provisions in a filing. Ms. Krol stated that the Mental and Nervous Disorder exclusion provision is not the first time that state variation has been built into a Uniform Standard.

Mr. Krol then summarized the comments submitted by the Industry Advisory Committee on June 1st, and stated that certain ACLI member companies have agreed that the addition of a Return of Premium benefit to the Disability Income Insurance Uniform Standards would be good for future product development. Mr. Vangreen supported this recommendation on behalf of Mutual of Omaha. Mr. Nepple reiterated the Consumer Advisory Committee's opposition to the Return of Premium benefit, and support for the PSC recommendation regarding the ten-year look back period.

Mr. Brunner asked whether the second sentence in Section 3F(18) of the proposed *Standards for Individual Disability Income Insurance Policies* is meant to prohibit companies from excluding conditions that are not on the list, or if it is meant to prohibit the listed conditions. Ms. Krol stated that the provision is included in the group Disability Income Insurance Uniform Standards, and companies wanted them to be listed in the individual Disability Income Insurance Uniform Standards as well. Ms. Krol stated that the conditions in Section 3F(18)(a) are less serious than those in (b), and that the conditions in (b) would pay out as for any other disability.

There were no further comments from Commission members or from the members of the Legislative, Industry Advisory, and Consumer Advisory Committees. Director Froment stated that June 4th is the published deadline for submitting written comments regarding the amendments, and any further comments can be submitted to the Insurance Compact Office.

Director Froment then asked the Commission if there were any objections to asking the Product Standards Committee to review the submitted comments and provide feedback to the Management Committee regarding whether further changes should be made before action is taken. There were no

objections. Director Froment concluded the public hearing on the proposed amendments to the Uniform Standards listed under Phase 8 of the Five-Year Review.

Director Froment proceeded to the next agenda item and asked Ms. Schutter to provide background information on the proposed Comment Form for Future Five-Year Review. Ms. Schutter stated that the Rulemaking Committee brought the recommendation to the Management Committee at the March 23rd joint meeting of the Management Committee and Commission. Ms. Schutter stated that the Rulemaking and the Product Standards Committees both reviewed the form, and agreed that it would make submitted comments more uniform. Ms. Schutter reported that the form would also apply to requests for changes to the Operating Procedures and would clarify requests made to the Rulemaking and Product Standards Committees. Ms. Schutter concluded her remarks.

Director Froment opened the public hearing on the proposed Comment Form for Future Five-Year Review. There were no comments from the members of the Commission, or from the members of the Legislative and Consumer Advisory Committee. Ms. Krol stated that ACLI is in favor of the form. There were no further comments or questions from interested parties. Director Froment closed the hearing and stated that the proposed comment form would likely be ready for final action at the August 3rd in-person meeting.

Director Froment proceeded to the next agenda item and asked Director Cameron to provide the Report of the Finance Committee. Director Cameron provided an update on the Commission's financials and reported that the Commission earned approximately \$1,270,000 in revenues, which is \$30,000 over budget, and incurred expenses at 100% of the budgeted amount. Director Cameron reported that the Commission collected and remitted more than \$935,000 in state filing fees to its member states through the end of April. Director Cameron stated that the Finance Committee will meet later in the month to begin building the 2019 Annual Budget recommendation and review proposed changes to the 2019 Schedule of Fees. Director Cameron stated that the Finance Committee plans to hold at least one public call to receive comments on recommendations affecting the Commission's fees and annual budget for next year. Director Cameron concluded his report and there were no questions.

Director Froment proceeded to the next agenda item and asked Roger Stefani to provide the report of the PSC. Mr. Stefani reported that the PSC last met on May 15th, and held a public call at the end of April to continue to receive comments regarding additional individual life and annuities Uniform Standards or provisions which the Commission should consider drafting. Mr. Stefani stated that the PSC is performing a gap analysis to determine what products are available in states today that cannot be filed through the Compact due to lack of Uniform Standards. Mr. Stefani stated that the goal of the project is to present a proposed work plan to the Management Committee at the August 3rd in-person meeting. Mr. Stefani reported that the next significant project for the PSC is to develop and recommend Uniform Standards for group annuities. Mr. Stefani stated that Ms. Narcini continues to work with stakeholders to outline an initial set of Uniform Standards that the PSC can begin refining later this year. Mr. Stefani reported that the PSC will also review the written and oral comments received with respect to the recommended Five-Year Review amendments to the individual Disability Income Insurance Uniform Standards, with the goal of providing feedback to the Management Committee and Commission at the August 3rd meeting. Mr. Stefani concluded the Report and Recommendation of the PSC and there were no questions.

Director Froment proceeded to the next agenda item and asked Mr. Beatty to provide the report of the Regulatory Counsel Committee. Mr. Beatty reported that the Regulatory Counsel Committee has held two calls since being reconstituted by the Management Committee at the March 23rd in-person meeting. Mr. Beatty reported that the meetings primarily focused on the Committee's first charge, to monitor developments in a pending third-party litigation matter in the federal district court of Colorado. Mr. Beatty stated that the Executive Director has briefed the Commission on this case, as the court framed the question of whether the Colorado constitution permits its state legislature to enter into an interstate compact to develop standards that have the force and effect of law and are binding over conflicting state law. Mr. Beatty stated that the issue was fully briefed before the federal court in November 2017 and a final order is still pending. Mr. Beatty stated that legal counsel from Ohio, Colorado, Illinois, Maine, Michigan, Rhode Island, Tennessee, Texas, and Virginia are participating in this Committee. Mr. Beatty reported that the Regulatory Counsel Committee is reviewing a timeline of key events that led up to the development of the Compact, as well as key milestones in the Insurance Compact's implementation and operations. Mr. Beatty stated that the Regulatory Counsel Committee will continue to monitor the Colorado case and provide regular reports and feedback to the Management Committee and Commission. Mr. Beatty concluded the report of the Regulatory Counsel Committee and there were no further questions.

Director Froment requested a motion from a member of the Management Committee to adopt the Reports of the Finance, Product Standards, and Regulatory Counsel Committees. Mr. Gregg moved and Commissioner McVey seconded. There was no further discussion. Director Froment called a voice vote and the motion carried.

Director Froment proceeded to the next agenda item and requested a joint motion of the Management Committee and Commission to adopt the meeting minutes of the March 23rd joint meeting of the Management Committee and Commission. Mr. Hamby moved and Mr. Morrow seconded. There was no further discussion. Director Froment called a voice vote of the entire Commission and the motion carried.

Director Froment proceeded to the next agenda item and asked Ms. Schutter to provide an Operational Update. Ms. Schutter reported that the year-to-date revenue was 1% over budget. Ms. Schutter stated that NCSL will make new two-year appointments to the Insurance Compact Legislative Committee in time for the next joint meeting of the Insurance Compact Management Committee and Commission in Boston on August 3rd. Ms. Schutter reported that the Insurer Resources page of the Insurance Compact website was updated with a new layout intended to make it easier for filers to navigate. Ms. Schutter also reported that the Insurance Compact Office presented at 10 conferences since mid-April, including the majority of AICP Chapter E-days. Ms. Schutter concluded her report and there were no questions.

There were no other matters and Superintendent Dwyer moved to adjourn. Director Cameron seconded and the meeting was adjourned.