

INTERSTATE INSURANCE
PRODUCT REGULATION COMMISSION



States, Strength & Speed Aligned

**TELECONFERENCE MEETING OF THE
INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION (IIPRC)**

Monday, November 19, 2007

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

AGENDA

1. Roll Call of the Commission
2. [Consider Adoption of 2008 IIPRC Proposed Operating Budget from the November 13, 2007 Public Hearing](#)
3. [Public Hearing on Appendix A of the Operating Procedure for the Filing and Approval of Product Filings](#)
4. [Any Other Matters](#)
5. Adjourn

**Minutes of the Meeting of the
Interstate Insurance Product Regulation Commission (IIPRC)
Monday, November 19, 2007
Conference Call**

Committee Members in Attendance:

Commissioner Jane Cline, Chair, West Virginia
Peg Ising as a designated representative for Director Mary Jo Hudson, Vice Chair, Ohio
Brian Pennington as a designated representative for Commissioner Glenn Wilson, Treasurer, Minnesota
Katie Campbell as a designated representative for Director Linda Hall, Alaska
John Postolowski as a designated representative for Commissioner Marcy Morrison, Colorado
Margaret Witten as a designated representative for Commissioner John Oxendine, Georgia
Shelley Santo, Hawaii
John Kissling as a designated representative for Commissioner Jim Atterholt, Indiana
Jerry Wickersham as a designated representative for Commissioner Susan Voss, Iowa
Director William Deal, Idaho
Commissioner Sandy Praeger, Kansas
DJ Wasson as a designated representative for Director Julie McPeak, Kentucky
Commissioner Ralph Tyler, Maryland
Joe Murphy as a designated representative for Commissioner Nonnie Burnes, Massachusetts
Superintendent Eric Cioppa, Maine
Fran Wallace as a designated representative for Acting Commissioner Kenneth Ross, Michigan
Acting Director Anne Frohman, Nebraska
Commissioner Roger Sevigny, New Hampshire
Commissioner Jim Long, North Carolina
Michael Ridgeway as a designated representative for Commissioner Kim Holland, Oklahoma
Brad Harker as a designated representative for Acting Commissioner Randy Rohrbaugh, Pennsylvania
Beth Dwyer as a designated representative for Superintendent Joe Torti, Rhode Island
Shawn Hawk as a designated representative for Commissioner Leslie Newman, Tennessee
Sara Waitt as a designated representative for Commissioner Mike Geeslin, Texas
Commissioner Kent Michie, Utah
Commissioner Paulette Thabault, Vermont
Don Beatty as a designated representative for Commissioner Al Gross, Virginia
Beth Berendt as a designated representative for Commissioner Mike Kreidler, Washington
Commissioner Ken Vines, Wyoming

Industry Advisory Committee Members:

Miriam Krol, ACLI
Candy Olsen, ACLI
Gary Sanders, NAIFA
Nancy Johnson, UNUM
Dennis Herchel, Mass Mutual
Karen Johnson, MetLife
Michael Gerber, NAIFA

Legislative Committee Members in Attendance:

Senator Dolores Kelly, Maryland, Vice Chair
Heather Morton, NCSL

Consumer Advisory Committee Members in Attendance:

Ryan Wilson, AARP
Rod Bordelon, Texas Office of Public Insurance Counsel

Regulator Staff in Attendance:

Greg Friend, Kentucky
Betsy Jerome, Utah
Louis Belo, North Carolina
Stewart Johnson, North Carolina

Interested Regulators in Attendance:

Monica Rutkowski, Florida
Gail Keren, New York
Gail Woods, Oregon
Jim Guidry, Wisconsin

Interested Parties in Attendance:

Eugene Choate, Bankers Fidelity
Linda Elston, Riversource Life Insurance
Lynn Espenland, Woodman
John McBain, Actuarial Resources
Randy Reichel, AHIP
Jack Kelly, Kelly & Associates
Deanne Marino, American Bankers Insurance
Josh May, Coventry
Mary Keim, State Farm
Tim Ring, Metlife

IIPRC Staff in Attendance:

Frances Arricale, Executive Director
Sara Bamford, Administrative Coordinator

NAIC Staff in Attendance:

Kay Noonan, General Counsel
Becky McElduff, Staff Attorney
Ryan Workman, Staff Attorney

Commissioner Cline started the meeting of the Interstate Insurance Product Regulation Commission. Commissioner Cline noted that this was a meeting of the Commission as well as a Public Hearing.

Commissioner Cline started with the first item on the Agenda, the Adoption of the 2008 IIPRC Proposed Operating Budget. Commissioner Cline noted that the first portion of the meeting would focus on the 2008 Budget that was approved by the Management Committee. Commissioner Cline explained that the Proposed Budget was noticed for comment after the last quarterly in-person meeting in Washington, DC. Commissioner Cline further explained that there was a Public Hearing before the Management Committee to receive any comments. There were no changes made to the Proposed Budget after this Public Hearing. Commissioner Cline asked Frances Arricale, Executive Director of the IIPRC, to answer any questions that the Members of the Commission may have today regarding the budget. Commissioner Cline then asked the Members of the Commission if there were any questions.

Sara Waitt, from Texas, asked for further explanation as to how the Compact Fees were calculated. Ms. Arricale explained that this figure was forecasted as a result of the number of filings received so far this year, and conversations with the industry regarding the filing process. Ms. Waitt noted that the Commission office will know more by the end of January of any shortcomings. Ms. Waitt then asked about the Services Agreement and SERFF fees found on page 8 of the budget. Ms. Waitt wanted to know if these were fixed charges or where they billed and how these came to be calculated. Ms. Arricale responded that the \$100,000 fee is a fixed amount that is paid on a monthly basis for the services that the NAIC provides to the IIPRC; the \$25,000 is the fixed, annual fee for the Compact license with SERFF; and the additional \$100,000 are anticipated fees associated with any changes that would need to be implemented on the Compact Pages of SERFF.

Commissioner Michie asked what the fees were that were associated with the external audit. Ms. Arricale responded that the fees were about \$20,000 and are inclusive of the fees for the actual audit as well as the fees for the management of the audit. Commissioner Cline asked if there was a motion to adopt the Budget. Don Beatty, from Virginia, motioned to adopt the Budget and Commissioner Deal seconded the motion. Hearing no further comments, Commissioner Cline asked Ms. Arricale to call the Roll Call. The 2008 Budget was adopted by a unanimous vote.

Commissioner Cline thanked everyone for their comments. Commissioner Cline highlighted to the Members that the Commission office has been working towards completing the budget process prior to the Houston Meeting so that the adopted 2008 Budget may be submitted along with a request for an Additional Line of Credit to the NAIC. Commissioner Cline explained that the NAIC Executive Committee will then have the opportunity to review and consider the request during the Houston NAIC meeting.

Commissioner Cline moved to the next item on the Agenda, the Public Hearing on Appendix A of the Operating Procedure for the Filing and Approval of Product Filings. Commissioner Cline thanked Commissioner Sevigny and the Product Standards for the diligent work in overseeing the process. Commissioner Cline continued that the proposed "Appendix A" was noticed for public comment and posted to the IIPRC website. Commissioner Cline noted that although the public comment period does not end until the following week, the public hearing would allow comments to be heard prior to the holidays; and comments may be reviewed before a final vote is scheduled during the Houston meeting. Commissioner Cline noted that comments have been

received from the Industry Advisory Committee which were distributed as Advance Materials prior to the meeting.

Commissioner Cline asked if there were any comments from the Members of the Commission. Hearing none, Commissioner Cline asked if there were any comments from the Legislative Committee. Hearing none, Commissioner Cline asked if there were any comments from the Consumer Advisory Committee. Hearing none, Commissioner Cline turned to the Industry Advisory Committee to explain their comments.

Miriam Krol, from the ACLI on behalf of the Industry Advisory Committee, explained the comments that were submitted in writing on November 15, 2007. The Industry Advisory Committee would like to have the Advertising Rates included back on the list of standards included in Appendix A. The Industry Advisory Committee believes that rate filings for the Long Term Care and Disability Income need to be included as well so that companies may file under the "Mix and Match" process. The Industry Advisory Committee also believes that the CSO Mortality Change Form, Underwriting Exclusions and the Policy Changes form should be included on Appendix A as well. Their argument is that those forms are used on a routine basis. The Industry Advisory Committee would like to have the benefit features separated out from the policy standards like what was done with the application standards.

Commissioner Cline thanked the Industry Advisory Committee for their comments. Commissioner Cline then asked if there were any other regulators on the call who wish to provide comments. Commissioner Michie mentioned that it would probably be beneficial to hear from the Product Standards Committee regarding the Industry Advisory Committee's comments. Commissioner Cline asked Commissioner Sevigny if there were any comments from the Product Standards Committee. Commissioner Sevigny replied that the Committee has not met to review the comments submitted by the Industry Advisory Committee at this time.

Peg Ising, from Ohio had a question from Ms. Krol regarding the Benefit Features. Ms. Ising wanted to know if Ms. Krol was asking for an additional four (4) months time to the two (2) year time or was she including the 90 days into that calculation. Ms. Krol responded that Ms. Ising raised a good point about having the 90 days available and would like to apply that to the four (4) months.

Cande Olsen, on behalf of the Industry Advisory Committee, noted that the companies would like more time to replace the products after the product has been approved by the IIPRC.

John Kissling, from Indiana, asked for clarification about the application approval process. Mr. Kissling was concerned that the application would not be approved. Ms. Krol noted that she was referring to the "Mix and Match" data that was necessary to be submitted.

Commissioner Cline thanked Ms. Ising and Mr. Kissling and asked if there were any other members of the public who wish to provide any comments. Ryan Wilson, with the AARP, stated that the AARP agrees with the Industry Advisory Committee Members request regarding the applications.

Beth Berendt, from Washington, noted that the State of Washington does use the information that is supplied with the “Mix and Match” filings.

Commissioner Cline thanked everyone for their comments. Commissioner Cline explained that during the Houston meeting on December 1, the Management committee is scheduled to consider approval of “Appendix A” followed by consideration for adoption by the full Commission at the same meeting. Commissioner Cline explained that this follows a planned work schedule which allowed for a comprehensive comment period and work on this proposal to meet the stated six-month time deadline in the Product Filing Rule itself. Commissioner Cline noted that if the “Appendix A” is not adopted on December 1, the original draft in the Product Filing Rule would by default become the final “Appendix A”. As such, Commissioner Cline asked that all carefully review the final draft and comments so that the Commissioner will be set to vote on “Appendix A” during the Houston meeting.

Commissioner moved to the last item on the Agenda, Any Other Matters. Commissioner Cline asked if there were any other matters that need to be brought up today before the Commission. Ms. Krol asked when the final draft of “Appendix A” would be made available prior to the Houston meeting.

Commissioner Michie stated that he thought that the IIPRC should have a new business name – a “doing business as” name.

Commissioner Cline thanked all for participating in the call today and reminded everyone that the Management Committee and the full Commission would meet on December 1 in Houston, immediately preceding the NAIC quarterly meetings. Commissioner Cline asked if there was a motion to adjourn. Commissioner Praeger motioned and Commissioner Michie seconded the motion. The meeting ended after a unanimous voice vote.