

INTERSTATE INSURANCE
PRODUCT REGULATION COMMISSION



States, Strength & Speed Aligned

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

November 18, 2013

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

1. Roll Call
2. [Report and Recommendation of the Finance Committee and Consideration by the Management Committee to Approve the Report and Recommendation of the Finance Committee](#)
3. [Report and Recommendation of the Product Standards Committee and Consideration by the Management Committee to Adopt the Report and Recommendation of the Product Standards Committee](#)
4. [Report and Recommendation of the Rulemaking Committee and Consideration by the Management Committee to Adopt the Report and Recommendation of the Rulemaking Committee](#)
5. [Management Committee Consideration of Approval of the Industry Advisory Committee Composition and Selection Criteria](#)
6. [Management Committee Consideration of Approval of the Uniform Standards as Recommended by the Product Standards Committee](#)
7. Commission Consideration of Adoption of the Uniform Standards as Recommended by the Product Standards Committee
8. [Management Committee Consideration of Approval of Meeting Minutes of the August 23rd Joint Meeting of the Management Committee and Commission](#)
9. [Commission Consideration to Adopt the August 23rd Joint Management Committee and Commission Meeting Minutes as Approved by the Management Committee](#)
10. [Operational Update](#)

11. Any Other Matters

12. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance
Product Regulation Commission
Monday, November 18, 2013**

Members of the Commission and Department Staff in Attendance:

Commissioner Roger Sevigny, Chair, New Hampshire
Peter Camacci, as a designated representative for Commissioner Michael Consedine, Vice Chair,
Pennsylvania
Commissioner Joseph Murphy, Treasurer, Massachusetts
Charles Angell, Alabama
Steve Ostlund, Alabama
Steve Manders, as a designated representative for Commissioner Ralph T. Hudgens, Georgia
Martha Im, Hawaii
Michelle Souza, Hawaii
Donna Daniel, as a designated representative for Director William W. Deal, Idaho
Cindy Colonius, as a designated representative for Director Andrew Boron, Illinois
Mihir Nag, Indiana
Marlyn Burch, Kansas
Commissioner Sandy Praeger, Kansas
Commissioner Sharon Clark, Kentucky
Barry Ward, as a designated representative for Commissioner James Donelon, Louisiana
Tom Record, as a designated representative for Superintendent Eric A. Cioppa, Maine
Marion Mashburn, as a designated representative for Commissioner Therese Goldsmith, Maryland
Ed Charbonnier, Massachusetts
Joseph Garcia, as a designated representative for Director Ann Flood, Michigan
Tammy Lohmann, as a designated representative for Commissioner Mike Rothman, Minnesota
Commissioner Mike Chaney, Mississippi
Jay Eads, Mississippi
Matt Barton, as a designated representative for Director John Huff, Missouri
Mary Mealer, Missouri
Rosann Grandy, as a designated representative for Commissioner Monica Lindeen, Montana
John Rink, Nebraska
Glenn Shippey, as a designated representative for Commissioner Scott J. Kipper, Nevada
Anne Marie Narcini, New Jersey
Felix Schirripa, as a designated representative for Commissioner Kenneth Kobylowski, New Jersey
Viara Ianakieva, as a designated representative for Superintendent John Franchini, New Mexico
Ted Hamby, North Carolina
Peter Weber, as a designated representative for Lieutenant Governor Mary Taylor, Ohio
Susan Dobbins, Oklahoma
Joel Sander, as a designated representative for Commissioner John Doak, Oklahoma
Commissioner Laura Cali, Oregon
Janice Hart, Oregon
Tom Kilcoyne, Pennsylvania
Ruben Gely, as a designated representative for Commissioner Angela Weyne, Puerto Rico
Beth Dwyer, as a designated representative for Superintendent Joseph Torti III, Rhode Island
Tina Brown, as a designated representative for Director Raymond Farmer, South Carolina
Julie Mix McPeak, Tennessee
John Carter, Texas
Betsy Jerome, Utah

Crosby Sherman, as a designated representative for Commissioner Susan L. Donegan, Vermont
Don Beatty, as a designated representative for Commissioner Jacqueline Cunningham, Virginia
Alan Hudina, as a designated representative for Commissioner Mike Kreidler, Washington
Commissioner Mike Riley, West Virginia
John Kitslaar, as a designated representative for Commissioner Ted Nickel, Wisconsin
Peter Greff, as a designated representative for Commissioner Tom Hirsig, Wyoming

Members of the Industry Advisory Committee in attendance:

Miriam Krol, ACLI
Joe Muratore, New York Life Insurance Company

Members of the Consumer Advisory Committee in attendance:

Sonja Larkin-Thorne, NAIC Consumer Liaison representative
Fred Nepple, Consumer Liaison representative

Members of the IIPRC Legislative Committee in attendance:

Eric Ewing, National Conference of Insurance Legislators (NCOIL)
Representative Robert D. Hackett, Ohio
Senator Delores Kelley, Maryland
Jennifer Webb, National Conference of Insurance Legislators (NCOIL)

Interested Parties in attendance:

Sarah Huffer, Currin Compliance Services
Beth Lindsey, ING
Sally Roudebush, Lincoln Heritage Life Insurance
Megan Vogel, Nationwide

IIPRC staff in attendance:

Karen Schutter, Executive Director
Sara Dubsy, Operations Manager
MacKenzie Heidelmark, Administrative Coordinator
Jeanne Daharsh, Actuarial Consultant
Karen Givens, Product Review Consultant
David Morris, Product Review Consultant
Maureen Perry, Product Review Consultant

NAIC staff in attendance:

Chara Bradstreet, Government Relations Policy Advisor

Commissioner Sevigny called to order the Joint Meeting of the Management Committee and the Interstate Insurance Product Regulation Commission. Ms. Schutter took the roll call of the Management Committee, Commission, members of the Legislative Committee, members of the Industry Advisory and the Consumer Advisory Committees, and other Interested Parties. Commissioner Sevigny pointed out that as required by the Compact Bylaws, when one or more member participates by telephone, a roll call vote upon each action item is to be taken.

Commissioner Sevigny began with the Report and Recommendation of the Finance Committee, which was provided by Commissioner Murphy. Commissioner Murphy announced that the Finance Committee has a recommendation to bring forward to the Management Committee and Commission. Commissioner

Murphy provided an update on the IIPRC's finances through the end of October and noted that the Compact has earned more in revenues as of the end of October than all of 2012. The change in the schedule of fees last year has proven to be beneficial in allowing the IIPRC to earn revenue that more closely meets expenses. Commissioner Murphy explained that the IIPRC Office does not have a recommendation to change the current schedule of fees in 2014. Additionally, the IIPRC will not need to draw from the 2013 Line of Credit available from the NAIC, making 2013 the first year the IIPRC has not had to borrow from the NAIC in order to meet a gap in its operating budget. Commissioner Murphy reported that the Finance Committee met recently for the purpose of reviewing and receiving comments on the 2014 Annual Budget. Commissioner Murphy highlighted significant areas in the 2014 budget, including revenues, salaries, travel, and meetings. Commissioner Murphy mentioned that it is anticipated that the IIPRC will again ask for a line of credit in 2014 with the goal of needing no more than \$50,000 to cover any spread between its operating revenues and expenses. As there were no questions or comments, Commissioner Chaney made a motion to accept the report and recommendation from the Finance Committee, and Mr. Camacci seconded that motion. Ms. Schutter took a roll call vote of the Management Committee and the motion passed. Ms. Schutter announced that there would be a public hearing on the proposed 2014 annual budget during the in-person meeting of the Management Committee and Commission on December 14th in Washington DC, at which time the Commission will most likely take action to adopt the budget.

Commissioner Sevigny advanced to the Report of the Product Standards Committee, which was provided by Ms. Mashburn. Ms. Mashburn announced that the Product Standards Committee has a recommendation for the Management Committee. Pursuant to the request of the Management Committee at its July 22nd meeting, the Product Standards Committee has worked on responding to the comments submitted to the proposed Group Term Life Insurance Standards for Accelerated Death Benefits and the Additional Standards for Incidental Guaranteed Minimum Death Benefits for Deferred Non-Variable Annuities (Incidental GMDB). The Product Standards Committee is now recommending further changes to address these comments. The Actuarial Working Group took the lead with the technical work on the Incidental GMDB uniform standards. In advance of today's teleconference, a detailed chart was provided which describes the changes that were made to the Group Accelerated Death Benefits uniform standards, and the transmittal memorandum also describes the key issues and process followed. Ms. Mashburn reported that the Product Standards Committee is now working through the IIPRC Office's proposed Report and Recommendation, which is organized into three categories: substantive change items, clarification items, and technical items. The next steps are to develop Product Standards Committee responses to the IIPRC Office's proposed Report. Commissioner Sevigny suggested that the Management Committee accept the Report of the Product Standards Committee today, and then take final action on these uniform standards at the December 14th in-person meeting. This way, there will be adequate time to review this recommendation before final action is taken to adopt these uniform standards. Mr. Camacci made a motion to accept the report of the Product Standards Committee, while Mr. Barton seconded the motion. As there were no additional comments or a recommendation from the committee, a voice vote and the motion passed.

Commissioner Sevigny continued onto the Report and Recommendation of the Rulemaking Committee, which was provided by Mr. Beatty. Mr. Beatty noted that the Rulemaking Committee recently convened a public call to review and discuss various matters. One of the items was to complete the required five-year review of the Operating Procedures and Rules. Pursuant to Section 118 of the Rule for the Adoption, Amendment and Repeal of Rules for the Interstate Insurance Product Regulation Commission (Rulemaking Rule), the Commission is required to undertake a five year review of its Rules and Operating Procedures similar to the process required by most state regulatory agencies. Mr. Beatty discussed the recommendation and announced that after a review of the two Operating Procedures in this 5-year review period, the Rulemaking Committee is not recommending changes to these Operating

Procedures. The Operating Procedures in question are the Operating Procedure for the Filing of Certification for Foreign Language Translations for Product Filings and the Operating Procedure for the Issuance of Advisory and Interpretative Opinions. Pursuant to the guidelines adopted by the Commission last year for the 5-year review process, the scope of review under Section 118 must focus on the need for continuation, repeal or amendment of the rule based primarily on whether circumstances or underlying assumptions have changed since the last time the rule was adopted, amended or reviewed. No comments have been received to date on either set of Rules and Operating Procedures. The IIPRC Office is also not recommending any changes at this time to the Rules and Operating Procedures. During the recent public call, the Rulemaking Committee sought to receive comments on proposed amendments to the Operating Procedure for the Filing and Approval of Product Filings (Product Filing Rule). Mr. Beatty explained that the Committee has proposed clarifications to the mix and match language in the Product Filing Rule, and it is the intent of the Committee to recommend these proposed amendments to the Product Filing Rule during the December in-person meeting in Washington, DC. The subgroup discussing the applicability of state laws continues to study this matter and continues to accept examples that member states or others may have of where they are concerned or not sure whether certain state laws do or do not apply to Compact-approved products. As there were no questions or comments, Commissioner Murphy made a motion to accept the Report and Recommendation from the Rulemaking Committee, and Mr. Barton seconded that motion. As there were no additional comments or a recommendation from the committee, a voice vote and the motion passed.

Commissioner Seigny moved to the Management Committee Consideration of Approval of the Industry Advisory Committee Composition and Selection Criteria. At the request of the Management Committee, the IIPRC Office has prepared a recommendation for consideration setting forth objective criteria for the application and selection of candidates for the Industry Advisory Committee. The IIPRC Office has worked with the Industry Advisory Committee to solicit feedback and suggestions for this proposal. This is a popular Committee and the establishment of the selection criteria will allow for a more objective process. Ms. Schutter provided a brief overview of the selection criteria, after which there were no questions or comments. Commissioner Seigny announced that approval of the selection criteria was a Management Committee action item, and asked for a motion from a member of the Management Committee to accept the Industry Advisory Committee Composition and Selection Criteria. Commissioner McPeak made a motion, while Mr. Camacci seconded the motion. As there were no additional comments, Ms. Schutter took a roll call vote of the Management Committee and the motion passed.

Commissioner Murphy proceeded to the Management Committee Consideration of Approval of the Uniform Standards as Recommended by the Product Standards Committee. As the recommendation from the Product Standards Committee for final changes was just recently presented back to the Management Committee, Commissioner Murphy proposed that any action on these uniform standards be deferred to the December in-person joint meeting of the Management Committee and Commission. There were no questions or comments regarding this action.

Commissioner Murphy advanced to the Management Committee Consideration of Approval of Meeting Minutes of the August 23rd Joint Meeting of the Management Committee and Commission. Mr. Camacci made a motion to approve the meeting minutes of the in-person August 23rd joint meeting of the Management Committee and Commission, and Mr. Garcia seconded the motion. As this was a ministerial matter, a voice vote was taken and the motion passed.

Commissioner Murphy continued to the Commission Consideration to adopt the same Meeting Minutes as approved by the Management Committee. Commissioner Chaney made a motion to adopt the meeting minutes of the August 23rd joint meeting of the Management Committee and Commission as approved by

the Management Committee and Mr. Beatty seconded the motion. A voice vote was taken and the motion passed.

Commissioner Murphy proceeded to the IIPRC Operational Update, which was provided by Ms. Schutter. Ms. Schutter noted that 178 companies have registered with the Compact so far this year, and more than 660 products have been received. The Compact also has met and exceeded the level of filing fee revenues for all of 2012. It is also important to note that the average turnaround time for filings is 28 days. Ms. Schutter announced that the Compact is currently accepting 2014 company registrations, and the Compact is seeking submissions for the four open seats on the Industry Advisory Committee. The IIPRC's next in-person meeting will be held in Washington DC on Saturday, December 14th at 1:30 pm ET during the NAIC Fall National Meeting. There were no comments for Ms. Schutter.

As there were no further matters, Commissioner McPeak made a motion to adjourn, which was seconded by Commissioner Chaney. The meeting was adjourned.