



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

**Friday, April 7, 2017
2:30 pm ET / 1:30 pm CT / 12:30 pm MT / 11:30 am PT
Denver, CO**

1. Roll Call
2. Report and Recommendation of the Product Standards Committee and Consideration by the Management Committee to Approve the Report and Recommendation of the Product Standards Committee
3. Management Committee Consideration of Approval of Uniform Standards Listed Under Phase 6 of the Five-Year Review Published on September 1, 2016, Specifically:
 - i. [Core Standards for Individual Long-Term Care Insurance Policies](#)
 - ii. [Individual Long-Term Care Insurance Standards for the Outline of Coverage](#)
 - iii. [Rate Filing Standards for Individual Long-Term Care Insurance-Issue Age Rate Schedule Only](#)
 - iv. [Rate Filing Standards for Individual Long-Term Care Insurance-Modified Rate Schedule](#)
 - v. [Standards for Individual Long-Term Care Insurance Advertising Material](#)
 - vi. [Standards for Long-Term Care Insurance Benefit Features](#)
 - vii. [Standards for Riders, Endorsements or Amendments Used to Effect Individual Long-Term Care Insurance Policy Changes](#)
 - viii. [Individual Long-Term Care Insurance Application Standards](#)
 - ix. [Standards for Forms Required to be Used with an Individual Long-Term Care Application](#)
 - x. [Standards for Individual Long-Term Care Application Change Form](#)
4. Commission Consideration of Adoption of Uniform Standards Listed Under Phase 6 of the Five-Year Review as Approved by the Management Committee
5. Report of the Audit Committee and Consideration by the Commission to Adopt the Report of the Audit Committee
6. Report of the Communications Committee and Consideration by the Management Committee to Approve the Report of the Communications Committee
7. Report of the Finance Committee and Consideration by the Management Committee to Approve the Report of the Finance Committee
8. Report of the Rulemaking Committee and Consideration by the Management Committee to Approve the Report of the Rulemaking Committee

9. Management Committee and Commission Consideration of Adoption of Meeting Minutes of the December 9, 2016 Joint Meeting of the Management Committee and Commission
10. Management Committee Consideration of Approval of Meeting Minutes of the March 13, 2017 Meeting of the Management Committee
11. Operational Update
12. Any Other Matters
13. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance Product
Regulation Commission
Friday, April 7, 2017**

Members of the Commission and Department Staff in Attendance:

Superintendent Eric A. Cioppa, Vice Chair, Maine
Director Jillian E. Froment, Treasurer, Ohio
Commissioner Jim L. Ridling, Alabama
Charles Angell, Alabama
Director Lori K. Wing-Heier, Alaska
Bill Lacy as a designated representative for Commissioner Allen W. Kerr, Arkansas
Michael Conway as a designated representative for Commissioner Marguerite Salazar, Colorado
Kathleen Nakasone as a designated representative for Commissioner Gordon I. Ito, Hawaii
Tom Donovan as a designated representative for Director Dean L. Cameron, Idaho
Paulette Dove as a designated representative for Director Jennifer Hammer, Illinois
Amy Beard as a designated representative for Commissioner Stephen W. Robertson, Indiana
Andria Seip as a designated representative for Commissioner Doug Ommen, Iowa
Julie Holmes as a designated representative for Commissioner Ken Selzer, Kansas
Korey Harvey as a designated representative for Commissioner James J. Donelon, Louisiana
Catherine Grason as a designated representative for Commissioner Al Redmer, Jr., Maryland
Sheri Cullen, Massachusetts
Randall Gregg as a designated representative for Director Patrick M. McPharlin, Michigan
Joe Garcia, Michigan
Tammy Lohmann as a designated representative for Commissioner Mike Rothman, Minnesota
Kristi Bohn, Minnesota
Bob Williams as a designated representative for Commissioner Mike Chaney, Mississippi
Acting Director Chlora Lindley-Myers, Missouri
Mary Mealer, Missouri
Richard Hersey as a designated representative for Commissioner Matthew Rosendale, Montana
Christine Neighbors as a designated representative for Director Bruce R. Ramage, Nebraska
Commissioner Barbara Richardson, Nevada
Commissioner Roger A. Seigny, New Hampshire
Roger Stefani, New Hampshire
Felix Schirripa as a designated representative for Commissioner Richard J. Badolato, New Jersey
Terry Seaton as a designated representative for Superintendent John G. Franchini, New Mexico
Ted Hamby as a designated representative for Commissioner Mike Causey, North Carolina
Joel Sander as a designated representative for Commissioner John D. Doak, Oklahoma
Frank Stone, Oklahoma
Eric Cutler as a designated representative for Commissioner Laura N. Cali, Oregon
Johanna Fabian-Marks as a designated representative for Commissioner Teresa D. Miller, Pennsylvania
Commissioner Javier Rivera Rios
Superintendent Elizabeth Kelleher Dwyer, Rhode Island
Kendall Buchanan as a designated representative for Director Raymond G. Farmer, South Carolina
Commissioner Julie Mix McPeak, Tennessee
Jan Graeber as a designated representative for Commissioner David Mattax, Texas
Tanji Northrup as a designated representative for Commissioner Todd E. Kiser, Utah
Christina Rouleau as a designated representative for Commissioner Michael Pieciak, Vermont
Phil Keller, Vermont

Molly Nollette as a designated representative for Commissioner Mike Kreidler, Washington
Tonya Gillespie as a designated representative for Commissioner Allan L. McVey, West Virginia
Bill Adamson, West Virginia
Cari Lee as a designated representative for Commissioner Ted Nickel, Wisconsin
Sue Ezalarab, Wisconsin
Commissioner Tom Glause, Wyoming
Brittany Buss, Wyoming

Members of the Industry Advisory Committee in Attendance:

Hugh Barrett, MassMutual Financial Group
Chelsea Crucitti, Insured Retirement Institute
Charles Perin, Nationwide Financial
Michael Hitchcock, Pacific Life
Amanda Matthiesen, AHIP

Members of the Consumer Advisory Committee in Attendance:

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

Members of the Insurance Compact Legislative Committee in Attendance:

Representative Sam Kito III, Alaska
Senator Travis Holdman, Indiana
Senator Delores Kelley, Maryland
Senator Jason Rapert, Arkansas

Insurance Compact Staff in Attendance:

Karen Schutter, Executive Director
Becky McElduff, Assistant Director of Product Operations and Counsel
Katie Campbell, Actuary
Sara Dubsy, Senior Operations Manager
Mindy Bradford, Product Reviewer
Ed Charbonnier, Product Reviewer
Jeanne Daharsh, Actuary
Karen Givens, Product Reviewer
Aimee Lawson, Product Filing Support Coordinator
Anne Marie Narcini, Regulatory Consultant
Maureen Perry, Product Review Consultant

Interested Parties in Attendance:

Birny Birnbaum, Center for Economic Justice, NAIC Consumer Funded Representative

Melissa Clines, Nationwide Financial
Laurel Colton, Global Atlantic Financial Group
Mike Consedine, NAIC
Jeff Drake, OneAmerica
Michael Tobin, New York Life

Superintendent Cioppa 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. The Superintendent proposed that a voice vote be taken for most items and conducting a roll call when otherwise requested. There were no objections.

Superintendent Cioppa acknowledged the new Commissioners in several states, the Legislative Committee, the Industry and Consumer Advisory Committees, and the new Chief Executive Officer at the NAIC. Superintendent Cioppa invited Mr. Consedine to deliver remarks. Mr. Consedine congratulated the Insurance Compact on its 10th anniversary and expressed support for the work being done by the Insurance Compact.

Superintendent Cioppa continued to the next agenda item, the report and recommendation of the Product Standards Committee. Superintendent Cioppa summarized the request from the Management Committee, at the December 9, 2016, in-person meeting, that the Product Standards Committee again review the industry's written requests for the Product Standards Committee to reconsider their recommendation against amending the *Core Standards for Individual Long-Term Care Insurance Policies* to add a provision for non-duplication, or management, of benefits. Superintendent Cioppa stated that the Management Committee also asked that, regardless of the outcome of the review, the Product Standards Committee draft language for such a provision. Superintendent Cioppa then invited Ms. Mealer to deliver the report of the Product Standards Committee. Ms. Mealer reported that two items generated comments under the proposed amendments from Phase 6 of the Five-Year Review. She stated that the first request was for the reconsideration of the Product Standards Committee recommendation against adding a Management of Benefits provision to the *Core Standards for Individual Long-Term Care Insurance Policies*, and the second involved technical changes to proposed revisions to the *Standards for Forms Required to Be Used With an Individual Long-Term Care Insurance Application*. Ms. Mealer reported that in 2016, the Product Standards Committee discussed the Management of Benefits issue on two public calls and four member calls in addition to the Management Committee discussions, and since the Management Committee's request for reconsideration on December 9, the issue was discussed on an additional three member calls and one public call in 2017. Ms. Mealer reported that the Product Standards Committee would not change its original recommendation against adding a provision for Management of Benefits. Ms. Mealer stated that the Product Standards Committee does not believe it will reach consensus on this issue until there is agreement among regulators for a uniform approach to addressing situations where a policyholder has more than one policy providing benefits for reimbursement of long-term care expenses. Ms. Mealer stated that the Product Standards Committee has concluded that the Industry Advisory Committee's request may go beyond the relevant provisions in the current NAIC *Long-Term Care Insurance Model Regulation* ("NAIC Model"), that it is unclear whether such a provision is necessary, since many products currently in the marketplace are not stand-alone long-term care policies and would not be subject to the provision, and that significant policy issues remain, particularly in regards to when to permit it, and whether there should be reduced premiums if a policyholder has more than one policy with a company. Ms. Mealer stated that the Product Standards Committee recommends that the issue be referred to the NAIC Senior Issues (B) Task Force, and its Long-Term Care Innovations (B) Working Group, for further discussion among regulators regarding whether amendments to the NAIC Model should be considered to provide clearer guidance on how to address multiple policies. Ms. Mealer reported that the Product Standards Committee did develop draft language for a potential provision at

the Management Committee's request. Ms. Mealer reported that the draft was exposed for comment, and a public call was held on March 14th. Ms. Mealer emphasized that the Product Standards Committee was not recommending that this language be included in the Uniform Standards at this time.

Ms. Mealer then summarized the second issue on which written comments were received, a request from a company filer for technical amendments to Appendix A of *Standards for Forms Required to Be Used With an Individual Long-Term Care Insurance Application*. Ms. Mealer stated that while the Product Standards Committee understands the reason for the request, the Appendix is a copy of the most recent version of the Personal Worksheet in the NAIC Model and as such, any changes should be made to the NAIC Model itself. Ms. Mealer reported that the amendments proposed by the Product Standards Committee to the *Standards for Forms Required to Be Used With an Individual Long-Term Care Insurance Application* state that any subsequent amendments to the Model's personal worksheet will become part of the Insurance Compact Uniform Standard.

Ms. Mealer stated that going forward, the Product Standards Committee will focus on Phase 8 of the Five-Year Review. Ms. Mealer reported that the comment period for Phase 8 ended on March 31, and the Insurance Compact Office is preparing the initial report to be published for comment. Ms. Mealer stated that the Product Standards Committee also plans to expose a draft proposal for uniform standards for incidental benefits for life insurance products, and a proposal to add a death benefit proceeds provision to the annuity standards. Ms. Mealer concluded her report.

Mr. Tobin commented that a non-duplication of benefits provision would fit within the NAIC Model and has been allowed in most states for two decades. Mr. Tobin suggested the matter be referred back to the Product Standards Committee for further analysis. Mr. Bridgeland stated that the Consumer Advisory Committee agrees with the recommendation of the Product Standards Committee that no change be made to the Uniform Standards. Mr. Birnbaum expressed support for the recommendation of the Consumer Advisory and Product Standards Committees, and stated that a Management of Benefits provision would incentivize companies to sell multiple policies to a consumer. Mr. Birnbaum stated that it is a benefit to consumers to have products tailored to their needs. There were no further questions. Superintendent Cioppa requested a motion from a member of the Commission to refer the issue and the draft provision to the NAIC Senior Issues (B) Task Force, and its Long-Term Care Innovations Working Group. Director Lori K. Wing-Heier moved and Mr. Conway seconded. The motion carried.

Superintendent Cioppa continued to next agenda item, Management Consideration of Approval of Uniform Standards listed under Phase 6 of the Five-Year Review. Ms. Schutter explained that action on these Uniform Standards would be deferred, as advance electronic legislative notice was not provided, as required by the bylaws. Ms. Schutter stated that Agenda Items 3 and 4 would be deferred so that the Insurance Compact Office could provide legislative notice, and a joint meeting of the Management Committee and Commission would be convened in June to address these items.

Superintendent Cioppa continued to Agenda Item 5 and asked Commissioner Sevigny to provide the report of the Audit Committee. Commissioner Sevigny reported that the 2016 Audit was completed in a timely manner, and that the Commission received an unqualified opinion from RSM US LLP, the best opinion possible. Commissioner Sevigny stated that the Independent Auditors Report is included in the Commission's 2016 Annual Report, found on the Insurance Compact website. Commissioner Sevigny reported that the engagement partner from RSM met with the Audit Committee on March 24th via

teleconference to present the results of the 2016 audit and noted no deficiencies in the Commission's internal control structure, or disagreements, issues, or concerns with management. He stated that the Audit Committee continues to monitor the financial performance of the Commission. Commissioner Sevigny stated that the Commission will be asking the NAIC Executive Committee to make available a \$100,000 Line of Credit for 2017, as a matter of prudent governance to manage any unforeseen variance in the Commission's budgeted expenses. Commissioner Sevigny concluded his report and there were no questions. Superintendent Cioppa requested a motion to adopt the report of the Audit Committee. Commissioner Richardson moved and Superintendent Dwyer seconded. The motion was adopted.

Superintendent Cioppa moved to the next agenda item and invited Ms. Lee to deliver the report of the Communications Committee. Ms. Lee reported that the Communications Committee held a conference call in March to received feedback on its 2017 Work Plan. She stated that the Communications Committee continues to look at ways for Compact Members to encourage their domestics to utilize the Insurance Compact as the preferred filing method for eligible products. She stated that the Communications Committee would like to develop more tools for this, and will make a recommendation by the August in-person meeting. Ms. Lee reported that the Committee is exploring the use of social media by state insurance departments, who might include information about the Insurance Compact in official tweets. Ms. Lee remarked that outreach to new insurance department staff regarding the Insurance Compact is often overlooked. Ms. Lee reported that the Communications Committee will work with the Insurance Compact Office to coordinate a Roundtable discussion later in the year to involve commissioners, regulators, industry and company representatives, state legislators, and consumer representatives. The purpose of the roundtable will be to discuss ways that all parties can work together to encourage all states to join the Compact and fuller utilization of the Compact by industry. Ms. Lee concluded her report and there were no additional questions. Superintendent Cioppa recommended that the Commission hear the next Committee Reports and consider approval of the Communications, Finance, and Rulemaking Committee Reports in a single motion. There were no objections.

Superintendent Cioppa continued to the next agenda item. The Superintendent congratulated Director Froment on her recent appointment and asked her to deliver the report of the Finance Committee. Director Froment reported that the Finance Committee held a member call on March 23rd to receive an update from the Insurance Compact Office on the end-of-year audited financials and to review the 2017 financials, to date. Director Froment reported that the Commission earned \$2,015,869 in 2016, which was 100% of the budgeted revenue and approximately 35% more than the revenue earned in 2015. Director Froment stated that a record number of companies registered last year and the Insurance Compact received over 1,000 product filings. She reported that regulatory developments and the improved product development cycle positively affected the product filing volumes of 2016, and companies filed new products and updated previously-approved products to address Five-Year Review changes in certain Uniform Standards, to respond to the changing requirements of the Department of Labor fiduciary rules, and to prepare for the transition to the new CSO Mortality Table requirements that became effective starting in 2017. Director Froment reported that registrations and product volumes are sustained for 2017. She stated that Commission expenses were approximately 2% under budget in 2016, and 5% under thru the end of February 2017. Director Froment reported that the Commission's revenue in 2017 is more than 5% over budget and 6% over earned revenues in 2016. Director Froment concluded her report and there were no questions.

Superintendent Cioppa continued to the next agenda item and asked Superintendent Dwyer to deliver the report of the Rulemaking Committee. Superintendent Dwyer reported that the Rulemaking Committee held a member call on March 30th to discuss and draft a plan to address certain items that were referred to the Committee. Superintendent Dwyer stated that the Rulemaking Committee will focus on developing guidelines for participation by the Insurance Compact Office in third-party litigation for the purposes of providing information on the background and operation of the Compact and its Uniform Standards. Superintendent Dwyer remarked that third-party litigation has occurred in Rhode Island, and emphasized the importance of having guidelines in place before such information is requested. Superintendent Dwyer stated that the Rulemaking Committee is reviewing and drafting proposed guidelines, and will meet later in the month to finalize their proposal before circulating for public comment, with the goal of presenting the guidelines to the Management Committee in advance of its next in-person meeting. Superintendent Dwyer stated that the Rulemaking Committee also plans to propose amendments to the Commission Bylaws. She stated that certain amendments were suggested by the Insurance Compact Office, some by outside counsel to strengthen the Commission's position as a Section 115 tax-exempt entity, and others are intended to address practical issues, such as the current requirement that a proxy be designated for each meeting, as opposed to covering a period of time. Superintendent Dwyer stated that the Rulemaking Committee will seek public comments on the proposed amendments, and solicit comments on other Bylaw changes before making a recommendation to the Management Committee at its next in-person meeting. She reported that the Committee will also continue to review the Mix and Match procedures, and whether further changes to the Operating Procedures are recommended. Superintendent Dwyer concluded her report and there were no questions.

Superintendent Cioppa requested a motion from the Management Committee to adopt the reports of the Communications, Finance, Product Standards, and Rulemaking Committees. Acting Director Lindley-Myers moved and Ms. Fabian-Marks seconded. There was no further discussion and the motion carried.

Superintendent Cioppa proceeded to the next agenda item and requested a joint motion of the Management Committee and Commission to adopt the meeting minutes of the December 9, 2016 Joint Meeting of the Management Committee and Commission. Ms. Fabian-Marks moved and Director Froment seconded. Superintendent Cioppa called for a voice vote. The motion carried, and the meeting minutes were adopted. Superintendent Cioppa then requested a motion from a member of the Management Committee to approve the minutes of its March 13th meeting. Director Froment moved and Ms. Dove seconded. The motion carried.

Superintendent Cioppa continued to the next agenda item and asked Ms. Schutter to deliver the Operational Update. Ms. Schutter provided an update on recent Compact registration and product filing statistics. Ms. Schutter reported that the Insurance Compact Office modified a product filing statistic in the report to reflect the median number of states included in product filings instead of the average, to be more representative of the fact that the majority of Compact filings include all Compacting States. Ms. Schutter reported that Alice Fontaine, who was the first actuary to provide services to the Compact, was no longer providing services as of the end of 2016 and Ms. Schutter acknowledged Ms. Fontaine's contributions to the Compact. Ms. Schutter reported that the Insurance Compact Office issued a new Filing Information Notice to Compact filers regarding the process for revisions to forms and supporting documentation in Compact filings. Ms. Schutter stated that the purpose of this filing guidance is to better align the review effort with the maturity of Compact product approvals. Ms. Schutter reported that Compact legislation has been introduced in New York and the District of Columbia in the 2017

legislative session. Ms. Schutter reported that legislation in Connecticut will become effective on July 1st and that companies can include or add Connecticut on Compact filings beginning July 18th. Ms. Schutter provided an update on Insurance Compact outreach efforts, and reported that throughout the year, the Insurance Compact will offer a webinar for company filers to provide more detail on the new filing guidance, and a webinar for regulator actuaries to provide an overview of the Compact and the actuarial requirements in the Uniform Standards. Ms. Schutter reported that she will be reaching out to the Commissioner of each Member-state to schedule a 30-minute State of the Compact call before the August in-person meeting. Ms. Schutter concluded her report and there were no questions.

As there were no other matters, Superintendent Dwyer moved to adjourn. Director Lindley-Myers seconded and the meeting was adjourned.