

INTERSTATE INSURANCE  
PRODUCT REGULATION COMMISSION



*States, Strength & Speed Aligned*

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

**Monday, April 27, 2009**

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

**AGENDA**

1. Roll Call
2. **Public Hearing on Uniform Standards Issued February 26, 2009**
3. **Consideration of Approval of Uniform Standards from Public Hearing**
4. **Consideration of Approval of Amendments to the IIPRC Terms and Procedures for IIPRC Filing Fees issued February 23, 2009**
5. **Report of the Finance Committee and Consider Adoption of Finance Committee Report**
6. **Report and Recommendation of the Communications Committee and Consider Adoption of the Communications Committee Report and Recommendation**
7. **Report of the Technology Committee and Consider Adoption of the Technology Committee Report**
8. **Report of Product Standards Committee and Consider Adoption of Product Standards Committee Report**
9. **Report and Recommendation of the Rulemaking Committee and Consider Approval of Rulemaking Committee Report and Recommendation**
10. **Review of IIPRC Outreach Efforts**
11. **Consideration of Approval of March 14, 2009 Management Committee Meeting Minutes**
12. **Operational Update**
13. **Report of the Search Committee**

14. Any Other Matters

15. Adjourn

**Minutes of the Meeting of Management Committee of  
The Interstate Insurance Product Regulation Commission (IIPRC)  
Monday, April 27, 2009**

**Members of the Management Committee in attendance:**

Commissioner Jane L. Cline, Chair, West Virginia  
Director Mary Jo Hudson, Vice Chair, Ohio  
Commissioner Sean Dilweg, Treasurer, Wisconsin  
Director William Deal, Idaho  
John Kissling as a designated representative for Director Jim Atterholt, Indiana  
Edward Charbonnier as a designated representative for Commissioner Nonnie Burnes, Massachusetts  
Joan Moiles as a designated representative for Commissioner Kenneth Ross, Michigan  
Commissioner Wayne Goodwin, North Carolina  
Commissioner Kim Holland, Oklahoma  
Brad Harker as a designated representative for Commissioner Joel Ario, Pennsylvania  
Sara Waitt as a designated representative for Commissioner Mike Geeslin, Texas  
Commissioner Paulette Thabault, Vermont

**Members of the Commission in attendance:**

Shelley Santo, Hawaii  
Director Ann Frohman, Nebraska  
Commissioner Kent Michie, Utah

**Regulator Staff in attendance:**

Marlyn Burch, Kansas  
Malinda Shepherd, Kentucky  
Ron Henderson, Louisiana  
Brian Pennington, Minnesota  
Louis Belo, North Carolina  
Ted Hamby, North Carolina  
Sue Real, Ohio  
Mike Ridgeway, Oklahoma  
Kathie Stepp, Oklahoma  
Sol Marrero, Puerto Rico  
Shawn Hawk, Tennessee  
Betsy Jerome, Utah  
Beth Berendt, Washington  
Victor Mullins, West Virginia

**Members of the Legislative Committee in attendance:**

Mike Humphreys, NCOIL  
Susan Nolan, NCOIL Executive Director

**Members of the Industry Advisory Committee in attendance:**

Steve Buhr, AEGON  
Michael Gerber, NAIFA  
Dennis Herchel, Massachusetts Mutual  
Miriam Krol, ACLI  
Joe Muratore, New York Life  
Cande Olsen, Actuarial Resources on behalf of ACLI

**Members of the Consumer Advisory Committee in attendance:**

T. Ryan Wilson, AARP

Brendan Bridgeland, Center for Insurance Research

James Wenzel, Consumer Protection & Public Health Division Office of the Attorney, State of Texas

**Interested Parties in attendance:**

Mary Kosinski, Arizona

Gail Keren, New York

Nancy Johnson, UNUM

Lynn Espeland, Woodmen of the World

**IIPRC Staff in attendance:**

Karen Schutter, Interim Executive Director

Sara Dubsky, Operations Manager

Karyn Onyeneho, Administrative Assistant

Alice Fontaine, Actuarial Consultant

**NAIC Staff in attendance:**

Becky McElduff, Senior Counsel

Commissioner Cline called to order the meeting of the Management Committee of the Interstate Insurance Product Regulation Commission (IIPRC). Commissioner Cline asked for a roll call of the Management Committee members as well as the members of the Legislative Committee, Consumer and Industry Advisory Committees. Commissioner Cline proceeded to the first item on the Agenda, the Public Hearing on two (2) Uniform Standards issued on February 26, 2009; and the proposed amendments to the IIPRC Terms and Procedures for IIPRC Filing Fees. Commissioner Cline noted that the Public Hearing was requested by Director Hudson.

Commissioner Cline stated that the two (2) Standards which were being considered for approval were the Additional Standards for Market Value Adjustment Feature Provided through a Separate Account and the Additional Standards for Market Value Adjustment Feature Provided through General Accounts. Commissioner Cline explained that the proposed amendments to the IIPRC Terms and Procedures for IIPRC Filing Fees create a regional insurer annual registration fee for regional filers, which are defined as companies that file in five (5) or less states annually. The regional insurer annual registration fee would be \$2,500 on January 1 and then would be prorated to \$1,250 on July 1; and the per product filing fee for regional filers would be \$250. Commissioner Cline stated that the proposed amendments would also create an amended product filing fee which would apply to filings that amend an approved IIPRC product filing. There are two exceptions, the first being amendments that correct typographical or formatting errors, and the second would be to add states to a product filing or update Statement of Intent and Certification. Commissioner Cline noted that comments from the Industry Advisory Committee were received regarding the two (2) Uniform Standards which were being considered for approval. Commissioner Cline asked if there were any other comments regarding the two (2) Uniform Standards and amendments to the IIPRC Terms and Procedures for IIPRC Filing Fees. Hearing no other comments, Commissioner Cline asked if the Industry Advisory Committee would like to explain their comments. Ms. Olsen explained that the comments submitted pertained to the language contained in the scope of the two (2) Uniform Standards; and suggested that the title of the Additional Standards for Market Value Adjustment Feature Provided through the General Account be amended.

Commissioner Cline asked if there were any other comments. Hearing none, Commissioner Cline concluded the Public Hearing. Commissioner Cline asked for a motion to approve the two (2) Uniform Standards. Commissioner Dilweg made a motion and Director Deal seconded the motion. Commissioner Cline asked if there were any questions. Hearing none, a roll call vote was taken and the motion passed unanimously.

Commissioner Cline noted that the Commission would consider the adoption of the two (2) Uniform Standards during the next Commission meeting on April 30.

Commissioner Cline turned to the next item on the Agenda, approval of amendments to the IIPRC Terms and Procedures for IIPRC Filing Fees issued on February 23, 2009. Commissioner Holland made a motion and Director Deal seconded the motion. Commissioner Cline asked for any questions or further discussion. Hearing none, a roll call vote was taken and the motion passed unanimously.

Commissioner Cline turned to the next item on the Agenda, the report of the Finance Committee; and asked Director Frohman to provide the report. Director Frohman stated that the Finance Committee was closely monitoring the 2009 IIPRC Budget and its current financial developments. Director Frohman noted that the Finance Committee met via teleconference at the end of March to review the 2008 Audited Financial Statements along with the 2009 January and February Financial Statements. Director Frohman advised that the Finance Committee recently held a joint conference call with the Audit Committee and discussed the IIPRC's 2009 Financial Statements; and reviewed the 2009 budget projections for the purpose of assessing the IIPRC's budget to actuals with regard to operating costs. Director Frohman noted that it was difficult to budget the expected volume of registrations and filing fee revenue for 2009 as last year was the first full year of operational activity. Director Frohman noted that the IIPRC currently exceeded company registrations in the first quarter compared to all registrations received in 2008. Director Frohman remarked that more companies are expected to register with the IIPRC with the adoption of more Uniform Standards and once concerns with "mix and match" were addressed. Director Frohman stated that IIPRC expenses were under budget due to the vacancy of the Executive Director, and the decline in the travel for IIPRC staff, consultants and Commissioners. Director Frohman stated that the projected expenses for the IIPRC were manageable considering the lower-than-anticipated revenue and the current line of credit from the NAIC. Director Frohman commented that the Finance Committee was still committed to closely monitoring budget activity for the IIPRC in the event that an additional line of credit was necessary, and noted, however, that there did not seem to be a need for an additional line of credit at this time. Director Frohman explained that the Finance Committee would work with the IIPRC Office to prepare a recommendation for a draft budget for 2010.

Commissioner Cline asked if there were any questions for Director Frohman regarding the report of the Finance Committee. Hearing none, Commissioner Cline asked for a motion to adopt the report of the Finance Committee. Commissioner Dilweg made a motion and Commissioner Thabault seconded the motion. Commissioner Cline asked if there were further discussion. Hearing none, a roll call vote was taken and the motion passed unanimously.

Commissioner Cline proceeded to the next item on the Agenda, the report of the Communications Committee; and asked Commissioner Holland to provide the report. Commissioner Holland noted that the Communications Committee held a public teleconference on April 2 to receive comments on a recommendation to create a focus group for the IIPRC. The focus group would provide customer and consumer feedback to the IIPRC with regard to the product filing process as well as provide input on communication effectiveness to potential and existing filers. Commissioner Holland stated that the focus group would review any issues related to the System for Electronic Rate and Form Filing (SERFF) and Uniform Standards to provide input regarding the IIPRC's central point of filing. Commissioner Holland explained that the focus group would be comprised of consumer representatives as well as current and potential IIPRC filers. Commissioner Holland remarked that the focus group was expected to complete its work in one (1) year or less. Commissioner Holland stated that the focus group would be beneficial to the IIPRC in providing critical and ongoing feedback with regard to the product filing process. Commissioner Holland noted that the Communications Committee would meet with the IIPRC Office in the coming weeks to provide a review and feedback on the 2008 Annual Report, as well as review recommendations from the IIPRC on enhanced messaging and branding suggestions.

Commissioner Cline asked if there were any questions or comments regarding the report of the Communications Committee. Hearing none, Commissioner Cline asked for a motion to adopt the report of the Communications Committee and the recommendation to establish a focus group. Commissioner Dilweg made a motion and Director Deal seconded the motion. Commissioner Cline asked if there were further discussion. Hearing none, a roll call vote was taken and the motion passed unanimously.

Commissioner Cline moved to the next item on the Agenda, the report of the Product Standards Committee; and asked Ms. Waitt to provide the report. Ms. Waitt reported that there were no standards ready for Management Committee action and that the Product Standards Committee would continue to work on the suite of uniform standards for individual long term care. Ms. Waitt stated that the Product Standards Committee is waiting to receive additional standards from the NAIC National Standards (EX1) Working Group for applications and rate increases for the long term care product line. Ms. Waitt explained that the Product Standards Committee would recommend all long term care standards to the Management Committee once the suite of individual long term care standards was ready to be vetted for comment. Ms. Waitt advised that the Product Standards Committee encourages Member states, as well as prospective Member states, to follow the development of these standards at the Working Group and Product Standards Committee levels. Ms. Waitt stated that the Product Standards Committee is waiting to receive new drafts of uniform standards under development for the other product lines by the NAIC National Standards Working Group. Ms. Waitt thanked all groups involved in the development of draft standards for their time and continued efforts.

Commissioner Cline asked if there were any questions regarding the report of the Product Standards Committee. Hearing none, Commissioner Cline asked for a motion to adopt the report of the Product Standards Committee. Director Deal made a motion and Commissioner Dilweg seconded the motion. Commissioner Cline asked if there were any comments or further discussion. Hearing none, a roll call vote was taken and the motion passed unanimously.

Commissioner Cline turned to the next item on the Agenda, the Report of the Rulemaking Committee; and asked Commissioner Thabault to provide the report. Commissioner Thabault stated that the Rulemaking Committee was in the process of proposing amendments to the Operating Procedure for the Filing and Approval of Product Filings. The amendments would remove the two-year timeline associated with the “mix and match” of Compact-approved product components with state-approved product components. Commissioner Thabault noted that the two-year timeline has been implemented for the individual life product line with an end date of August 2010. Commissioner Thabault advised that the timeline raised concerns from companies who have expressed that it was challenging in many respects to move their product portfolio to the IIPRC over a short period of time. Commissioner Thabault noted that the Rulemaking Committee met on April 13 to receive comments on the proposed amendments to the Operating Procedure for the Filing and Approval of Product Filings. Commissioner Thabault noted that the Industry Advisory Committee was in support of removing the two-year timeline with regard to the “mix and match” process. Commissioner Thabault remarked that Mr. Bridgeland expressed concerns regarding the elimination of the “mix and match” timeline. It was explained that Mr. Bridgeland felt that the companies would not have many incentives in moving their product portfolio to the IIPRC and that this would create a long-term bifurcated system. Commissioner Thabault reported that the IIPRC Office provided a recommendation to the Technology Committee to enhance SERFF in order to address concerns expressed from states regarding the ability to track “mix and match” product filings. Commissioner Thabault thanked the Technology Committee for their efforts in preparing the recommendations to the Management Committee for consideration. Commissioner Thabault explained that the Rulemaking Committee decided to retain Appendix A for the purpose of identifying the types of products that are eligible for “mix and match”. Commissioner Thabault noted that a small number of Member states agreed with retaining Appendix A in order to gain a clear understanding of which Compact-approved product components could be used with state-approved product components. Commissioner Thabault suggested that the Management Committee consider specific comments, as well as suggestive language, regarding the retention of Appendix A once amendments to the Operating Procedure for the Filing and Approval of Product Filings were published for

notice and comment. Commissioner Thabault made a motion to publish for notice and comment the proposed amendments to the Operating Procedure for the Filing and Approval of Product Filings that would delete the two year time frame and retain Appendix A Commissioner Dilweg seconded the motion.

Ms. Waitt stated that the Product Standards Committee supported the retention of Appendix A. Ms. Waitt noted that the Product Standards Committee was open-minded in determining the best and most practical method of tracking what products are eligible for “mix and match”. Ms. Waitt noted that the Product Standards Committee intends to clearly indicate its recommendations to the Management Committee as to the availability of “mix and match” for each new standard.

Ms. Krol stated that the Industry Advisory Committee was in opposition to retaining Appendix A and noted that the Committee would provide further comments in this regard during the 60-day public comment period.

Mr. Herchel agreed with Ms. Krol and stated that the Industry Advisory Committee was pleased with the deletion of the two-year “mix and match” timeline as this is a matter of concern for the ongoing success of the IIPRC.

Mr. Bridgeland expressed objection for the recommendation to delete the two-year “mix and match” timeline without another incentive to ensure companies file with the IIPRC.

Commissioner Cline asked if there any other comments. Hearing none, a roll call vote was taken and the motion passed unanimously. Ms. Schutter noted that the notice would be published on the IIPRC web site following the meeting of the Management Committee.

Commissioner Cline asked Commissioner Thabault to continue with the report of the Rulemaking Committee. Commissioner Thabault reported that the Rulemaking Committee held a public teleconference on February 25 to receive comments on the draft Self-Certification Rule. Commissioner Thabault noted that a subsequent meeting was held in which the Rulemaking Committee made recommendations to the IIPRC Office to perform additional research and follow-up with other states that have a self-certification process for life and annuity filings and to report these finding back to the Committee. Commissioner Thabault suggested that the Rulemaking Committee defer working on the draft Self-Certification Rule until there was a need for the Rule in the future.

Commissioner Cline asked if there were any questions regarding the report of the Rulemaking Committee.

Ms. Krol stated that it would be a major hindrance to defer the development of the Rule for Self-Certification. Ms. Krol informed that group annuity products, particularly with regard to products sold in a sophisticated market, were eligible for self-certification. Ms. Krol advised that it was not necessary to develop group annuity standards if the Rule were not in place.

Director Hudson stated that she received feedback from a few state regulators who noted that the self-certification process was a general issue and that deferment in the development of the Rule for Self-Certification would not impede the standards development process for group annuity products.

Mr. Buhr stated that the Self-Certification Rule was pursued in anticipation of being used for group annuity products and further stated that if the development process for the Rule were deferred, there would be no need to continue developing group annuity standards hence preventing group annuity product filings. Mr. Buhr agreed with Ms. Krol in that the development of group annuity standards should not be pursued if the development of the Rule was deferred.

Director Hudson stated that with the deferment to the development of the Self-Certification Rule the development process was not being eliminated. Director Hudson stated that at this time, there was no need for an extensive development process for the Rule at this time.

Mr. Buhr stated that the Industry Advisory Committee anticipated that the Self-Certification Rule would apply to any product or product line which the IIPRC considered was appropriate. Mr. Buhr agreed with Director Hudson in that there may not be a need for an extensive approach to the development of the Self-Certification Rule at this time.

Commissioner Cline stated that there was a great deal of confusion on the subject of the Self-Certification Rule and recommended that the development process for the Rule be considered for the future.

Commissioner Thabault stated that the Rulemaking Committee would move forward in the development process of the Self-Certification Rule if the Management Committee deemed necessary, but agreed with Commissioner Cline in that the development process should be pursued at a later time.

Commissioner Dilweg asked if the Self-Certification Rule could be pursued on a product-by-product basis as opposed to taking an extensive approach on the matter.

Commissioner Thabault stated that once it became apparent that there was a product in which the Self-Certification Rule would be appropriate, that the Rulemaking Committee would move forward with the development process in identifying a Rule that would be applicable.

Ms. Krol stated that the Self-Certification Rule was prescribed in the Compact Statute in anticipation that group annuity products would be developed. Ms. Krol made a recommendation to the Management Committee to continue further discussions about issues surrounding the Self-Certification Rule.

Commissioner Hudson stated that further discussion of the development process of the Self-Certification Rule was necessary in order to ensure the effectiveness of the Rule when group annuity standards are developed. It was suggested that Commissioner Thabault provide a timeline as to when it would be necessary to develop and approve the Self-Certification Rule subsequent to the development and approval of group annuity products and asked if this process could be concurrent.

Commissioner Thabault stated that the Self-Certification Rule could be developed and approved within three (3) months subsequent to the development of group annuity product standards. Commissioner Thabault noted that the Rulemaking Committee was willing to continue developing the draft Self-Certification Rule.

Director Hudson suggested that the applicable products eligible under the Self-Certification Rule should be considered on a product-by-product basis.

Ms. Berendt recommended that a separate meeting be held to address issues surrounding the Self-Certification Rule as there was a great deal of confusion on the subject. Ms. Berendt stated that this meeting should also address whether the Rule, in and of itself, was necessary at all for product filings. Ms. Berendt also stated that this meeting would provide more guidance to the Rulemaking Committee on the direction of the development of the Self-Certification Rule.

Commissioner Cline agreed with Ms. Berendt in that a separate meeting should be held to address concerns and issues surrounding the Self-Certification Rule for the purpose of determining the direction of the development process.



Commissioner Cline asked if there were any further comments. Hearing none, Commissioner Cline asked for a motion to adopt the report of the Rulemaking Committee. Director Deal made a motion and Director Hudson seconded the motion. A roll call vote was taken and motion passed unanimously.

Commissioner Cline proceeded to the next item on the Agenda, the report of the Technology Committee; and Commissioner Cline asked Director Hudson to provide the report on behalf of Commissioner Voss.

Director Hudson reported that the Technology Committee convened a member-only teleconference at the end of March and a public teleconference on April 21 for the purpose of considering recommendations to the Management Committee for suggested enhancements to SERFF. The enhancements to SERFF are intended to address the ability for states to search and track “mix and match” product filings. Director Hudson reported that the Rulemaking Committee requested the IIPRC Office along with the SERFF Staff explore possible SERFF enhancements to better track “mix and match” product filings. Director Hudson explained that the first enhancement to SERFF would be to convert the Statement of Intent into fielded data which would allow the states to obtain a report and to associate Compact-approved product components with state-approved product components. Director Hudson stated that the second enhancement to SERFF would add a new field in the Compact Filing Wizard in order to enable filers to indicate which filings contain “mix and match” products. Director Hudson advised that the total estimate for both enhancements was 375 hours and noted that the enhancements would be included in the SERFF 5.7 release, which is expected to be available at the end of the third quarter or in the beginning of the fourth quarter of this year. Director Hudson reported that the IIPRC had a sufficient reserve of hours and that there would be no additional cost associated with these enhancements.

Commissioner Cline asked if there were any questions regarding the report of the Technology Committee. Hearing none, Commissioner Cline asked for a motion to adopt the report of the Technology Committee. Director Hudson made a motion and Commissioner Thabault seconded the motion. A roll call vote was taken and the motion passed unanimously.

Moving to the next Agenda item, Commissioner Cline asked Ms. Schutter to provide a review of IIPRC outreach efforts.

Ms. Schutter stated that the IIPRC Office was involved in reaching out to a number of companies in order to provide valuable and beneficial information about the usefulness of the Compact. Ms. Schutter stated that the IIPRC Team would make a presentation during the NAIC E-Reg Conference on April 28 and noted that the IIPRC Staff would also host a post-conference session to provide a more comprehensive discussion on the Compact, Uniform Standards and the product filing process. Ms. Schutter noted that the IIPRC Team participated in a presentation during the AICP’s meeting of the Heartland Chapter as well as hosted webinar sessions which focused on the subject of actuarial issues and annuity standards, lead by Alice Fontaine, the IIPRC’s Actuary.

Commissioner Cline turned to the next item on the agenda, which was to consider the adoption of the March 14, 2009 Management Committee Meeting Minutes. Commissioner Cline noted that the Management Committee received comments from Mr. Beatty which have been incorporated into the minutes and asked if there were any additional edits to the minutes. Hearing none, Commissioner Cline asked for a motion to adopt the Meeting Minutes. Director Deal made a motion and Commissioner Dilweg seconded the motion. A roll call vote was taken and the March 14 Management Committee Meeting Minutes were approved by a unanimous roll call vote.

Commissioner Cline asked Ms. Schutter to provide an operational update of the IIPRC. Ms. Schutter stated that the IIPRC received 48 2009 annual registrations thus far. Ms. Schutter also stated that 46 filings were submitted to the IIPRC Office since the beginning of 2009 and noted that this demonstrated positive upward

progress for the IIPRC. Commissioner Cline asked if there were any questions regarding the IIPRC operational update.

Commissioner Cline turned to the next Agenda item, an update of the Search Committee; and asked Director Hudson to provide the update.

Director Hudson stated that the Search Committee received several resumes through the various employment postings for the IIPRC Executive Director position. Director Hudson stated that the Search Committee was able to narrow the list of potential candidates to five (5), of whom were interviewed in Chicago. Director Hudson stated that the Search Committee would reconvene in the coming week for the purpose of making a recommendation to the Management Committee in selecting a candidate for the Executive Director position.

Commissioner Cline asked if there were any questions regarding the report of the Search Committee. Commissioner Cline noted that the Commission would meet via teleconference on April 30 for the purpose of considering the adoption of the two (2) Uniform Standards issued on February 26; and amendments to the Operating Procedure for the IIPRC Terms and Procedures for IIPRC Filing Fees. Commissioner Cline noted that reference materials for this teleconference were available on the IIPRC web site.

Commissioner Cline thanked all IIPRC Committees for their work and asked for a motion to adjourn the meeting of the Management Committee. Director Hudson made a motion and Director Deal seconded the motion. The meeting of the Management Committee was adjourned.