

INTERSTATE INSURANCE  
PRODUCT REGULATION COMMISSION



*States, Strength & Speed Aligned*

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

**Thursday, March 25, 2009**

Hyatt Regency Denver at Colorado Convention Center

Denver, CO

Meeting Room: Centennial D – 3<sup>rd</sup> Level

**3:00pm – 5:00pm MT**

1. Roll Call
2. **Public Hearing on the Proposed Individual Long-Term Care Insurance Policies Issued January 21, 2010**
3. **Report of the Associate Membership Exploratory Committee and Consideration by the Management Committee to Adopt the Report and Recommendation of the Associate Membership Exploratory Committee**
4. **Report of the Audit Committee and Consideration by the Commission to Adopt the Report of the Audit Committee**
5. **Report of the Communications Committee and Consideration by the Management Committee to Adopt the Report of the Communications Committee**
6. **Report of the Finance Committee and Consideration by the Management Committee to Adopt the Report of the Finance Committee**
7. **Report of the Product Standards Committee and Consideration by the Management Committee to Adopt the Report and Recommendation of the Product Standards Committee**
8. **Management Committee Consideration to Approve Amendment to Remove Drafting Note in Additional Standards for Market Value Adjustment Feature Provided through the General Account**
9. **Commission Consideration to Adopt the Amendment to Remove Drafting Note in Additional Standards for Market Value Adjustment Feature Provided through the General Account**
10. **Report of the Rulemaking Committee and Consideration by the Management Committee to Adopt the Report of the Rulemaking Committee**
11. **Report of the Technology Committee and Consideration by the Management Committee to Adopt the Report of the Technology Committee**

12. **Management Committee Consideration to Approve the January 25, 2010 Management Committee Meeting Minutes and the February 22, 2010 Joint Management Committee and Commission Meeting Minutes**
13. **Commission Consideration to Adopt the February 22, 2010 Joint Management Committee and Commission Meeting Minutes**
14. **Operational Update**
15. Any Other Matters
16. Adjourn

**Minutes of the Joint Meeting of the Interstate Insurance  
Product Regulation Commission and its Management Committee  
Thursday, March 25, 2010**

**Members of the Commission in attendance:**

Director Mary Jo Hudson, Chair, Ohio  
Sue Ezalarab as a designated representative for Commissioner Sean Dilweg, Vice Chair, Wisconsin  
Commissioner Paulette Thabault, Treasurer, Vermont  
Director Linda Hall, Alaska  
Commissioner Marcy Morrison, Colorado  
Margaret Witten as a designated representative for Commissioner John W. Oxendine, Georgia  
Kathleen Nakasone, Hawaii  
Director William W. Deal, Idaho  
Robyn Crossyn as a designated representative for Commissioner Carol Cutter, Indiana  
Commissioner Susan Voss, Iowa  
Commissioner Sandy Praeger, Kansas  
Commissioner Sharon P. Clark, Kentucky  
Commissioner James Donelon, Louisiana  
Eric Cioppa as a designated representative for Superintendent Mila Kofman, Maine  
Acting Commissioner Elizabeth Sammis, Maryland  
Matt Regan as a designated representative for Commissioner Joe Murphy, Massachusetts  
Commissioner Kenneth Ross, Michigan  
Emmanuel Munson-Regala as a designated representative for Commissioner Glenn Wilson, Minnesota  
Aaron Sisk as a designated representative for Commissioner Mike Chaney, Mississippi  
Matt Barton as a designated representative for Director John M. Huff, Missouri  
Director Ann M. Frohman, Nebraska  
Commissioner Roger A. Seigny, New Hampshire  
Thomas Bowling as a designated representative for Superintendent Morris J. Chavez, New Mexico  
Louis Belo as a designated representative for Commissioner Wayne Goodwin, North Carolina  
Commissioner Kim Holland, Oklahoma  
Peter Camacci as a designated representative for Commissioner Joel Ario, Pennsylvania  
Yvette Domenech as a designated representative for Commissioner Ramón Cruz-Colón, Puerto Rico  
Elizabeth Dwyer as a designated representative for Superintendent Joseph Torti III, Rhode Island  
Andrew Dvorine as a designated representative for Director Scott Richardson, South Carolina  
Commissioner Leslie A. Newman, Tennessee  
Sara Waitt as a designated representative for Commissioner Mike Geeslin, Texas  
Acting Commissioner Neal T. Gooch, Utah  
Don Beatty as a designated representative for Commissioner Alfred Gross, Virginia  
Commissioner Mike Kreidler, Washington  
Commissioner Jane Cline, West Virginia  
Commissioner Ken Vines, Wyoming

**State Regulator Staff in attendance:**

Martha Im, Hawaii  
Ron Henderson, Louisiana  
Joan Moiles, Michigan  
Brian Pennington, Minnesota  
John Rink, Nebraska  
Michael Wilkey, New Hampshire  
Doug Anderson, Ohio  
Susan Dobbins, Oklahoma  
Kathie Stepp, Oklahoma

Ana Smith-Daley, Texas  
Betsy Jerome, Utah  
Herb Olson, Vermont  
Beth Berendt, Washington

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

Senator Brian Taniguchi, Hawaii  
Senator Delores Kelley, Maryland  
Representative Brian Patrick Kennedy, Rhode Island  
Susan Nolan, Executive Director, National Conference of Insurance Legislators (NCOIL)

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

Michael Lovendusky, American Council of Life Insurers (ACLI)  
Amanda Matthiesen, America's Health Insurance Plans (AHIP)  
Steve Buhr, AEGON/Transamerica Group  
Tom English, New York Life Insurance Company  
Maureen Adolf, Prudential Insurance Company of America  
Mary Keim, State Farm Life Insurance Company  
Bill Anderson, National Association of Insurance and Financial Advisors (NAIFA)

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

T. Ryan Wilson, AARP  
Brendan Bridgeland, Center for Insurance Research  
Ken Liberto, Vermont Association for Mental Health

**Interested Legislators in Attendance:**

Representative Greg Wren, Alabama  
Senator Carol Leavell, New Mexico  
Heather Morton, National Conference of State Legislatures

**Interested Regulators in Attendance:**

David Parsons, Alabama  
Brett Barratt, Nevada  
Gail Keren, New York

**Interested Parties in attendance and addressing the Commission:**

Bob Glowacki, Transamerica Life  
Lynn Bowser, Unum

**IIPRC Team in attendance:**

Karen Schutter, Executive Director  
Sara Dubsky, Operations Manager  
David Morris, Product Review Consultant  
Charles Rappacciuolo, Marketing & Development Consultant  
Alice Fontaine, Actuarial Consultant

**NAIC Staff in attendance:**

Becky McElduff, Senior Counsel  
Kay Noonan, General Counsel  
Jim Woody, Senior Manager - Business and Corporate Development

Amanda Yanek, Government Relations Legislative Analyst

Director Hudson called to order the joint meeting of the Interstate Insurance Product Regulation Commission (“IIPRC”) and its Management Committee.

Director Hudson proceeded to the first item on the agenda, the Public Hearing on the proposed long-term care Uniform Standards issued on January 21, 2010; as follows:

- Core Standards for Individual Long-Term Care Insurance Policies;
- Individual Long-Term Care Insurance Application Standards;
- Individual Long-Term Care Insurance Standards for the Outline of Coverage;
- Rate Filing Standards for Individual Long-Term Care Insurance—Issue Age Rate Schedule Only;
- Rate Filing Standards for Individual Long-Term Care Insurance—Modified Rate Schedules;
- Standards for Forms Required to be Used with an Individual Long-Term Care Insurance Application;
- Standards for Individual Long-Term Care Insurance Advertising Material;
- Standards for Individual Long-Term Care Insurance Application Change Form;
- Standards for Long-Term Care Insurance Benefit Features; and
- Standards for Riders, Endorsements or Amendments Used to Effect Individual Long-Term Care Insurance Policy Changes.

Director Hudson stated that comments on the proposed long-term care uniform standards were submitted from IIPRC Members as well from other interested parties prior to this joint meeting and noted that all comments received were available on the IIPRC web site.

Director Hudson asserted that the development process for the long-term care uniform standards involved a great deal of work and was a progressive process through support of the IIPRC Members. Director Hudson asked if there were any additional comments regarding the aforementioned uniform standards. Hearing none, Director Hudson called on Ms. Waitt to provide a general overview of the drafting process of these uniform standards.

Ms. Waitt described five (5) major decision factors that were considered by the Product Standards Committee during the long-term care uniform standards drafting process; which were:

- the specification in the statute that requires long-term care standards to provide the same or greater protections as the NAIC Model Law and Regulation;
- the authority for the IIPRC to approve rate filings;
- the ability to provide two (2) primary options for rate schedules—specifically, modified rate schedules and issue age rate schedules only;
- the recommendation to approve the suite of long-term care standards as one (1) complete package; and
- the recommendation to allow the use of “mix and match” of product components for the long-term care standards.

Ms. Waitt explained that the emphasis of these key decisions is specific to the primary benefit of the IIPRC in terms of its detailed and comprehensive review process. Ms. Waitt stated that the uniform standards provide more detailed guidance and requirements at a level not available in the individual states today. Ms. Waitt affirmed that the Product Standards Committee anticipates continued discussion on these uniform standards in order to ensure a strong set of requirements for long-term care product filings.

Director Hudson noted that comments regarding the long-term care uniform standards were submitted from Maryland, South Carolina, Massachusetts, Kentucky, Hawaii and Oklahoma; and asked Members to address any comments related thereto.

Acting Commissioner Sammis expressed concerns that the long-term care uniform standards do not include restrictions on rate increases and noted that this was a valuable consumer protection provision.

Mr. Dvorine stated that requiring companies to offer home health care coverage is a very important consumer protection in South Carolina and should be clearly set forth in the long-term care uniform standards.

Commissioner Clark referred to the comment letter filed by the Kentucky Department of Insurance asking for clarification and stating concerns with certain provisions of the uniform standards.

Ms. Nakasone noted that Hawaii submitted comments to the Management Committee to address concerns regarding initial rate filings versus subsequent rate filings.

Commissioner Holland agreed with comments made from Acting Commissioner Sammis and advised that rate filing issues should remain within the purview of the state.

Mr. Bridgeland expressed concerns related to rate increase review; and stated that the “mix and match” product filing process would be inappropriate for any of the long-term care uniform standards.

Ms. Krol commented that the advertising standard includes late payment premium procedures, outlined in § 2(I)(2), and stated that this citation should be removed and reserved for policy forms and certificates. Ms. Krol also commented that it is inappropriate for point of sale documents to exist within the advertising standards and requested that this item also be removed. Ms. Krol requested that the members of the Management Committee consider the authorization of self-certification for the Standards for Forms Required to be Used with an Individual Long-Term Care Insurance Application.

Ms. Krol provided additional comments regarding the use of language within the long-term care uniform standards and the appropriateness of state law minimum standards; and noted that the NAIC Model Law and Regulation changes recently adopted by the NAIC should be the basis that the Compact relies on.

Director Hudson made a proposal to the Product Standards Committee to review all comments received on the long-term care uniform standards and to provide background on this to the Management Committee during its next meeting in April.

Further, Director Hudson made a proposal to the Product Standards Committee to work with the Actuarial Working Group to evaluate any alternatives in addressing concerns specific to the issue of rate increase filings.

Ms. Waitt accepted the recommendations and noted that the Product Standards Committee previously considered some of the proposals suggested in the comments.

Director Hudson asked if there were any questions or further suggestions regarding this approach.

Senator Kelley commented that the approach taken in addressing concerns surrounding the development of the long-term care uniform standards is very significant and stated that this method of approach influences the prospect of additional states joining the IIPRC.

Commissioner Holland commented that long-term care insurance products are one of the most important products in the marketplace today and stated that the costs associated with these products are substantial and

are increasing. Commissioner Holland explained that affordability remains a significant aspect in the deliberation of long-term care products and that there is a strong need to balance the scope of benefits.

Mr. Glowacki provided comment regarding rate increase issues.

Acting Commissioner Sammis suggested that rate increases are being driven by lapse rates which are greater in this area than they are in healthcare utilization.

Ms. Krol provided comment with regard to Partnership issues in stating that a qualified long-term care policy approved by the IIPRC may qualify as a Partnership plan in any state with an operational Partnership program—subject to compliance with Partnership certification requirements of that state. Ms. Krol explained that such prescribed language suited for qualified long-term care policies indicate that companies would maintain their authority to determine whether a policy can be used for a Partnership.

Ms. Ezalarab stated that there are many issues with the various states on the subject of Partnerships and indicated that these issues would be discussed at the Product Standards Committee in response to Director Hudson's request.

Ms. Krol commented that the Variability of Information section contained within the Core Standards for Individual Long-Term Care Insurance Policies allow language for Partnerships as prescribed by state law.

Ms. Ezalarab stated that it has been challenging for states and filers to understand the interpretation of Partnerships and stated that this issue needs to be worked through accordingly.

Director Hudson asked if there were any further comments. Hearing none, Director Hudson addressed the next item on the agenda, a report of the Associate Membership Exploratory Committee. Ms. Ezalarab provided the report.

Ms. Ezalarab indicated that the Associate Membership Exploratory Committee was created for the purpose of reviewing the legal, operational and public policy aspects of creating an Associate Membership for states who are supportive of joining the Compact and haven taken steps to accept the Uniform Standards. Ms. Ezalarab indicated that the Committee has concluded its review and is forwarding a proposed recommendation to the Management Committee for its consideration in this regard. Ms. Ezalarab noted that the Committee held a conference call on January 29 for the purpose of receiving public comment on its proposed concept in creating an associate membership and also noted that the Committee met on March 12 to receive comments on its proposed recommendations. Ms. Ezalarab advised that the Committee briefed the Legislative Committee on its proposal. Ms. Ezalarab reported that in reviewing issues relevant to the legal authority of the IIPRC, the Committee determined that amendments to the IIPRC Bylaws could authorize the IIPRC to create an associate membership. Ms. Ezalarab stated that the Committee drafted a proposed amendment to the Bylaws based on its recommendation, which was forwarded to the Management Committee for review only. Ms. Ezalarab advised that no action would be taken on the proposed amendment until a formal public comment period has been ensued. Ms. Ezalarab stated that the Committee did not examine legal issues associated with non-Compacting states in their authority to adopt Uniform Standards or to accept IIPRC-approved products as this determination was in the purview of each state under their laws. Ms. Ezalarab indicated that the Committee determined there are several benefits to creating an associate membership for non-Compacting states in that this formal recognition and level of participation may provide the necessary experience and justification to demonstrate to their legislature that the Compact is beneficial for their state and its consumers. Ms. Ezalarab advised that Alabama expressed their interest in participating with the Compact as an associate member. Ms. Ezalarab reported that the Industry Advisory Committee was not in favor of creating an Associate Membership as its members expressed concerns about the legal status of the Compact and Uniform Standards as pertains to non-Compacting states. Ms. Ezalarab explained the proposed eligibility requirements for associate membership, including a two-thirds vote required from IIPRC

Members to approve a state and a biennial vote to continue the state's associate member status. Ms. Ezalarab noted that the associate members would not have voting rights or the ability to participate in the governance of the IIPRC. Ms. Ezalarab noted that the term for an associate member could not exceed six years. Ms. Ezalarab concluded the Report of the Associate Membership Exploratory Committee.

Director Hudson asked if there were any questions regarding the report of the Associate Membership Exploratory Committee.

Commissioner Holland asked if there was a distinction between non-compacting states currently having the ability to participate with the Compact against becoming an associate member.

Ms. Ezalarab indicated that the associate membership would allow non-compacting states to become more comfortable and supportive of the Compact as additional standards are adopted.

Commissioner Ross indicated serious reservations with this recommendation and wanted to make sure the proposal was well vetted before taking action by the Management Committee.

Senator Kelley expressed concern as to whether creating an associate membership may become a disincentive for non-compacting states—in that the term appointment of up to six (6) years may curtail the prospect of additional states joining the Compact.

Senator Kelley expressed that there should be an operational outline on the processes involved in creating an associate membership which distinctly identifies the benefits of the associate membership.

Representative Kennedy expressed similar concerns regarding the term appointment and advised that a four (4) year term would be more appropriate.

Ms. Adolf advised that this condition, as well as the supermajority vote required for eligibility, is not reflective in the proposed amendments to the IIPRC Bylaws.

Ms. Schutter informed that eligibility requirements would be addressed during the consideration of the amendments to the Bylaws.

Mr. Wilson stated that during the establishment of the Compact, the idea of an associate membership was not contemplated.

Mr. Bridgeland commented that the function of the associate membership would, in practice, reflect that of the Industry and Consumer Advisory Committees as well as the Legislative Committee.

Senator Kelley said she did not agree with this perspective and stated that the Legislative Committee is an intricate working partner with regulators in the development of the Compact and does not see the function of associate membership role as similar.

Director Hudson asked if there were any additional comments. Hearing none, Director Hudson asked the members of the Associate Membership Exploratory Committee to determine based on these comments whether they would make any changes to their recommendation. Director Hudson asked for a motion to receive the report of the Associate Membership Exploratory Committee without taking action at this time on the Committee's recommendation. Commissioner Ross made a motion and Mr. Henderson seconded the motion. Director Hudson asked if there were further discussion. Hearing none, a voice vote was taken and the motion passed unanimously.



Director Hudson moved to the next item on the agenda, a report of the Audit Committee. Commissioner Donelon provided a report.

Commissioner Donelon reported that the Audit Committee completed its 2009 audit in a timely manner and received an unqualified opinion from Mayer Hoffman McCann P.C. (MHM), an independent CPA firm. Commissioner Donelon advised that the audit report was published in the IIPRC's 2009 Annual Report and would be available on the IIPRC web site following the conclusion of this joint meeting. Commissioner Donelon noted that the report stated that there were no inadequacies in the IIPRC's internal control structure nor were there any disagreements, issues or concerns with management. Commissioner Donelon stated that the Audit Committee continues to monitor the financial performance of the IIPRC in addition to following its short-term and long-term financial projections. Commissioner Donelon reported that the IIPRC met its revenue budget projections for January and February 2010 as it did for the last quarter of 2009 and noted that the IIPRC is sufficiently managing its expenses. Commissioner Donelon concluded the Report of the Audit Committee.

Director Hudson asked if there were any questions regarding the report of the Audit Committee. Hearing none, Director Hudson asked for a motion to adopt the report of the Audit Committee. Commissioner Ross made a motion and Mr. Belo seconded the motion. Director Hudson asked if there were further discussion. Hearing none, a voice vote was taken and the motion passed unanimously.

Director Hudson proposed that the reports of the Communications, Finance and Product Standards Committees be adopted in one motion. There were no objections to this proposal.

Director Hudson turned to the next item on the agenda, a report of the Communications Committee. Commissioner Holland provided a report.

Commissioner Holland noted that the Communications Committee held two (2) conference calls since the December 2009 Meeting and reported that since that time, the Committee has been working with the IIPRC Office, in collaboration with the NAIC Education Department, on proposed outreach strategies in developing self-guided webinars which would provide an overview of the existing Uniform Standards and product filing process. Commissioner Holland stated that the Committee is also exploring developing a newsletter to provide IIPRC Members, as well as interested parties, with updates on the activities of the IIPRC. Commissioner Holland reported that the IIPRC Office sent a request to Members encouraging them to reach out to their domestic insurance carriers who have not yet registered and provide them with information regarding the benefits of the IIPRC. Commissioner Holland advised that the IIPRC Office is available to provide a webinar to one or more carriers about the registration and product filing process. Commissioner Holland reported that the Committee previewed the 2009 Annual Report—which highlights achievements that were made last year as well as the overall success of the IIPRC. Commissioner Holland noted that the 2009 Annual Report would be sent to all Compact governors and legislative committee chairs as prescribed in the Compact Statute as well as being made available on the IIPRC web site. Commissioner Holland stated that the next order of business for the Committee is to create a more descriptive and recognizable name for the IIPRC. Commissioner Holland advised that the Committee has explored several ideas in support of this effort and noted that it would be providing more details to the Management Committee in April. Commissioner Holland concluded the report of the Communications Committee.

Director Hudson asked if there were any questions regarding the report of the Communications Committee. Hearing none, Director Hudson proceeded to the next item on the agenda, a report of the Finance Committee. Director Frohman provided a report.

Director Frohman noted that the Finance Committee met subsequent to its last meeting in December 2009 for the purpose of reviewing a report of the 2009 registration and filing activities of the IIPRC. Director Frohman reported that the IIPRC received 74 registrations and 244 product filings as of December 31, 2009.

Moreover, Director Frohman reported that while actual IIPRC revenues were below the revenues projected in the 2009 budget, the IIPRC more than doubled the self-generating revenue from the levels in 2008. Director Frohman noted that the IIPRC is significantly under budget with regard to its expenses. Director Frohman stated that the IIPRC received close to 70 early registrations from companies who took advantage of the discounted 2010 Annual Registration Fee. Director Frohman indicated that the IIPRC actual revenue from registration and filing fees was at 99.9% of the budgeted revenue through the end of February. Director Frohman stated that the Committee continues to work closely with the IIPRC Office to manage actual revenue and expenses. Director Frohman reported that the Committee would examine the Operating Procedure for the Filing and Approval of Product Filings (“Filing Fee Rule”) to ensure that the rule reflects current operations as it has been three (3) years since the adoption of the original Rule and no modifications have been made since that time. Director Frohman further reported that the Committee would also examine the Rule for the Self-Certification of Product Components filed with the Interstate Insurance Product Regulation Commission as well as the long-term care standards to determine its impact on the Filing Fee Rule. Director Frohman concluded the Report of the Finance Committee.

Director Hudson asked if there were any questions regarding the report of the Finance Committee.

Representative Kennedy questioned if payment towards the IIPRC lines of credit have been made. Director Hudson affirmed that the IIPRC continues to repay its lines of credit obligations.

Director Hudson asked if there were any additional questions regarding the report of the Finance Committee. Hearing none, Director Hudson addressed the next item on the agenda, a report of the Product Standards Committee. Ms. Waitt provided a report.

Ms. Waitt reported that there were no new Uniform Standards ready for Management Committee action and noted that the Product Standards Committee continues to meet weekly at its regularly scheduled time. Ms. Waitt stated that the Product Standards Committee has been working on amendments to some of the existing Uniform Standards for purposes of clarification, as well as reviewing standards for longevity annuities and private placement plans. Ms. Waitt advised that the Committee anticipates making a recommendation to the Management Committee on its proposal in May. Ms. Waitt concluded the report of the Product Standards Committee.

Director Hudson asked if there were any questions regarding the report of the Product Standards Committee. Hearing none, Director Hudson asked for a motion to adopt the reports of the Communications, Finance and Product Standards Committees. Mr. Belo made a motion and Commissioner Ross seconded the motion. Director Hudson asked if there were further discussion. Hearing none, a voice vote was taken and the motion passed unanimously.

Director Hudson proceeded to the next item on the agenda, a consideration from members of the Management Committee to adopt the Amendment to Remove the Drafting Note in the Additional Standards for Market Value Adjustment Feature Provided through the General Account. Director Hudson advised that there was an issue raised by Missouri that the drafting note contained within this particular Uniform Standard was confusing and potentially misleading.

Ms. Waitt explained that the proposed amendment to the aforementioned Uniform Standard would remove the drafting note in Appendix B for the purpose of clarifying that the prospective test in the Standard Nonforfeiture Law for Individual Deferred Annuities, NAIC Model # 805, does not apply to the benefits provided through these Uniform Standards. Ms. Waitt indicated that the proposed amendment was requested by Missouri in order to eliminate confusion regarding the applicability of the prospective test.

Director Hudson stated that the proposed amendment was published for notice and public comment on January 22 and noted that no comments were received.

Director Hudson asked for a motion from members of the Management Committee to approve the Amendment to Remove the Drafting Note in the Additional Standards for Market Value Adjustment Feature Provided through the General Account. Commissioner Ross made a motion and Mr. Barton seconded the motion. Director Hudson asked if there were further discussion. Hearing none, a voice vote was taken and the motion passed unanimously.

Director Hudson then asked for a motion of the Commission to adopt the amendment to the drafting note as approved by the Management Committee. Commissioner Ross made a motion and Mr. Munson-Regala seconded the motion. Director Hudson asked if there were further discussion. Hearing none, a voice vote was taken and the motion passed unanimously.

Director Hudson moved to the next item on the agenda, a report of the Rulemaking Committee. Commissioner Thabault provided a report.

Commissioner Thabault noted that the Rulemaking Committee will meet in April for the purpose of reviewing existing rules for possible amendments or create new rules associated with review of the long-term care product filings and rates. Commissioner Thabault reported that the Committee anticipates having initial discussions to address innovative product filings and noted that the Committee will conduct a public meeting to discuss the parameters surrounding this issue. Commissioner Thabault concluded the Report of the Rulemaking Committee.

Director Hudson asked if there were any questions regarding the report of the Rulemaking Committee. Hearing none, Director Hudson made a proposal to adopt the reports of the Rulemaking and Technology Committees in one motion. There were no objections to this proposal.

Director Hudson turned to the next item on the agenda, a report of the Technology Committee. Commissioner Voss provided a report.

Commissioner Voss noted that the Technology Committee held a meeting on March 18 with the IIPRC Office and the SERFF Team for the purpose of discussing the enhancements to SERFF. Commissioner Voss reported that the Committee coordinated enhancements to SERFF in order to enable states to better track “mix and match” product filings. Commissioner Voss further reported that the Committee received positive feedback from member states regarding the new SERFF enhancements—in that the system provides an easier process in generating reports and in the accessibility in being able to monitor “mix and match” products. Commissioner Voss noted, however, that company filers have indicated that the SERFF enhancements have significantly increased the workload and the amount of time involved in preparing a “mix and match” product filing. Commissioner Voss stated that the IIPRC Office and the SERFF Team are actively addressing these concerns and noted that the March release update for SERFF addresses some of the issues. Commissioner Voss noted that the Committee would conduct a public meeting in April for the purpose of making a recommendation to the Management Committee for additional enhancements to SERFF. Commissioner Voss informed that these enhancements would provide filers with the necessary tools in preparing a "mix and match" product filing more easily. Commissioner Voss concluded the Report of the Technology Committee.

Director Hudson asked if there were any questions regarding the report of the Technology Committee. Hearing none, Director Hudson asked for a motion to adopt the reports of the Rulemaking and Technology Committees. Commissioner Ross made a motion and Commissioner Thabault seconded the motion. Director Hudson asked if there were further discussion. Hearing none, a voice vote was taken and the motion passed unanimously.

Director Hudson addressed the next item on the agenda, a recommendation from members of the Management Committee to adopt the minutes from the January 25, 2010 Management Committee Meeting and the February 22, 2010 Joint Management Committee and Commission Meeting.

Director Hudson noted that edits were received from Virginia and incorporated into the January 25, 2010 Management Committee Meeting Minutes as well as the February 22, 2010 Joint Management Committee and Commission Meeting Minutes and asked if there were further edits. There were no additional edits.

Director Hudson asked for a motion from members of the Management Committee to adopt the meeting minutes. Mr. Sisk made a motion and Commissioner Ross seconded the motion. Director Hudson asked if there were further discussion. Hearing none, a voice vote was taken and the motion passed unanimously.

Director Hudson then asked for a motion of the Commission to adopt the meeting minutes from the February 22, 2010 Joint Management Committee and Commission Meeting. Commissioner Ross made a motion and Commissioner Thabault seconded the motion. Director Hudson asked if there were further discussion. Hearing none, a voice vote was taken and the motion passed unanimously.

Director Hudson turned to the next item on the agenda, an operational update of the IIPRC. Ms. Schutter provided the report.

Ms. Schutter noted that the IIPRC provided its Members with a reference handbook on interstate compacts published by the American Bar Association. Ms. Schutter highlighted product filing statistics and reported that the IIPRC had already exceeded the number of registrations received in all of last year compared to registrations received this year so far noting that 79 companies have registered with the IIPRC in 2010. Further, Ms. Schutter stated that the IIPRC has sustained an increase in product filing activity. Ms. Schutter reported that “mix and match” product filing percentages have declined and noted that this is a result of the development of additional Uniform Standards. Ms. Schutter concluded the Operational Update.

Director Hudson asked if there were any questions regarding the IIPRC operational update. There were none.

Director Hudson asked if there were any other matters to be discussed.

Representative Kennedy read a letter on behalf of Representative Damron regarding the implementation of the Additional Standards for Guaranteed Living Benefits for Individual Deferred Non- Variable Annuities; Additional Standards for Guaranteed Living Benefits for Individual Deferred Variable Annuities; and Additional Standards for Guaranteed Minimum Death Benefits for Individual Deferred Annuities which were adopted by the IIPRC and its Management Committee on February 22. Representative Kennedy read that the aforementioned annuity standards, which allow consumers to assign or sell their variable and non-variable annuity policies to other entities in cases where the product no longer suits their needs, contain termination provisions for guaranteed living benefit and minimum death benefit riders—which prohibit the use of riders from being sold on the secondary market. Representative Kennedy continued, the riders make up a significant portion of the overall value of the annuity and indicated that this matter is significant as it relates to consumer protection. Representative Kennedy noted that NCOIL will conduct a public debate during its Summer Meeting to receive comments regarding the termination provisions—including appropriate pricing and the right of a consumer to sell or assign their property versus the propriety of an individual retirement product sale to institutional investors. Representative Kennedy stated that during its Summer Meeting, NCOIL will discuss related concerns regarding stranger initiated annuity transactions; annuity sales suitability; and insurable interest in health underwriting for annuity contracts with guaranteed living benefits and minimum death benefits. Representative Kennedy stated that NCOIL may consider revising its Life Settlement Model Act to include annuities or it may develop a new model law to address this and any other

issues related to annuity sales or assignments. Representative Kennedy stated that upon fully exploring these issues, Representative Damron will provide an update on any subsequent action taken by NCOIL.

Commissioner Holland stated that Representative Kennedy brings up issues worthy of further discussion especially as they relate to institutional investors and their interests in asset-based products for their own benefit and not the benefit of consumers. Commissioner Holland indicated the consistent application of consumer protections is necessary to protect interests of consumers from institutional investors whose own motives and interests are entirely separate and distinct from consumer's interests in their product. Director Hudson indicated that she and Commissioner Holland addressed NCOIL's Life Insurance and Financial Planning Committee regarding the IIPRC's guaranteed benefits standards and the IIPRC's open and deliberative rulemaking process.

Director Hudson asked if there were further comments or other matters to be discussed. Hearing none, Director Hudson asked for a motion to adjourn the joint meeting of the IIPRC and its Management Committee. Commissioner Holland made a motion and Commissioner Ross seconded the motion. The meeting was adjourned by a unanimous voice vote.