

INTERSTATE INSURANCE
PRODUCT REGULATION COMMISSION



States, Strength & Speed Aligned

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

Friday, August 14, 2015

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

Hyatt Regency Chicago, Crystal Ballroom BC

Chicago, IL

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 Approve the Report and Recommendation of the Product Standards Committee](#)
4. [Report and Recommendation of the Rulemaking Committee and Consideration by the Management Committee to Approve the Report and Recommendation of the Rulemaking Committee](#)
5. [Report of the Technology Committee and Consideration by the Management Committee to Approve the Report of the Technology Committee](#)
6. [Management Committee Consideration of Approval of Meeting Minutes of the June 22nd Meeting of the Management Committee](#)
7. [Commission Consideration of Adoption of Meeting Minutes from the March 27th Joint Meeting of the Management Committee and Commission as Approved by the Management Committee on June 22nd](#)
8. [Operational Update](#)
9. Any Other Matters
10. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance Product
Regulation Commission
Friday, August 14, 2015**

Members of the Commission and Department Staff in Attendance:

Commissioner David Mattax, Chair, Texas
Commissioner Jacqueline Cunningham, Vice Chair, Virginia
Commissioner Angela Weyne, Treasurer, Puerto Rico
Steve Ostlund as a designated representative for Commissioner Jim Ridling, Alabama
Donald Hale, Alaska
Acting Director Darren Ellingson, Arizona
John Jeans, Arkansas
Jay Florence as a designated representative for Commissioner Ralph Hudgens, Georgia
Kathleen Nakasone as a designated representative for Commissioner Gordon Ito, Hawaii
Director Dean Cameron, Idaho
Acting Director Anne Melissa Dowling, Illinois
Tina Korty as a designated representative for Commissioner Stephen Robertson, Indiana
Doug Ommen as a designated representative for Commissioner Nick Gerhart, Iowa
Jason Lapham as a designated representative for Commissioner Ken Selzer, Kansas
Commissioner Jim Donelon, Louisiana
Commissioner Al Redmer, Maryland
Commissioner Daniel R. Judson, Massachusetts
Commissioner Patrick McPharlin, Michigan
Tammy Lohmann as a designated representative for Commissioner Mike Rothman, Minnesota
Jay Eads as a designated representative for Commissioner Mike Chaney, Mississippi
Mary Mealer as a designated representative for Director John Huff, Missouri
Jeff Barber as a designated representative for Commissioner Monica Lindeen, Montana
Tiffany Caverhill, Montana
Director Bruce Ramge, Nebraska
Acting Commissioner Amy Parks, Nevada
Commissioner Roger Sevigny, New Hampshire
Acting Commissioner Richard Badolato, New Jersey
Lisa Ried as a designated representative for Superintendent John Franchini, New Mexico
Ted Hamby as a designated representative for Commissioner Wayne Goodwin, North Carolina
Peter Weber as a designated representative for Director Mary Taylor, Ohio
Joel Sander, Oklahoma
Commissioner Laura Cali, Oregon
Johanna Fabian-Marks as a designated representative for Acting Commissioner Teresa D. Miller,
Pennsylvania
Superintendent Joseph Torti, Rhode Island
Elizabeth Dwyer
Commissioner Raymond G. Farmer, South Carolina
Chlora Lindley-Myers as a designated representative for Commissioner Julie Mix McPeak, Tennessee
Sara Waitt, Texas
Jan Graeber, Texas
Tanji Northrup as a designated representative for Commissioner Todd Kiser, Utah
Don Beatty, Virginia
Leslie Krier as a designated representative for Commissioner Mike Kreidler, Washington
Andrew Pauley as a designated representative for Commissioner Michael D. Riley, West Virginia

Members of the Industry Advisory Committee in attendance:

Hugh Barrett, MassMutual Financial Group
Jason Berkowitz, Insured Retirement Institute
Angela Hanson, Northwestern Mutual Life Insurance Company
Rod Perkins, American Council of Life Insurers

Members of the Consumer Advisory Committee in attendance:

Brendan Bridgeland, Center for Insurance Research
Sonja Larkin-Thorne, NAIC Funded Consumer Representative
Fred Nepple, Consumer representative
Ryan Wilson, AARP

Members of the IIPRC Legislative Committee in attendance:

Senator Travis Holdman, Indiana
Senator Delores Kelley, Maryland
Representative Brian Patrick Kennedy, Rhode Island
Susan Nolan, NCOIL
Representative Kurt Olson, Alaska
Senator Jason Rapert, Arkansas
Representative Steve Riggs, Kentucky

IIPRC staff in attendance:

Karen Schutter, Executive Director
Becky McElduff, Assistant Director-Product Operations/Counsel
Sara Dubsy, Senior Operations Manager
MacKenzie Heidelmark, Administrative Coordinator
Jeanne Daharsh, Actuarial Consultant
Aimee Lawson, Intake Coordinator
Anne Marie Narcini, Regulatory Consultant

Commissioner Mattax called to order the in-person joint Meeting of the Management Committee and the Interstate Insurance Product Regulation Commission (Commission). Ms. Schutter took the roll call of the: Management Committee; Commission; members of the Legislative Committee; and the Industry Advisory and Consumer Advisory Committees. Commissioner Mattax noted that as provided in the bylaws, when one or more member participates by telephone, a roll call vote upon each action item is to be taken. However, since only a few Commission members joined by phone, Commissioner Mattax proposed taking voice votes instead of roll call votes and taking roll call votes only if requested or if there are any votes in opposition on a particular action item. There were no objections to this proposal.

Commissioner Mattax proceeded to recognize the members of the Industry Advisory and Consumer Advisory Committees in attendance, as well as the Legislative Committee; and asked Senator Kelley if she had any remarks. Senator Kelley announced that the Committee was pleased with several of the Commission's recent achievements.

Commissioner Mattax advanced to the first item on the agenda, the Report and Recommendation of the Finance Committee. As Chair of the Finance Committee, Commissioner Cunningham presented the Report and announced that the Committee would bring forth a recommendation to the Management Committee with respect to the 2016 Schedule of IIPRC Fees. First, Commissioner Cunningham provided a brief overview of the Commission's financials as of the end of June. The IIPRC has earned \$1,106,711; approximately \$8,400 more than June 2014. Revenues are approximately 8% under budget. Actual expenses are 13% under budget. The delay in hiring the two new product reviewers and actuarial reviewer can be attributed for a majority of these savings. Even with being under budget in revenues,

actual revenues are over actual expenses by approximately 13%. Commissioner Cunningham then turned to the recommendation at hand and asked the Management Committee to publish this proposal for notice and comment so that it may be considered for action at the same time that the Management Committee and Commission adopt the 2016 Annual Budget later this year. Specifically, the Finance Committee is recommending a proposed increase in the product filing fees, as well as the fees associated with the annual rate review for long-term care filings. There are no proposed changes to the Annual Registration Fees. The proposed increase is approximately 25%. Filing fees will increase from \$1,000 to \$1,250 for filings that require an actuarial review and from \$500 to \$600 for filings that do not require an actuarial review for companies with a reported premium volume greater than \$50 million. Companies with a reported premium volume less than \$50 million and regional companies will continue to pay 50% of the fees. Mr. Perkins indicated the Industry Advisory Committee had no objection to this proposal and insurance companies appreciate the value-added benefits of filing through the Compact. Commissioner Cunningham proceeded to provide an update on the 2016 Annual budget process, and announced that the IIPRC will present the draft budget to the Finance Committee in the coming weeks. Commissioner Mattax asked for a motion from a member of the Management Committee to approve the Report and Recommendation of the Finance Committee to include the recommendation to publish the proposed revisions to the Schedule of Fees. Commissioner Donelon made a motion and Commissioner Cunningham seconded the motion. A voice vote was then taken and the motion passed.

Commissioner Mattax continued to the Report of the Product Standards Committee, which was presented by Mr. Lapham. Mr. Lapham announced that the Committee has finalized the drafting of seven uniform standards for the group disability income insurance product line and has a recommendation to bring before the Management Committee. In addition to the seven uniform standards that are specific to Group Disability Income insurance products, the Product Standards Committee recommends that the adopted Policyholder Application Uniform Standards for Group Term Life Insurance be amended to apply to all group products that are available to be filed with the IIPRC. During the ten months that the Product Standards Committee worked on these standards, eight Public Calls were held to receive feedback from all interested parties. Accepting the Product Standards Committee's recommendation for these eight standards would start the Commission's formal rulemaking process and provide at least 60 days for public comment. Mr. Lapham explained that now that the Committee has finalized the drafting of the Group Disability Income Uniform Standards, it is beginning consideration of the recommendations for Phase Five of the 5 Year Review process, which includes eight Uniform Standards that were originally effective prior to July 1, 2010. Mr. Lapham also noted that the Committee has begun Phase 6 of the 5 year review process, which includes all of the Long Term Care Uniform Standards. Upon completion of the report, Commissioner Mattax asked for a motion from a member of the Management Committee to approve the Report and Recommendation of the Product Standards Committee including the recommendation to publish for notice and comment the set of Group Disability Income Uniform Standards. Commissioner Weyne made a motion and Commissioner Cunningham seconded the motion. When asked for comments, the members of the Consumer Advisory Committee voiced their strong disapproval to the subrogation and offset provision in the Group Disability Income uniform standards and noted that they will make further comments on at the Consumer Liaison Committee Meeting. As there were no further comments, a voice vote was taken and the motion carried.

Commissioner Mattax advanced to next item on the agenda which was the Report of the Rulemaking Committee, which was presented by Mr. Beatty. Mr. Beatty reported that the Rulemaking Committee held a public call at the end of July to receive comments regarding the survey it conducted on mix and match as well as to present its report regarding the five year review of the Self-Certification Rule. On January 1, 2015, the IIPRC Office issued notice of Phase 5 of the five year review, which included only one Rule – the Rule for Self-Certification for Product Components Filed with the Interstate Insurance Product Regulation Commission. The IIPRC Office did not receive any comments regarding this Rule nor did the IIPRC Office have any recommendations to the Rulemaking Committee regarding this Rule.

Therefore, the Committee is recommending to the Management Committee is that there are no recommended changes to the Rule. Mr. Beatty noted that the IIPRC Office issued a survey on behalf of the Committee to the Commissioners and their designated representatives in the Compacting States regarding the mix and match filing process. The purpose of the survey is to help the Rulemaking Committee gain a better understanding from the Commission member states regarding their experience with state filings that utilize the mix and match process by using state-approved forms in combination with the forms submitted to the IIPRC for review and approval. Once the results are received from this survey, the Rulemaking Committee will discuss whether the mix-and-match procedures should be amended or guidance issued regarding the proper use of mix and match. The Rulemaking Committee will likely hold one or more public calls to receive input. Commissioner Mattax asked for a motion from a member of the Management Committee to approve the Report and Recommendation of the Rulemaking Committee and Commissioner Cali made a motion while Commissioner Weyne seconded the motion. As there were no further comments, a voice vote was taken and the motion carried.

The next item on the agenda was the Report of the Technology Committee, which was provided by Mr. Hamby. Mr. Hamby announced that the Committee did not have a recommendation but he reported on the results of a member survey which was issued in June. Mr. Hamby explained that The Committee held a member-only conference call to review the results of the survey which was issued to all SERFF regulator users with Compact roles regarding the functionality of the Insurance Compact instance in SERFF. The purpose of the survey was to identify any potential enhancements to the Insurance Compact instance in SERFF for the benefit of member regulators. The results showed that while some respondents access Compact filings on a regular interval, most Compacting States search and retrieve Compact filings on an as needed basis and, in general, the functionality works for their needs. The area of most agreement was with respect to the search fields available when searching Compact filings. Today, regulators are not able to search by TOI or Filing Type like they are with their state-specific filings. The Technology Committee asked the IIPRC Office to work with the NAIC SERFF Team to scope out the level of effort that would be involved in enabling more search criteria for regulators when working with Compact filings. Mr. Hamby explained that if this level of effort is substantial in terms of hours of effort or amount of dollars, the Committee will bring forth a recommendation for consideration by the Management Committee. Commissioner Mattax asked for a motion from a member of the Management Committee to approve the Report of the Technology Committee. Commissioner Cunningham made a motion and Ms. Mealer seconded the motion. As there was no further discussion, a voice vote was taken and the motion carried.

Commissioner Mattax moved to the Management Committee Consideration of Approval of Meeting Minutes of the June 22nd Meeting of the Management Committee. Commissioner Weyne made a motion to approve the minutes and Commissioner Cunningham seconded the motion. A voice vote was taken and the motion passed.

Commissioner Mattax continued to the Commission Consideration to adopt the Meeting Minutes of the March 27th Joint Meeting of the Management Committee and Commission. Ms. Mealer made a motion to adopt the meeting minutes and Ms. Korty seconded the motion. A voice vote was taken and the motion passed.

As the final agenda item, Ms. Schutter discussed several items under Operational Matters. Ms. Schutter announced that the Compact recently completed the hiring process for three open positions; two product reviewers and a full-time actuary. Ms. Schutter announced that the deadline for written comments for Phase 6 of the five-year review which is the individual long-term standards has been extended from August 31 to October 15. Ms. Schutter proceeded to provide an update on Compact legislation. New York is the only state currently considering the legislation which was passed by the Senate in June and transmitted to the Assembly. Connecticut's bill to study the Compact did not have action before the close of session though have been asked by Connecticut Commissioner Wade and her team to provide

information as they consider the legislation for next session. On the topic of outreach, the IIPRC team has been very busy presenting at industry conferences including AICP Chapter meetings, American Fraternal Alliance and Life and Health Compliance Association. After Ms. Schutter completed the operational update, Commissioner Mattax announced the results of the electronic vote regarding the retention of and three-year renewal of the employment agreement of Ms. Schutter as Executive Director of the IIPRC. The twenty-eight Compacting States that voted unanimously approved Ms. Schutter's retention.

As there were no further matters or questions, Mr. Ostlund made a motion to adjourn and Commissioner Cunningham seconded and the meeting was adjourned.