



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

Monday, September 24, 2018

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

1. Roll Call
2. Management Committee Consideration for Approval of the Product Standards Committee Priority List for Uniform Standards Development
3. Report and Recommendation of the Finance Committee and Consideration by the Management Committee to Approve the Report and Recommendation of the Finance Committee
4. Report of the Product Standards Committee and Consideration by the Management Committee to Approve the Report of the Product Standards Committee
5. Report of the Regulatory Counsel Committee and Consideration by the Management Committee to Approve the Report of the Regulatory Counsel Committee
6. Commission Consideration of Request for Stay of Individual Disability Income Insurance Uniform Standards from the Wyoming Department of Insurance
7. Management Committee and Commission Consideration of Adoption of Meeting Minutes of the August 3, 2018 Joint Meeting of the Management Committee and Commission
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
Monday, September 24, 2018**

Members of the Commission and Department Staff in Attendance:

Director Jillian Froment, Chair, Ohio
Superintendent Elizabeth Kelleher Dwyer, Vice Chair, Rhode Island
Steve Ostlund as a designated representative for Commissioner Jim L. Ridling, Alabama
Sarah Bailey as a designated representative for Director Lori K. Wing-Heier, Alaska
Mayumi Gabor, Alaska
Greg Campbell, Alaska
Bill Lacy as a designated representative for Commissioner Allen W. Kerr, Arkansas
Paul Lombardo as a designated representative for Commissioner Katharine L. Wade, Connecticut
Kathleen Nakasone as a designated representative for Commissioner Gordon I. Ito, Hawaii
Mike Chrysler as a designated representative for Director Jennifer Hammer, Illinois
Karl Knable as a designated representative for Commissioner Stephen W. Robertson, Indiana
Mihir Nag, Indiana
Andria Seip as a designated representative for Commissioner Doug Ommen, Iowa
Mathew Cunningham, Iowa
Julie Holmes as a designated representative for Commissioner Ken Selzer, Kansas
Malinda Shepherd as a designated representative for Commissioner Nancy G. Atkins, Kentucky
Tom Travis as a designated representative for Commissioner James J. Donelon, Louisiana
Tim Schott as a designated representative for Superintendent Eric A. Cioppa, Maine
Robert Morrow as a designated representative for Commissioner Al Redmer, Jr., Maryland
David Cooney, Maryland
Sheri Cullen as a designated representative for Commissioner Gary D. Anderson, Massachusetts
Randall Gregg as a designated representative for Director Patrick M. McPharlin, Michigan
Roger Stefani as a designated representative for Commissioner Jessica Looman, Minnesota
Bob Williams as a designated representative for Commissioner Mike Chaney, Mississippi
Mary Mealer as a designated representative for Director Chlora Lindley-Myers, Missouri
Tiffany Caverhill as a designated representative for Commissioner Matthew Rosendale, Montana
Ted Bidon, Montana
Peg Jasa as a designated representative for Director Bruce R. Ramge, Nebraska
Laura Arp, Nebraska
Denise Lamy, New Hampshire
Diana Lavoie, New Hampshire
Robin Tierney, New Hampshire
Phillip Gennace, New Jersey
Lila Tyson, New Jersey
Ted Hamby as a designated representative for Commissioner Mike Causey, North Carolina
Amanda Baird, Ohio
Cuc Nguyen as a designated representative for Commissioner John D. Doak, Oklahoma
Tashia Sizemore as a designated representative for Commissioner Andrew Stolfi, Oregon
Matthew Gendron, Rhode Island
Lorrie Brouse as a designated representative for Commissioner Julie Mix McPeak, Tennessee
Doug Danzeiser as a designated representative for Commissioner Kent Sullivan, Texas
John Carter, Texas
Tanji Northrup as a designated representative for Commissioner Todd E. Kiser, Utah

Heidi Clausen, Utah
Don Beatty as a designated representative for Commissioner Scott A. White, Virginia
Alan Hudina as a designated representative for Commissioner Mike Kreidler, Washington
Joylynn Fix as a designated Representative for Commissioner Allan L. McVey, West Virginia
Rebecca Rebholz as a designated representative for Commissioner Ted Nickel, Wisconsin
Sue Ezalarab, Wisconsin
Brittany Nuoci as a designated representative for Commissioner Tom Glause, Wyoming

Members of the Legislative Committee in Attendance:

Illinois State Representative Laura Fine

Members of the Industry Advisory Committee in Attendance:

Emily Micale, American Council of Life Insurers
Charles Perin, Nationwide Life Insurance Company

Members of the Consumer Advisory Committee in Attendance:

James McSpadden, AARP
Fred Nepple, Consumer Liaison Representative
Roger Sevigny, Consumer Liaison Representative
Peter Kochenburger, NAIC Consumer Liaison Representative
Andrew Sperling, National Alliance on Mental Illness

Insurance Compact Staff in Attendance:

Karen Schutter, Executive Director
Becky McElduff, Assistant Director of Product Operation and Counsel
Sara Dubsky, Senior Operations Manager
Jeanne Daharsh, Actuary
Anne Marie Narcini, Regulatory Consultant

Interested Parties in Attendance:

Anne Correia, Allianz Life Insurance Company
Melissa Clines, Nationwide
Denise Koruba, Penn Mutual Life Insurance Company
Jon Brunner, State Farm

Director Froment 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.

Director Froment proceeded to the second agenda item, Management Committee Consideration of Approval of the Product Standards Committee (PSC) Priority List for Uniform Standards Development. Director Froment stated that the PSC presented the priority list and a detailed memorandum explaining how the list was developed to the Management Committee at the August 3rd in-person meeting. Director Froment stated that no written comments were received pertaining to the priority list after it was presented on August 3rd. Director Froment asked Ms. Schutter to provide additional detail on the priority list. Ms. Schutter reported that the PSC held two public calls to vet the priority list. Ms. Schutter stated that the PSC asked the Management Committee to approve the priority list as the roadmap for further development of Uniform Standards in the individual life and annuities product areas.

Ms. Sizemore stated that Oregon believes there is insufficient information about the details of the content of the Uniform Standards to meaningful vote on whether they should be developed. Director Froment stated that the Management Committee was soliciting immediate concerns to any items on the priority list and stressed that future action on any item on the list will be discussed and thoroughly vetted. There were no further questions. Director Froment requested a motion from a member of the Management Committee to approve the PSC Priority List for Uniform Standards Development. Mr. Chrysler moved, and Mr. Gregg seconded. The motion carried via voice vote.

Director Froment proceeded to the next agenda item and asked Mr. Ostlund to provide the report and recommendation of the Finance Committee. Mr. Ostlund summarized the Commission's financials through the end of August and reported that the Commission earned \$1.8 million, which was 4% greater than budgeted revenue and an 11% increase in revenue over August 31st of last year. Mr. Ostlund reported that expenses were 3% under budget. Mr. Ostlund reported that the Commission collected and remitted more than \$1.9 million dollars in state filing fees thru the end of August, a 12% increase over 2017.

Mr. Ostlund then provided the Finance Committee recommendation for the 2019 Budget Package, including changes to the Schedule of Fees, an Expedited Review Pilot Program, and a request for new resources in 2019. Mr. Ostlund stated that with the proposals, the 2019 budget projects revenue of over \$2.7 million and expenses of \$2.5 million, for \$242,841 in net revenue. Mr. Ostlund reported that if the revenue proposal is adopted, the Commission will not request a 2019 line of credit from the NAIC, and the Commission could be in position to start repaying the NAIC debt by 2020. Mr. Ostlund recommended on behalf of the Finance Committee that the budget package be exposed for notice and comment, including the detailed budget showing the base budget and the impact of the Revenue proposal and Resource Request proposal. Mr. Ostlund concluded the report and recommendation of the Finance Committee.

Mr. Chrysler requested additional information on the Expedited Review Pilot Program. Ms. Schutter stated that the proposed pilot program would run from January 1, 2019 to June 30, 2019 for life and annuity filings only, with strict eligibility criteria and a limited queue. Ms. Schutter emphasized the Compact's commitment to maintaining service expectations and stated that the pilot program is a way to explore whether the Compact has sufficient resources to manage an expedited review queue without affecting the average review time for regular filers. Mr. Ostlund reaffirmed that the terms of the pilot

program require the Insurance Compact Office report back to the Finance Committee. There were no further questions or discussion.

Director Froment proceeded to the next agenda item and asked Ms. Mealer to provide the report of the Product Standards Committee. Ms. Mealer reported that the PSC recently exposed the first draft of the *Single Premium Group Fixed Annuity Contract Uniform Standards for Employer Groups* for public comment with a public call to be held in October. Ms. Mealer stated that the PSC anticipates exposing initial drafts for the *Group Standards for Guaranteed Interest Contracts for Non-Variable Annuities* and the *Uniform Standards for Group Annuity Certificates* in the near future. Ms. Mealer reported that the PSC is also considering separate additional uniform standards for a return of premium benefit as a result of discussions during the Five-Year Review of the Individual Disability Income Insurance Uniform Standards and will be requesting input from the Actuarial Working Group. Ms. Mealer stated that with the Management Committee's approval of the Priority List for Uniform Standards Development, the PSC will next consider the five high priority items on the individual life insurance list for proposed Uniform Standard development, followed by the high priority items on the annuities list. Ms. Mealer concluded her remarks and there were no questions.

Director Froment proceeded to the next agenda item and asked Ms. Baird to provide the report of the Regulatory Counsel Committee. Ms. Baird reported that Regulatory Counsel Committee is receiving regular updates from the Insurance Compact Office regarding the pending third-party litigation matter in the federal district court of Colorado, including the Insurance Compact Office process for vetting and selecting outside counsel for a possible appellate stage of the litigation. Ms. Baird stated that once an Order is issued by the court, the Insurance Compact Office will notify the Commission and will work with the Regulatory Counsel Committee to make a recommendation for next steps in terms of participation in this matter. Ms. Baird concluded her report and there were no questions.

Director Froment requested a motion from a member of the Management Committee to adopt the Reports of the Finance, Product Standards, and Regulatory Counsel Committees, to include the recommendation from the Finance Committee to publish for notice and comment the draft 2019 Annual Budget, proposed 2019 Schedule of Fees, and 2019 Resource Request. Mr. Gregg moved, and Mr. Chrysler seconded. There was no further discussion. Director Froment called a voice vote and the motion carried.

Director Froment proceeded to the next agenda item and reported that on August 22nd, the Commission received a notice of election to opt-out of the individual Disability Income Insurance Uniform Standards by regulation from the Wyoming Department of Insurance. Director Froment reported that this date was within the ten-day window after promulgation required by the Compact statute to provide written notice of opt-out election. Ms. Schutter then provided an overview of the process by which states may opt out of Uniform Standards. Ms. Schutter stated that Wyoming participated in the original Individual Disability Income Insurance Uniform Standards but is exercising the right available to all Compacting States to opt out of the amended Uniform Standards by regulation. Ms. Schutter stated that the Compact will work with Wyoming with regards to the products that are previously approved and properly in the marketplace. There were no questions.

Director Froment requested a motion from a Commission member to stay the effectiveness of the amended Uniform Standards for individual Disability Income Insurance for a period of 120 days, as recommended by the Insurance Compact Office, beginning on the date the amended Uniform Standards become

effective, November 19, 2018. Superintendent Dwyer moved, and Mr. Ostlund seconded. Ms. Schutter took a roll call vote of the Commission as required by the Bylaws. The motion carried with none opposed.

Director Froment proceeded to the next agenda item and requested a joint motion of the Management Committee and Commission to adopt the meeting minutes of the August 3rd joint meeting of the Management Committee and Commission. Mr. Morrow moved, and Mr. Hamby seconded. There was no further discussion. Director Froment called a voice vote of the entire Commission and the motion carried.

Director Froment proceeded to the next agenda item and asked Ms. Schutter to provide an Operational Update. Ms. Schutter reported that the Management Committee will hold a public hearing on the proposed 2019 Budget Package during a teleconference of the Management Committee on October 29th. Ms. Schutter stated that the Commission's Annual Meeting will take place in San Francisco, CA on November 14th. Ms. Schutter announced that the 2019 Committee selection process would begin in October, and applications solicited for four open seats on the Industry Advisory Committee with two-year terms beginning in 2019. Ms. Schutter provided a summary of the current product filing statistics and outreach efforts by the Insurance Compact Office. Ms. Schutter concluded her report and there were no questions.

There were no other matters and Mr. Ostlund moved to adjourn. Mr. Hamby seconded, and the meeting was adjourned.