



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

**Monday, November 27, 2017  
1:30 pm ET / 12:30 pm CT / 11:30 am MT / 10:30 am PT**

1. Roll Call
2. Report of the Legislative Committee
3. Management Committee Consideration of Approval of the Proposed Amendments to the *Terms and Procedures for IIPRC Filing Fees*
4. Commission Consideration of Adoption of the Amendments to the *Terms and Procedures for IIPRC Filing Fees* as Approved by the Management Committee
5. Management Committee Consideration of Approval of the Proposed 2018 Annual Budget and Schedule of Fees
6. Commission Consideration of Adoption of the 2018 Annual Budget and Schedule of Fees as Approved by the Management Committee
7. Report of the Audit Committee and Consideration by the Commission to Adopt the Report of the Audit Committee
8. Report of the Communications Committee and Consideration by the Management Committee to Approve the Report of the Communications Committee
9. Report of the Finance Committee and Consideration by the Management Committee to Approve the Report of the Finance Committee
10. Report of the Product Standards Committee and Consideration by the Management Committee to Approve the Report of the Product Standards Committee
11. Report of the Rulemaking Committee and Consideration by the Management Committee to Approve the Report of the Rulemaking Committee
12. Management Committee and Commission Consideration of Adoption of Meeting Minutes of the September 25, 2017 Joint Meeting of the Management Committee and Commission
13. Management Committee Consideration of Approval of Meeting Minutes of the October 23, 2017 Meeting of the Management Committee
14. Formation of Insurance Compact Member Committees

15. Appointments to the Advisory Committees
16. Annual Formation of Management Committee for 2017/2018
17. Elections of the 2017/2018 Officers
18. Treasurer's Report
19. Operational Update
20. Any Other Matters
21. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance Product  
Regulation Commission  
Monday, November 27, 2017**

**Members of the Commission and Department Staff in Attendance:**

Commissioner Jaqueline K. Cunningham, Chair, Virginia  
Tom Record as a designated representative for Superintendent Eric A. Cioppa, Vice Chair, Maine  
Director Jillian E. Froment, Treasurer, Ohio  
Steve Ostlund as a designated representative for Commissioner Jim L. Ridling, Alabama  
Yada Horace, Alabama  
Director Lori K. Wing-Heier, Alaska  
Mayumi Gabor, Alaska  
Bill Lacy as a designated representative for Commissioner Allen W. Kerr, Arkansas  
Michael Conway as a designated representative for Commissioner Marguerite Salazar, Colorado  
Mary Ellen Breault as a designated representative for Commissioner Katharine L. Wade, Connecticut  
Kathleen Nakasone as a designated representative for Commissioner Gordon I. Ito, Hawaii  
Martha Im, Hawaii  
Tom Donovan as a designated representative Director Dean L. Cameron, Idaho  
Donna Daniel, Idaho  
Mike Chrysler as a designated representative for Director Jennifer Hammer, Illinois  
Amy Beard as a designated representative for Commissioner Stephen W. Robertson, Indiana  
Kate Kixmiller, Indiana  
Andria Seip, Iowa  
Julie Holmes as a designated representative for Commissioner Ken Selzer, Kansas  
Malinda Shepherd as a designated representative for Commissioner Nancy G. Atkins  
Commissioner James J. Donelon, Louisiana  
David Cooney as a designated representative for Commissioner Al Redmer, Jr., 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  
Tammy Lohmann as a designated representative for Commissioner Jessica Looman, Minnesota  
Roger Stefani, Minnesota  
Bob Williams as a designated representative for Commissioner Mike Chaney, Mississippi  
Director Chlora Lindley-Myers, Missouri  
Richard Hersey as a designated representative for Commissioner Matthew Rosendale, Montana  
Director Bruce R. Range, Nebraska  
Commissioner Barbara Richardson, Nevada  
Commissioner Roger A. Sevigny, New Hampshire  
Diana Lavoie, New Hampshire  
Denise Lamy, New Hampshire  
Michael Wilkey, New Hampshire  
Brendan Peppard as a designated representative for Commissioner Richard J. Badolato, New Jersey  
Terry Seaton as a designated representative for Superintendent John G. Franchini, New Mexico  
Theresa Schaefer, Ohio  
Joel Sander as a designated representative for Commissioner John D. Doak, Oklahoma  
Cuc Nguyen, Oklahoma  
Michael Schopf as a designated representative for Acting Director Jean Straight, Oregon  
Tom Kilcoyne as a designated representative for Acting Commissioner Jessica K. Altman, Pennsylvania  
Superintendent Elizabeth Kelleher Dwyer, Rhode Island

Matthew Gendron, Rhode Island  
Kendall Buchanan as a designated representative for Director Raymond G. Farmer, South Carolina  
Louise Brouse as a designated representative for Commissioner Julie Mix McPeak, Tennessee  
Brian Hoffmeister, Tennessee  
Doug Danzeiser as a designated representative for Commissioner Kent Sullivan, Texas  
John Carter, Texas  
Tomasz Serbinowski as a designated representative for Commissioner Todd E. Kiser, Utah  
Nancy Askerlund, Utah  
Leah Korce as a designated representative for Commissioner Michael S. Pieciak, Vermont  
Don Beatty, Virginia  
Alan Hudina as a designated representative for Commissioner Mike Kreidler, Washington  
John Haworth, Washington  
Commissioner Allan L. McVey, West Virginia  
Joylynn Fix, West Virginia  
Cari Lee as a designated representative for Commissioner Ted Nickel, Wisconsin  
Sue Ezalarab, Wisconsin  
Lisa Brandt, Wisconsin  
John Kitslaar, Wisconsin  
Commissioner Tom Glause, Wyoming  
Brittany Buss, Wyoming

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

Wayne Mehlman, American Council of Life Insurers  
Emily Micale, American Council of Life Insurers  
Hugh Barrett, MassMutual Life Insurance Company  
Charles Perin, Nationwide Financial  
Michael Hitchcock, Pacific Life

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

Brendan Bridgeland, Center for Insurance Research  
Sonja Larkin-Thorne, NAIC Funded Consumer Liaison Representative  
Andrew Sperling, National Alliance on Mental Illness

**Members of the Insurance Compact Legislative Committee in Attendance:**

Senator Travis Holdman, Indiana  
Senator Robert D. Hackett, Ohio  
Representative Bill Botzow, Vermont

**Insurance Compact Staff in Attendance:**

Karen Schutter, Executive Director  
Becky McElduff, Assistant Director of Product Operations and Counsel  
Sara Dubsky, Senior Operations Manager

Mindy Bradford, Product Reviewer  
Jeanne Daharsh, Actuary  
Karen Givens, Product Reviewer  
Anne Marie Narcini, Regulatory Consultant

**Interested Parties in Attendance:**

Melissa Clines, Nationwide Financial  
Heather Morton, National Conference of State Legislatures  
Paul Penna, National Conference of Insurance Legislators  
Lisa Richards, Symetra Life Insurance Company  
Joseph Muratore, New York Life Insurance Company  
Jim Woody, National Association of Insurance Commissioners

Commissioner Cunningham 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.

Commissioner Cunningham proceeded to the second agenda item and asked State Senator Holdman to provide an update of the Legislative Committee. Senator Holdman provided brief remarks and thanked his fellow legislators for their work in support of the Insurance Compact.

Commissioner Cunningham proceeded to the next agenda item, Management Committee consideration of approval of the proposed amendments to the *Terms and Procedures for IIPRC Filing Fees* (“Filing Fee Rule”). Commissioner Cunningham stated that the Finance Committee recommended changes to the Filing Fee Rule at the joint meeting of the Management Committee and Commission on September 25<sup>th</sup>, alongside the proposed 2018 Schedule of Fees and Annual Budget. Commissioner Cunningham stated that the Management Committee exposed the items for comment and held a public hearing during the teleconference of the Management Committee on October 23<sup>rd</sup>. Commissioner Cunningham reported that no comments were received on the proposed budget. There were no questions or comments for the Commissioner. Commissioner Cunningham then requested a motion from a member of the Management Committee to approve the amendments to the Filing Fee Rule recommended by the Finance Committee. Director Froment moved and Mr. Williams seconded. There was no further discussion. Ms. Schutter took a roll call vote of the Management Committee and the motion carried.

Commissioner Cunningham proceeded to the next agenda item and requested a motion from a member of the Commission to approve the amendments to the Filing Fee Rule as approved by the Management Committee. Mr. Ostlund moved and Director Range seconded. There was no further discussion. Ms. Schutter took a roll call vote of the Commission and the motion carried.

Commissioner Cunningham proceeded to the next agenda item and requested a motion from a member of the Management Committee to approve the proposed 2018 Annual Budget and Schedule of Fees. Mr. Chrysler moved and Director Froment seconded. There was no further discussion. Ms. Schutter took a roll call vote of the Management Committee and the motion carried.

Commissioner Cunningham proceeded to the following agenda item and requested a motion from a member of the Commission to approve the 2018 Annual Budget and Schedule of Fees as recommended by the Finance Committee and approved by the Management Committee. Commissioner Donelon moved and Ms. Brouse seconded. There was no further discussion. Ms. Schutter took a roll call vote of the Commission and the motion carried.

Commissioner Cunningham continued to the next agenda item and asked Director Range to deliver the report of the Audit Committee. Director Range reported that the Audit Committee held a regulator-only call to hear an update on the most recent financials from the Insurance Compact Office. Director Range reported that as of September 30<sup>th</sup>, the Insurance Compact was 99% of budgeted revenues and that operating expenses were seven percent under budget. Director Range reported that Insurance Compact had no need to take a draw on the Line of Credit that was granted this year. Director Range reported that the Audit Committee will begin working with the independent audit firm RSM at the beginning of

2018 as they conduct the independent audit of the Commission's 2017 financials. Director Ramge concluded his report and there were no questions.

Commissioner Lindley-Myers moved and Commissioner McVey seconded to adopt the report of the Audit Committee. There was no further discussion. Commissioner Cunningham called a voice vote of the Commission to adopt the report of the Audit Committee. The motion carried with none opposed.

Commissioner Cunningham proceeded to the next agenda item and asked Ms. Lee to provide the report of the Communications Committee. Ms. Lee reported that the Communications Committee recently held a member call to receive feedback on outreach efforts by the Insurance Compact Office, and an overview of recent updates to the Insurance Compact website. Ms. Lee reported that the Insurance Compact participated in 30 company outreach events and provided individual updates to ten states, while visiting more than 20 different states over the course of the year. Ms. Lee stated that the Insurance Compact Office offered a fall webinar series for industry filers and focused on the amendments to the Uniform Standards that were adopted over the course of the year. Ms. Lee reported that the Insurance Compact Office, along with the NAIC Communications Department, recently updated the website to be more compliant with the Americans with Disabilities Act best practices and user-friendly for mobile devices. Ms. Lee summarized the updates and stated that the Communications Committee continues to look at ways for Compact Members to encourage their domestics to utilize the Insurance Compact as the preferred filing method for eligible products. Ms. Lee stated that departments with new staff should contact the Insurance Compact Office to receive an overview of the Insurance Compact. Ms. Lee concluded her remarks and there were no further questions.

Commissioner Cunningham proceeded to the next agenda item and asked Director Froment to provide the Report of the Finance Committee. Director Froment reported that the Finance Committee has not met since the September 25<sup>th</sup> joint teleconference of the Management Committee and Commission. Director Froment stated that the adopted budget for next year projects that operating revenues will equal operating expenses, with the minimal changes to the filing fees as were just adopted by the Commission. Director Froment stated that Finance Committee will continue to monitor these fee changes and the financial performance to determine if further changes in the fee or expense structure are necessary. Director Froment concluded her report and there were no further questions.

Commissioner Cunningham proceeded to the next agenda item and asked Roger Stefani to provide the report of the Product Standards Committee ("PSC"). Mr. Stefani reported that the PSC has been focusing its efforts on Phase 8 of the Five-Year Review of the individual Disability Income Insurance Uniform Standards. Mr. Stefani stated that the PSC held a public call on October 24<sup>th</sup> to receive public input on several substantive and clarification items that the PSC has reviewed. Mr. Stefani reported that the PSC is considering these comments and finalizing the items subject to the public call. Mr. Stefani stated that interested regulators and other parties may follow the progress of PSC member calls by reviewing the call summaries published on the Insurance Compact website.

Mr. Stefani reported that the PSC is holding a public call on November 28<sup>th</sup> to solicit input on the type of products and benefit features that companies file state-by-state because the Compact does not have Uniform Standards, as well as the type of products and benefit features that consumers want, but insurers are not able to provide due to state regulatory requirements. Mr. Stefani stated that the PSC expects to hold additional public calls on these topics as the Committee explores what products

companies offer today and possibly in the future, and where additional Uniform Standards may be necessary. Mr. Stefani concluded his report and there were no questions.

Commissioner Cunningham proceeded to the next agenda item and asked Mr. Beatty to provide the report of the Rulemaking Committee. Mr. Beatty reported that the Rulemaking Committee held a member call on November 20<sup>th</sup> to discuss a proposed form for the submission of Five-Year Review comments, and a proposed rulemaking numbering system to facilitate tracking and make it easier to recognize the status of uniform standards and operating procedures throughout the rulemaking process. Mr. Beatty stated that the Rulemaking Committee will hold a public call in early 2018 to expose these items for public comment. Mr. Beatty concluded his report and there were no further questions.

Commissioner Cunningham requested a motion from a member of the Management Committee to approve the Reports of the Communications, Finance, Product Standards, and Rulemaking Committees. Director Froment moved and Mr. Chrysler seconded. There was no further discussion. Commissioner Cunningham called a voice vote and the motion carried.

Commissioner Cunningham proceeded to the next agenda item and requested a joint motion of the Management Committee and Commission to adopt the meeting minutes of the September 25<sup>th</sup> joint meeting of the Management Committee and Commission. Mr. Record moved and Mr. Gregg seconded. There was no further discussion. Commissioner Cunningham then called for a voice vote of the entire Commission and the motion carried.

Commissioner Cunningham proceeded to the next agenda item, Formation of the Insurance Compact Member Committees. Commissioner Cunningham stated that under the Bylaws, the Chair makes appointments to Compact Committees subject to the approval of the Management Committee. The Commissioner stated that every effort was made by the Compact Officers to accommodate member state requests to serve on committees, bearing in mind that the number of states requesting to serve on the Product Standards Committee exceeds the Committee's 20-member capacity each year.

Commissioner Cunningham requested a motion from a member of the Management Committee to approve the 2018 Committee Assignment Recommendation from the Compact Officers. Mr. Chrysler moved and Mr. Gregg seconded. There was no further discussion. Commissioner Cunningham called for a voice vote and the motion carried.

Commissioner Cunningham stated that under the Bylaws, the Industry Advisory Committee has eight seats with staggered two-year terms. She stated that four seats specifically designated in the Bylaws must be reappointed for 2018. Three seats are reserved for representatives from industry trade organizations and one seat is reserved for Company representatives. Commissioner Cunningham stated that the Officers recommended the reappointment of the current members, American Council of Life Insurers (ACLI), America's Health Insurance Plans (AHIP) and National Association of Insurance and Financial Advisors (NAIFA), to another two-year term on the Industry Advisory Committee, along with Mutual of Omaha. There were no questions regarding these recommendations. Commissioner Cunningham called for a motion of the Management Committee to make the appointments as recommended. Mr. Donovan moved and Mr. Gregg seconded. Commissioner Cunningham called a voice vote and the motion carried.



Commissioner Cunningham proceeded to the next agenda item and summarized the composition of the 2018 Management Committee and the selection process, as written in Article 3 of the Bylaws. Commissioner Cunningham reported that six seats on the 14-member Management Committee go to the six largest member states based on premium volume, which are: Texas, Pennsylvania, New Jersey, Illinois, Ohio and Michigan. Four seats go to states with 2% or more of asset-based premium volume; for 2018 those include Georgia, Indiana, Maryland, and North Carolina. Commissioner Cunningham then explained that for states with less than 2% of the premium volume, each zone selects their representative. For 2018, Rhode Island will represent the Northeastern Zone, West Virginia will represent the Southeastern Zone, Iowa will represent the Midwestern Zone, and Idaho will represent the Western Zone.

Commissioner Cunningham proceeded to the Election of the Insurance Compact Officers for 2018. Commissioner Cunningham stated that under the Bylaws, the Officers are elected by the entire Commission, but must be from the membership of the Management Committee. Commissioner Cunningham then opened the floor for nominations for the offices of Chair, Vice Chair, and Treasurer of the Commission. Director Ramage nominated Director Froment for the office of Chair, Superintendent Dwyer for the office of Vice Chair, and Director Cameron for the office of Treasurer of the Commission. Ms. Lee seconded and there were no additional nominations. Director Ramage moved to close the nominations and elect the nominated Officers by acclamation. Commissioner Richardson seconded. The motion carried.

Commissioner Cunningham then invited Director Froment to deliver the 2017 Treasurer's Report. Director Froment reported that through October 31<sup>st</sup>, the Insurance Compact collected \$4,013,389 in both Insurance Compact fees and state filing fees. Of this total amount, the Insurance Compact received \$1,829,727 in self-generated revenue since January 1<sup>st</sup>, which is approximately 103% of revenues as of October 2016. Director Froment stated that the Compact is operating 5% under budgeted expenses, and to date it has operated under budget in all expense lines. Director Froment stated that the outstanding debt to the NAIC as of October 31<sup>st</sup> is \$3,288,727. Director Froment reported that the Insurance Compact is currently in deferral status on its repayment of debt to the NAIC, and for the fifth year in a row has not utilized the available line of credit. Based on the 2018 Budget, the Insurance Compact will request a minimal line of credit, and does not expect to be in a position to begin repayment of the debt until at least 2020. Director Froment concluded her report and there were no further questions.

Commissioner Cunningham then asked Ms. Schutter to provide an Operational Update. Ms. Schutter stated that to date in 2017, 227 companies have registered with the Insurance Compact, exceeding the total number of 2016 registrations by one. Ms. Schutter stated that the Insurance Compact is on track to exceed the total number of products received for 2016, and that the average approval turnaround time is 23 days. Ms. Schutter reported that the Mix and Match percentage has fallen to 45%. Ms. Schutter reported that the Insurance Compact website has been updated and now includes an interactive map of the Compacting States.

Ms. Schutter then provided an update on non-compacting states. Ms. Schutter reported that the California Department of Insurance recently sent a report and recommendation required by a 2015 statute regarding whether to join the Insurance Compact. Ms. Schutter reported that the Department recommended against joining, due to several differences between California law and the Uniform Standards, including that California requires a 60-day free look period for life and annuities and a 60-

day grace period for ages 65 and older. Ms. Schutter reported that the Commission and the NAIC each filed amicus briefs at the end of October in the third-party litigation in the federal district court of Colorado. Ms. Schutter stated that the Commission's brief may be found in the About the Compact section of the Insurance Compact website.

Ms. Schutter reported that the Insurance Compact Office will send an Annual Proxy form to members in the coming weeks, pursuant to the Bylaws as amended at the September 25<sup>th</sup> joint meeting. Ms. Schutter stated that the Commission would not meet in person at the NAIC Fall National Meeting in Hawaii, and concluded her report. There were no questions.

As there were no other matters, Mr. Chrysler moved to adjourn. Ms. Brouse seconded and the meeting was adjourned.