

IOWA ALCOHOLIC BEVERAGES COMMISSION

MINUTES

Old Supreme Court Chamber, Room 103
State Capitol Building
1007 East Grand Avenue
Des Moines, Iowa 50319
July 19, 2012
9:00 am

Commission Members Present:

Jim Clayton: Chairperson
Claire Celsi: Vice-Chair– Participated by phone
Rick Hunsaker: Secretary
Tami Doll: Member– Participated by phone
Greg Nashleanas: Member

ABD Staff Present:

Stephen Larson: Administrator	Stephanie Strauss: Executive Officer
Deb Bassett: Executive Assistant	Heather Schaffer: Compliance Officer
Karen Freund: Deputy Administrator of Regulation	Zach Schrom: Communications Intern
Doug Webb: Deputy Director of Administration	Erin Fitzgerald: Communication Specialist
Jolene Eriksen: Accountant	Victor Kennedy: Accountant

Guests Present:

Kristi Kielhorn: House Republican Caucus Staff	Steve Morain: Iowa Insurance Institute
Lisa Davis-Cook: IAJ	Howard Beck: Illinois Casualty Company
Tom O'Meara: Iowa Insurance Division	Theresa Kehoe: Senate Democratic Caucus Staff
Charles Burhan: Liberty Mutual Insurance	Jessica Dunker: Iowa Restaurant Association
Mike St.Clair: Property Causality Insurance	Brad Epperly: American Insurance Association
Mike Erdman: Iowa Insurance Division	
Anna Hyatt Crozier: House Democratic Caucus Staff	
Michelle Engler: Iowa Insurance Division	
Eric Johansen: Iowa Senate Republican Caucus Staff	

Conference Call Participants:

Ann Weber: Property Casualty Insurance
Dave Golden: Property Casualty Insurance
Darin Beck: Iowa Restaurant Association
Eddie Mauro: Universal Insurance

CALL TO ORDER

Chairperson Jim Clayton called the meeting to order at 9:00 AM and a roll call was taken and all members were present.

APPROVAL OF AGENDA

MOTION: A motion was made by Commissioner Nashleanas and a second by Commissioner Hunsaker to approve the agenda for the July 19, 2012, for the dram shop insurance aggregate meeting.

Motion approved unanimously.

APPROVAL OF THE APRIL 30, 2012 MINUTES

MOTION: A motion was made by Commissioner Hunsaker and a second by Commissioner Nashleanas to approve the minutes from April 30, 2012, Commission meeting.

Motion approved unanimously.

APPROVAL OF MINUTES

MOTION: A motion was made by Commissioner Hunsaker and a second by Commissioner Nashleanas to approve the minutes from May 14, 2012, Commission meeting

Motion approved unanimously.

APPROVAL OF MINUTES

MOTION: A motion was made by Commissioner Nashleanas and a second by Commissioner Hunsaker to approve the minutes from June 13, 2012, Commission meeting.

Motion approved unanimously.

APPROVAL OF MINUTES

MOTION: A motion was made by Commissioner Hunsaker and a second by Commissioner Nashleanas to approve the minutes from June 26, 2012, Commission meeting.

Motion approved unanimously.

Public Comment:

A discussion took place between the Commission members, guests and call-in participants on the agenda item related to dram shop insurance policies. The discussion focused on whether or not aggregate limits should be available to on-premise licensees.

After the public comment period the commission discussion centered around three options:

1. Keep the current rule language;
2. Amend the rule to prohibit aggregate limits; or
3. Amend the rule to allow aggregate limits;

Prior to the discussion on those three options by the commission members, Administrator Larson stated that information and discussions among stakeholders have been presented to ABD staff and the Administrator, Commission, Office of the Attorneys General, and the Insurance Division over the last 11 months. There were numerous recommendations and ideas that have been brought forth.

Furthermore, questions have been raised by stakeholders on whether or not this type of insurance can or should be sold and what impact would allowing aggregate insurance have on the business community and the public in the event of a claim being denied due to a policy exceeding its aggregate limits

After weighing all of this information, the bottom line is whether or not a dram shop liability insurance policy is allowed to include an aggregate provision.

The recommendation to the commission is to support a rule that would allow the insurance industry the option to sell a dram shop liability insurance policy with an aggregate limit provision. This proposed rule change will balance rights of all stakeholders within the marketplace.

The commission discussed the three options and then moved to direct the division to propose to them language to amend the rules related dram shop liability insurance.

MOTION: A motion was made by Commission Hunsaker and a second by Commissioner Clayton to amend the current rule to prohibit aggregate limits.

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Roll Call Vote:

Commissioner Clayton: Yes
Commissioner Celsi: Yes
Commissioner Hunsaker: Yes
Commissioner Nashleanas: No
Commissioner Doll: No

Motion approved.

Recess 15 minutes

ADMINISTRATOR'S REPORT

Government Relations Officer Stephanie Strauss provided an update on the rules that the commission was to adopt. Administrator Larson asked the commissioners to take action on rules ARC 0142C (CH.1, 2, 3, 19) and ARC 0157C (Dram non-con).

MOTION: A motion was made by Commission Nashleanas and a second by Commissioner Hunsaker to adopt the rules published under notice ARC 0142C (Ch. 1, 2, 3, 19).

Roll Call Vote:

Commissioner Clayton: Yes
Commissioner Celsi: Yes
Commissioner Hunsaker: Yes
Commissioner Nashleanas: Yes
Commissioner Doll: Yes

Motions approved unanimously.

MOTION: A motion was made by Commission Hunsaker and a second by Commissioner Nashleanas to adopt the rules published under notice ARC 0157C (Dram non-con).

Roll Call Vote:

Commissioner Clayton: Yes
Commissioner Celsi: Yes
Commissioner Hunsaker: Yes
Commissioner Nashleanas: Yes
Commissioner Doll: Yes

Motions approved unanimously.

Administrator Larson provided an overview of division activities since the last commission meeting which included the progress of the division's strategic plan, licensing highlights, and distribution analysis. Other areas of overview included plans for a study on distribution of spirits to achieve the most cost efficient model. The study would also include the true cost of distributing spirits.

Staff also presented plans for increasing compliance of electronic beer and wine reporting and a new contract with Lotus to improve the facility's camera security.

The Administrator's Report was accepted without comment.

Accounting and Finance

Commission members were given financial information before the meeting and had no questions regarding accounting and finance.

Executive Assistant Deb Bassett gave an update regarding the symposium on the three-tier system and proposed budget. A discussion between the staff and Commission members took place regarding the upcoming symposium. The budget, speakers, attendance expectations, location and funding were all considered.

Products Management

Deputy Director of Administration Doug Webb discussed newly listed products and delisted products for fiscal year 2012. He also gave an update on Iowa products and increased sales due to convenience stores.

Regulation and Licensing

Deputy Administrator of Regulation Karen Freund gave an update on regulatory matters, including a map of the Class E licensee density by county. She also provided information on scheduling education for law enforcement and Class E licensees.

Education

Deputy Director of Administration Doug Webb gave an update on I-PACT and the mobile site/ phone application for alcohol serving sizes that is being developed. I-PACT has a 97 percent pass rate.

NEW BUSINESS

A discussion between the staff and Commission members took place regarding youth access to alcohol via the internet. Staff stated that any package containing alcohol must clearly indicate the contents on the outside of the box.

ADJOURNMENT

MOTION: A motion was made by Commission Nashleanas and a second by Commissioner Hunsaker that the meeting be adjourned.

Meeting adjourned at 12:15 PM.

Commissioner Hunsaker, Secretary