

Second Regular Session  
Sixty-fourth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 04-0044.01 Julie Hoerner

SENATE BILL 04-022

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SENATE SPONSORSHIP

Owen,

HOUSE SPONSORSHIP

Williams T.,

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Senate Committees  
Business Affairs & Labor

House Committees

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A BILL FOR AN ACT

101 CONCERNING ENACTMENT OF THE "INTERSTATE INSURANCE PRODUCT  
102 REGULATION COMPACT".

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Bill Summary

*(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)*

Makes findings and defines terms. Appoints the insurance commissioner as the state's representative to the interstate insurance product regulation commission (commission). Outlines the purpose of the commission. Establishes the commission as a nonprofit body corporate and politic. Specifies the commission is to:

Develop uniform standards for group annuity, life insurance, disability income, and long-term care insurance;  
Receive and review product lines; and

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

Approve product filings.

Establishes venue for the commission in the state where the principal office of the commission is located. Specifies the powers of the commission. Sets out the organization of the commission. Requires that each member of the commission be entitled to one vote and be allowed to participate in the governance of the commission. Requires a 2/3 vote of the members of the commission for a uniform standard of the commission to be effective. Allows for a majority vote of the members of the commission for the rules governing the commission to be effective.

Creates a management committee of the commission. Sets out how the management committee is established. Requires the commission to annually elect officers of the management committee. Outlines the duties of the management committee. Allows for legislative committees to make recommendations to the management committee. Establishes 2 advisory committees of consumer representatives and insurance industry representatives. Allows the commission to establish additional advisory committees as it deems appropriate. Requires the commission to keep records. Provides for qualified immunity, defense, and indemnification of members of the commission, officers, the executive director, employees of the commission, and agents of the commission.

Sets out that the commission shall meet in compliance with the bylaws of the commission. Specifies that a uniform standard adopted by the commission is effective at least 90 days after its promulgation by the commission. Outlines the procedures for a state to opt out of this compact. Clarifies that if a state opts out of the compact, the uniform standards are invalid until such state enacts a law to repeal the opt-out provision. Allows for judicial review of any operating procedure or rule of the commission.

Requires the commission to establish procedures for public access to filings made to the commission. Requires the commission to monitor compacting states for compliance with procedures and rules of the commission. Allows the commission to attempt to resolve disputes between compacting states.

Requires insurers and 3rd parties seeking to have a product approved by the commission to file product information with the commission. Requires the commission to establish filing procedures and review processes for filings received by the commission. Declares that any product approved by the commission may be sold or issued in a compacting state in which the insurer is authorized to conduct business.

Outlines an appeal process for filings that are not approved by the commission. Allows the commission to monitor, review, and reconsider products and advertising approved by the commission for conformity with the commission's uniform standards.

Allows the commission to pay for administrative expenses of the commission. Allows the commission to fund its initial operations with

moneys from the national association of insurance commissioners, compacting states, and other sources. Requires the commission to collect a filing fee from each insurer filing a product with the commission. Specifies that the commission is a tax-exempt entity. Prohibits the commission from incurring debt.

Allows any state to become a compacting state. Binds a compacting state upon legislative enactment of at least 2 or more compacting states. Clarifies that uniform standards of the commission are binding after 26 states join the compact or after states representing 40% of the premium volume for life insurance, annuity, disability income, and long-term care insurance products join the compact. Allows amendments to the compact to be adopted by the compacting states. Allows a state to withdraw from the compact. Outlines the procedure and effect of withdrawing from the compact.

Permits the commission to take action against a compacting state that defaults on its obligations under the compact. States that the compact is dissolved when only one state remains in the compact. Outlines the binding effect of the compact and specifies remedies when the compact exceeds the limitations of the law.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** Article 60 of title 24, Colorado Revised Statutes,  
3 is amended BY THE ADDITION OF A NEW PART to read:

4 PART 30

5 INTERSTATE INSURANCE PRODUCT

6 REGULATION COMPACT

7 **24-60-3001. Interstate insurance product regulation compact.**

8 THE FOLLOWING COMPACT IS INTENDED TO HELP STATES JOIN TOGETHER  
9 TO ESTABLISH AN INTERSTATE COMPACT TO REGULATE DESIGNATED  
10 INSURANCE PRODUCTS. PURSUANT TO TERMS AND CONDITIONS OF THIS  
11 ACT, THE STATE OF COLORADO SEEKS TO JOIN WITH OTHER STATES AND  
12 ESTABLISH THE INTERSTATE INSURANCE PRODUCT REGULATION COMPACT,  
13 AND THUS BECOME A MEMBER OF THE INTERSTATE INSURANCE PRODUCT  
14 REGULATION COMMISSION. THE INSURANCE COMMISSIONER IS HEREBY

1 DESIGNATED TO SERVE AS THE REPRESENTATIVE OF THIS STATE TO THE  
2 COMMISSION.

3 ARTICLE I.

4 PURPOSES

5 THE PURPOSES OF THIS COMPACT ARE, THROUGH MEANS OF JOINT  
6 AND COOPERATIVE ACTION AMONG THE COMPACTING STATES:

7 1. TO PROMOTE AND PROTECT THE INTEREST OF CONSUMERS OF  
8 INDIVIDUAL AND GROUP ANNUITY, LIFE INSURANCE, DISABILITY INCOME  
9 AND LONG-TERM INSURANCE PRODUCTS;

10 2. TO DEVELOP UNIFORM STANDARDS FOR INSURANCE PRODUCTS  
11 COVERED UNDER THE COMPACT;

12 3. TO ESTABLISH A CENTRAL CLEARINGHOUSE TO RECEIVE AND  
13 PROVIDE PROMPT REVIEW OF INSURANCE PRODUCTS COVERED UNDER THE  
14 COMPACT AND, IN CERTAIN CASES, ADVERTISEMENTS RELATED THERETO,  
15 SUBMITTED BY INSURERS AUTHORIZED TO DO BUSINESS IN ONE OR MORE  
16 COMPACTING STATES;

17 4. TO GIVE APPROPRIATE REGULATORY APPROVAL TO THOSE  
18 PRODUCT FILINGS AND ADVERTISEMENTS SATISFYING THE APPLICABLE  
19 UNIFORM STANDARD;

20 5. TO IMPROVE COORDINATION OF REGULATORY RESOURCES AND  
21 EXPERTISE BETWEEN STATE INSURANCE DEPARTMENTS REGARDING THE  
22 SETTING OF UNIFORM STANDARDS AND REVIEW OF INSURANCE PRODUCTS  
23 COVERED UNDER THE COMPACT;

24 6. TO CREATE THE INTERSTATE INSURANCE PRODUCT REGULATION  
25 COMMISSION; AND

26 7. TO PERFORM THESE AND SUCH OTHER RELATED FUNCTIONS AS  
27 MAY BE CONSISTENT WITH THE STATE REGULATION OF THE BUSINESS OF

1 INSURANCE.

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## ARTICLE II.

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### DEFINITIONS

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FOR PURPOSES OF THIS COMPACT:

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1. "ADVERTISEMENT" MEANS ANY MATERIAL DESIGNED TO CREATE PUBLIC INTEREST IN A PRODUCT, OR INDUCE THE PUBLIC TO PURCHASE, INCREASE, MODIFY, REINSTATE, BORROW ON, SURRENDER, REPLACE OR RETAIN A POLICY, AS MORE SPECIFICALLY DEFINED IN THE RULES AND OPERATING PROCEDURES OF THE COMMISSION.

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2. "BYLAWS" MEAN THOSE BYLAWS ESTABLISHED BY THE COMMISSION FOR ITS GOVERNANCE, OR FOR DIRECTING OR CONTROLLING THE COMMISSION'S ACTIONS OR CONDUCT.

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3. "COMPACTING STATE" MEANS ANY STATE WHICH HAS ENACTED THIS COMPACT LEGISLATION AND WHICH HAS NOT WITHDRAWN PURSUANT TO ARTICLE XIV, SECTION 1, OR BEEN TERMINATED PURSUANT TO ARTICLE XIV, SECTION 2.

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4. "COMMISSION" MEANS THE "INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION" ESTABLISHED BY THIS COMPACT.

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5. "COMMISSIONER" MEANS THE CHIEF INSURANCE REGULATORY OFFICIAL OF A STATE INCLUDING, BUT NOT LIMITED TO COMMISSIONER, SUPERINTENDENT, DIRECTOR OR ADMINISTRATOR.

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6. "DOMICILIARY STATE" MEANS THE STATE IN WHICH AN INSURER IS INCORPORATED OR ORGANIZED; OR, IN THE CASE OF AN ALIEN INSURER, ITS STATE OF ENTRY.

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7. "INSURER" MEANS ANY ENTITY LICENSED BY A STATE TO ISSUE CONTRACTS OF INSURANCE FOR ANY OF THE LINES OF INSURANCE COVERED BY THIS ACT.

1           8. "MEMBER" MEANS THE PERSON CHOSEN BY A COMPACTING  
2 STATE AS ITS REPRESENTATIVE TO THE COMMISSION, OR HIS OR HER  
3 DESIGNEE.

4           9. "NON-COMPACTING STATE" MEANS ANY STATE WHICH IS NOT AT  
5 THE TIME A COMPACTING STATE.

6           10. "OPERATING PROCEDURES" MEAN PROCEDURES PROMULGATED  
7 BY THE COMMISSION IMPLEMENTING A RULE, UNIFORM STANDARD OR A  
8 PROVISION OF THIS COMPACT.

9           11. "PRODUCT" MEANS THE FORM OF A POLICY OR CONTRACT,  
10 INCLUDING ANY APPLICATION, ENDORSEMENT, OR RELATED FORM WHICH  
11 IS ATTACHED TO AND MADE A PART OF THE POLICY OR CONTRACT, AND ANY  
12 EVIDENCE OF COVERAGE OR CERTIFICATE, FOR AN INDIVIDUAL OR GROUP  
13 ANNUITY, LIFE INSURANCE, DISABILITY INCOME OR LONG-TERM CARE  
14 INSURANCE PRODUCT THAT AN INSURER IS AUTHORIZED TO ISSUE.

15           12. "RULE" MEANS A STATEMENT OF GENERAL OR PARTICULAR  
16 APPLICABILITY AND FUTURE EFFECT PROMULGATED BY THE COMMISSION,  
17 INCLUDING A UNIFORM STANDARD DEVELOPED PURSUANT TO ARTICLE VII  
18 OF THE COMPACT, DESIGNED TO IMPLEMENT, INTERPRET, OR PRESCRIBE  
19 LAW OR POLICY OR DESCRIBING THE ORGANIZATION, PROCEDURE, OR  
20 PRACTICE REQUIREMENTS OF THE COMMISSION, WHICH SHALL HAVE THE  
21 FORCE AND EFFECT OF LAW IN THE COMPACTING STATES.

22           13. "STATE" MEANS ANY STATE, DISTRICT OR TERRITORY OF THE  
23 UNITED STATES OF AMERICA.

24           14. "THIRD-PARTY FILER" MEANS AN ENTITY THAT SUBMITS A  
25 PRODUCT FILING TO THE COMMISSION ON BEHALF OF AN INSURER.

26           15. "UNIFORM STANDARD" MEANS A STANDARD ADOPTED BY THE  
27 COMMISSION FOR A PRODUCT LINE, PURSUANT TO ARTICLE VII OF THIS

1 COMPACT, AND SHALL INCLUDE ALL OF THE PRODUCT REQUIREMENTS IN  
2 AGGREGATE; PROVIDED, THAT EACH UNIFORM STANDARD SHALL BE  
3 CONSTRUED, WHETHER EXPRESS OR IMPLIED, TO PROHIBIT THE USE OF ANY  
4 INCONSISTENT, MISLEADING OR AMBIGUOUS PROVISIONS IN A PRODUCT  
5 AND THE FORM OF THE PRODUCT MADE AVAILABLE TO THE PUBLIC SHALL  
6 NOT BE UNFAIR, INEQUITABLE OR AGAINST PUBLIC POLICY AS DETERMINED  
7 BY THE COMMISSION.

### 8 ARTICLE III.

#### 9 ESTABLISHMENT OF THE COMMISSION AND VENUE

10 1. THE COMPACTING STATES HEREBY CREATE AND ESTABLISH A  
11 JOINT PUBLIC AGENCY KNOWN AS THE "INTERSTATE INSURANCE PRODUCT  
12 REGULATION COMMISSION." PURSUANT TO ARTICLE IV, THE COMMISSION  
13 WILL HAVE THE POWER TO DEVELOP UNIFORM STANDARDS FOR PRODUCT  
14 LINES, RECEIVE AND PROVIDE PROMPT REVIEW OF PRODUCTS FILED  
15 THEREWITH, AND GIVE APPROVAL TO THOSE PRODUCT FILINGS SATISFYING  
16 APPLICABLE UNIFORM STANDARDS; PROVIDED, IT IS NOT INTENDED FOR  
17 THE COMMISSION TO BE THE EXCLUSIVE ENTITY FOR RECEIPT AND REVIEW  
18 OF INSURANCE PRODUCT FILINGS. NOTHING HEREIN SHALL PROHIBIT ANY  
19 INSURER FROM FILING ITS PRODUCT IN ANY STATE WHEREIN THE INSURER  
20 IS LICENSED TO CONDUCT THE BUSINESS OF INSURANCE; AND ANY SUCH  
21 FILING SHALL BE SUBJECT TO THE LAWS OF THE STATE WHERE FILED.

22 2. THE COMMISSION IS A BODY CORPORATE AND POLITIC, AND AN  
23 INSTRUMENTALITY OF THE COMPACTING STATES.

24 3. THE COMMISSION IS A NOT-FOR-PROFIT ENTITY, SEPARATE AND  
25 DISTINCT FROM THE INDIVIDUAL COMPACTING STATES.

26 4. THE COMMISSION IS SOLELY RESPONSIBLE FOR ITS LIABILITIES  
27 EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS COMPACT.



1 LONG-TERM CARE INSURANCE MODEL ACT OR LONG-TERM CARE  
2 INSURANCE MODEL REGULATION ADOPTED BY THE NAIC REQUIRE  
3 AMENDING OF THE UNIFORM STANDARDS ESTABLISHED BY THE  
4 COMMISSION FOR LONG-TERM CARE INSURANCE PRODUCTS;

5 3. TO RECEIVE AND REVIEW IN AN EXPEDITIOUS MANNER  
6 PRODUCTS FILED WITH THE COMMISSION, AND RATE FILINGS FOR  
7 DISABILITY INCOME AND LONG-TERM CARE INSURANCE PRODUCTS, AND  
8 GIVE APPROVAL OF THOSE PRODUCTS AND RATE FILINGS THAT SATISFY THE  
9 APPLICABLE UNIFORM STANDARD, WHERE SUCH APPROVAL SHALL HAVE  
10 THE FORCE AND EFFECT OF LAW AND BE BINDING ON THE COMPACTING  
11 STATES TO THE EXTENT AND IN THE MANNER PROVIDED IN THE COMPACT;

12 4. TO RECEIVE AND REVIEW IN AN EXPEDITIOUS MANNER  
13 ADVERTISEMENT RELATING TO LONG-TERM CARE INSURANCE PRODUCTS  
14 FOR WHICH UNIFORM STANDARDS HAVE BEEN ADOPTED BY THE  
15 COMMISSION, AND GIVE APPROVAL TO ALL ADVERTISEMENT THAT  
16 SATISFIES THE APPLICABLE UNIFORM STANDARD. FOR ANY PRODUCT  
17 COVERED UNDER THIS COMPACT, OTHER THAN LONG-TERM CARE  
18 INSURANCE PRODUCTS, THE COMMISSION SHALL HAVE THE AUTHORITY TO  
19 REQUIRE AN INSURER TO SUBMIT ALL OR ANY PART OF ITS ADVERTISEMENT  
20 WITH RESPECT TO THAT PRODUCT FOR REVIEW OR APPROVAL PRIOR TO USE,  
21 IF THE COMMISSION DETERMINES THAT THE NATURE OF THE PRODUCT IS  
22 SUCH THAT AN ADVERTISEMENT OF THE PRODUCT COULD HAVE THE  
23 CAPACITY OR TENDENCY TO MISLEAD THE PUBLIC. THE ACTIONS OF THE  
24 COMMISSION AS PROVIDED IN THIS SECTION SHALL HAVE THE FORCE AND  
25 EFFECT OF LAW AND SHALL BE BINDING IN THE COMPACTING STATES TO  
26 THE EXTENT AND IN THE MANNER PROVIDED IN THE COMPACT;

27 5. TO EXERCISE ITS RULE-MAKING AUTHORITY AND DESIGNATE

1 PRODUCTS AND ADVERTISEMENT THAT MAY BE SUBJECT TO A  
2 SELF-CERTIFICATION PROCESS WITHOUT THE NEED FOR PRIOR APPROVAL  
3 BY THE COMMISSION.

4 6. TO PROMULGATE OPERATING PROCEDURES, PURSUANT TO  
5 ARTICLE VII OF THIS COMPACT, WHICH SHALL BE BINDING IN THE  
6 COMPACTING STATES TO THE EXTENT AND IN THE MANNER PROVIDED IN  
7 THIS COMPACT;

8 7. TO BRING AND PROSECUTE LEGAL PROCEEDINGS OR ACTIONS IN  
9 ITS NAME AS THE COMMISSION; PROVIDED, THAT THE STANDING OF ANY  
10 STATE INSURANCE DEPARTMENT TO SUE OR BE SUED UNDER APPLICABLE  
11 LAW SHALL NOT BE AFFECTED;

12 8. TO ISSUE SUBPOENAS REQUIRING THE ATTENDANCE AND  
13 TESTIMONY OF WITNESSES AND THE PRODUCTION OF EVIDENCE;

14 9. TO ESTABLISH AND MAINTAIN OFFICES;

15 10. TO PURCHASE AND MAINTAIN INSURANCE AND BONDS;

16 11. TO BORROW, ACCEPT OR CONTRACT FOR SERVICES OF  
17 PERSONNEL, INCLUDING, BUT NOT LIMITED TO, EMPLOYEES OF A  
18 COMPACTING STATE;

19 12. TO HIRE EMPLOYEES, PROFESSIONALS OR SPECIALISTS, AND  
20 ELECT OR APPOINT OFFICERS, AND TO FIX THEIR COMPENSATION, DEFINE  
21 THEIR DUTIES AND GIVE THEM APPROPRIATE AUTHORITY TO CARRY OUT  
22 THE PURPOSES OF THE COMPACT, AND DETERMINE THEIR QUALIFICATIONS;  
23 AND TO ESTABLISH THE COMMISSION'S PERSONNEL POLICIES AND  
24 PROGRAMS RELATING TO, AMONG OTHER THINGS, CONFLICTS OF INTEREST,  
25 RATES OF COMPENSATION AND QUALIFICATIONS OF PERSONNEL;

26 13. TO ACCEPT ANY AND ALL APPROPRIATE DONATIONS AND  
27 GRANTS OF MONEY, EQUIPMENT, SUPPLIES, MATERIALS AND SERVICES, AND

1 TO RECEIVE, UTILIZE AND DISPOSE OF THE SAME; PROVIDED THAT AT ALL  
2 TIMES THE COMMISSION SHALL STRIVE TO AVOID ANY APPEARANCE OF  
3 IMPROPRIETY;

4 14. TO LEASE, PURCHASE, ACCEPT APPROPRIATE GIFTS OR  
5 DONATIONS OF, OR OTHERWISE TO OWN, HOLD, IMPROVE OR USE, ANY  
6 PROPERTY, REAL, PERSONAL OR MIXED; PROVIDED THAT AT ALL TIMES THE  
7 COMMISSION SHALL STRIVE TO AVOID ANY APPEARANCE OF IMPROPRIETY;

8 15. TO SELL, CONVEY, MORTGAGE, PLEDGE, LEASE, EXCHANGE,  
9 ABANDON OR OTHERWISE DISPOSE OF ANY PROPERTY, REAL, PERSONAL OR  
10 MIXED;

11 16. TO REMIT FILING FEES TO COMPACTING STATES AS MAY BE SET  
12 FORTH IN THE BYLAWS, RULES OR OPERATING PROCEDURES;

13 17. TO ENFORCE COMPLIANCE BY COMPACTING STATES WITH  
14 RULES, UNIFORM STANDARDS, OPERATING PROCEDURES AND BYLAWS;

15 18. TO PROVIDE FOR DISPUTE RESOLUTION AMONG COMPACTING  
16 STATES;

17 19. TO ADVISE COMPACTING STATES ON ISSUES RELATING TO  
18 INSURERS DOMICILED OR DOING BUSINESS IN NON-COMPACTING STATES,  
19 CONSISTENT WITH THE PURPOSES OF THIS COMPACT;

20 20. TO PROVIDE ADVICE AND TRAINING TO THOSE PERSONNEL IN  
21 STATE INSURANCE DEPARTMENTS RESPONSIBLE FOR PRODUCT REVIEW, AND  
22 TO BE A RESOURCE FOR STATE INSURANCE DEPARTMENTS;

23 21. TO ESTABLISH A BUDGET AND MAKE EXPENDITURES;

24 22. TO BORROW MONEY;

25 23. TO APPOINT COMMITTEES, INCLUDING ADVISORY COMMITTEES  
26 COMPRISING MEMBERS, STATE INSURANCE REGULATORS, STATE  
27 LEGISLATORS OR THEIR REPRESENTATIVES, INSURANCE INDUSTRY AND

1 CONSUMER REPRESENTATIVES, AND SUCH OTHER INTERESTED PERSONS AS  
2 MAY BE DESIGNATED IN THE BYLAWS;

3 24. TO PROVIDE AND RECEIVE INFORMATION FROM, AND TO  
4 COOPERATE WITH LAW ENFORCEMENT AGENCIES;

5 25. TO ADOPT AND USE A CORPORATE SEAL; AND

6 26. TO PERFORM SUCH OTHER FUNCTIONS AS MAY BE NECESSARY  
7 OR APPROPRIATE TO ACHIEVE THE PURPOSES OF THIS COMPACT  
8 CONSISTENT WITH THE STATE REGULATION OF THE BUSINESS OF  
9 INSURANCE.

## 10 ARTICLE V.

### 11 ORGANIZATION OF THE COMMISSION

#### 12 1. MEMBERSHIP, VOTING AND BYLAWS

13 a. EACH COMPACTING STATE SHALL HAVE AND BE LIMITED TO ONE  
14 MEMBER. EACH MEMBER SHALL BE QUALIFIED TO SERVE IN THAT  
15 CAPACITY PURSUANT TO APPLICABLE LAW OF THE COMPACTING STATE.  
16 ANY MEMBER MAY BE REMOVED OR SUSPENDED FROM OFFICE AS  
17 PROVIDED BY THE LAW OF THE STATE FROM WHICH HE OR SHE SHALL BE  
18 APPOINTED. ANY VACANCY OCCURRING IN THE COMMISSION SHALL BE  
19 FILLED IN ACCORDANCE WITH THE LAWS OF THE COMPACTING STATE  
20 WHEREIN THE VACANCY EXISTS. NOTHING HEREIN SHALL BE CONSTRUED  
21 TO AFFECT THE MANNER IN WHICH A COMPACTING STATE DETERMINES THE  
22 ELECTION OR APPOINTMENT AND QUALIFICATION OF ITS OWN  
23 COMMISSIONER.

24 b. EACH MEMBER SHALL BE ENTITLED TO ONE VOTE AND SHALL  
25 HAVE AN OPPORTUNITY TO PARTICIPATE IN THE GOVERNANCE OF THE  
26 COMMISSION IN ACCORDANCE WITH THE BYLAWS. NOTWITHSTANDING  
27 ANY PROVISION HEREIN TO THE CONTRARY, NO ACTION OF THE

1 COMMISSION WITH RESPECT TO THE PROMULGATION OF A UNIFORM  
2 STANDARD SHALL BE EFFECTIVE UNLESS TWO-THIRDS (2/3) OF THE  
3 MEMBERS VOTE IN FAVOR THEREOF.

4 c. THE COMMISSION SHALL, BY A MAJORITY OF THE MEMBERS,  
5 PRESCRIBE BYLAWS TO GOVERN ITS CONDUCT AS MAY BE NECESSARY OR  
6 APPROPRIATE TO CARRY OUT THE PURPOSES, AND EXERCISE THE POWERS,  
7 OF THE COMPACT, INCLUDING, BUT NOT LIMITED TO:

8 i. ESTABLISHING THE FISCAL YEAR OF THE COMMISSION;

9 ii. PROVIDING REASONABLE PROCEDURES FOR APPOINTING AND  
10 ELECTING MEMBERS, AS WELL AS HOLDING MEETINGS, OF THE  
11 MANAGEMENT COMMITTEE;

12 iii. PROVIDING REASONABLE STANDARDS AND PROCEDURES: (i) FOR  
13 THE ESTABLISHMENT AND MEETINGS OF OTHER COMMITTEES, AND (ii)  
14 GOVERNING ANY GENERAL OR SPECIFIC DELEGATION OF ANY AUTHORITY  
15 OR FUNCTION OF THE COMMISSION;

16 iv. PROVIDING REASONABLE PROCEDURES FOR CALLING AND  
17 CONDUCTING MEETINGS OF THE COMMISSION THAT CONSISTS OF A  
18 MAJORITY OF COMMISSION MEMBERS, ENSURING REASONABLE ADVANCE  
19 NOTICE OF EACH SUCH MEETING, AND PROVIDING FOR THE RIGHT OF  
20 CITIZENS TO ATTEND EACH SUCH MEETING WITH ENUMERATED EXCEPTIONS  
21 DESIGNED TO PROTECT THE PUBLIC'S INTEREST, THE PRIVACY OF  
22 INDIVIDUALS, AND INSURERS' PROPRIETARY INFORMATION, INCLUDING  
23 TRADE SECRETS. THE COMMISSION MAY MEET IN CAMERA ONLY AFTER A  
24 MAJORITY OF THE ENTIRE MEMBERSHIP VOTES TO CLOSE A MEETING EN  
25 TOTO OR IN PART. AS SOON AS PRACTICABLE, THE COMMISSION MUST  
26 MAKE PUBLIC (i) A COPY OF THE VOTE TO CLOSE THE MEETING REVEALING  
27 THE VOTE OF EACH MEMBER WITH NO PROXY VOTES ALLOWED, AND (ii)

1 VOTES TAKEN DURING SUCH MEETING;

2 v. ESTABLISHING THE TITLES, DUTIES AND AUTHORITY AND  
3 REASONABLE PROCEDURES FOR THE ELECTION OF THE OFFICERS OF THE  
4 COMMISSION;

5 vi. PROVIDING REASONABLE STANDARDS AND PROCEDURES FOR  
6 THE ESTABLISHMENT OF THE PERSONNEL POLICIES AND PROGRAMS OF THE  
7 COMMISSION. NOTWITHSTANDING ANY CIVIL SERVICE OR OTHER SIMILAR  
8 LAWS OF ANY COMPACTING STATE, THE BYLAWS SHALL EXCLUSIVELY  
9 GOVERN THE PERSONNEL POLICIES AND PROGRAMS OF THE COMMISSION;

10 vii. PROMULGATING A CODE OF ETHICS TO ADDRESS PERMISSIBLE  
11 AND PROHIBITED ACTIVITIES OF COMMISSION MEMBERS AND EMPLOYEES;  
12 AND

13 viii. PROVIDING A MECHANISM FOR WINDING UP THE OPERATIONS  
14 OF THE COMMISSION AND THE EQUITABLE DISPOSITION OF ANY SURPLUS  
15 FUNDS THAT MAY EXIST AFTER THE TERMINATION OF THE COMPACT AFTER  
16 THE PAYMENT AND/OR RESERVING OF ALL OF ITS DEBTS AND OBLIGATIONS.

17 d. THE COMMISSION SHALL PUBLISH ITS BYLAWS IN A CONVENIENT  
18 FORM AND FILE A COPY THEREOF AND A COPY OF ANY AMENDMENT  
19 THERETO, WITH THE APPROPRIATE AGENCY OR OFFICER IN EACH OF THE  
20 COMPACTING STATES.

21 2. MANAGEMENT COMMITTEE, OFFICERS AND PERSONNEL

22 a. A MANAGEMENT COMMITTEE COMPRISING NO MORE THAN  
23 FOURTEEN (14) MEMBERS SHALL BE ESTABLISHED AS FOLLOWS:

24 (i) ONE (1) MEMBER FROM EACH OF THE SIX (6) COMPACTING  
25 STATES WITH THE LARGEST PREMIUM VOLUME FOR INDIVIDUAL AND GROUP  
26 ANNUITIES, LIFE, DISABILITY INCOME AND LONG-TERM CARE INSURANCE  
27 PRODUCTS, DETERMINED FROM THE RECORDS OF THE NAIC FOR THE PRIOR

1 YEAR;

2 (ii) FOUR (4) MEMBERS FROM THOSE COMPACTING STATES WITH  
3 AT LEAST TWO PERCENT (2%) OF THE MARKET BASED ON THE PREMIUM  
4 VOLUME DESCRIBED ABOVE, OTHER THAN THE SIX (6) COMPACTING  
5 STATES WITH THE LARGEST PREMIUM VOLUME, SELECTED ON A ROTATING  
6 BASIS AS PROVIDED IN THE BYLAWS, AND;

7 (iii) FOUR (4) MEMBERS FROM THOSE COMPACTING STATES WITH  
8 LESS THAN TWO PERCENT (2%) OF THE MARKET, BASED ON THE PREMIUM  
9 VOLUME DESCRIBED ABOVE, WITH ONE (1) SELECTED FROM EACH OF THE  
10 FOUR (4) ZONE REGIONS OF THE NAIC AS PROVIDED IN THE BYLAWS.

11 b. THE MANAGEMENT COMMITTEE SHALL HAVE SUCH AUTHORITY  
12 AND DUTIES AS MAY BE SET FORTH IN THE BYLAWS, INCLUDING BUT NOT  
13 LIMITED TO:

14 i. MANAGING THE AFFAIRS OF THE COMMISSION IN A MANNER  
15 CONSISTENT WITH THE BYLAWS AND PURPOSES OF THE COMMISSION;

16 ii. ESTABLISHING AND OVERSEEING AN ORGANIZATIONAL  
17 STRUCTURE WITHIN, AND APPROPRIATE PROCEDURES FOR, THE  
18 COMMISSION TO PROVIDE FOR THE CREATION OF UNIFORM STANDARDS  
19 AND OTHER RULES, RECEIPT AND REVIEW OF PRODUCT FILINGS,  
20 ADMINISTRATIVE AND TECHNICAL SUPPORT FUNCTIONS, REVIEW OF  
21 DECISIONS REGARDING THE DISAPPROVAL OF A PRODUCT FILING, AND THE  
22 REVIEW OF ELECTIONS MADE BY A COMPACTING STATE TO OPT OUT OF A  
23 UNIFORM STANDARD; PROVIDED THAT A UNIFORM STANDARD SHALL NOT  
24 BE SUBMITTED TO THE COMPACTING STATES FOR ADOPTION UNLESS  
25 APPROVED BY TWO-THIRDS (2/3) OF THE MEMBERS OF THE MANAGEMENT  
26 COMMITTEE;

27 iii. OVERSEEING THE OFFICES OF THE COMMISSION; AND

1           iv.       PLANNING, IMPLEMENTING, AND COORDINATING  
2 COMMUNICATIONS AND ACTIVITIES WITH OTHER STATE, FEDERAL AND  
3 LOCAL GOVERNMENT ORGANIZATIONS IN ORDER TO ADVANCE THE GOALS  
4 OF THE COMMISSION.

5           c. THE COMMISSION SHALL ELECT ANNUALLY OFFICERS FROM THE  
6 MANAGEMENT COMMITTEE, WITH EACH HAVING SUCH AUTHORITY AND  
7 DUTIES, AS MAY BE SPECIFIED IN THE BYLAWS.

8           d. THE MANAGEMENT COMMITTEE MAY, SUBJECT TO THE  
9 APPROVAL OF THE COMMISSION, APPOINT OR RETAIN AN EXECUTIVE  
10 DIRECTOR FOR SUCH PERIOD, UPON SUCH TERMS AND CONDITIONS AND FOR  
11 SUCH COMPENSATION AS THE COMMISSION MAY DEEM APPROPRIATE. THE  
12 EXECUTIVE DIRECTOR SHALL SERVE AS SECRETARY TO THE COMMISSION,  
13 BUT SHALL NOT BE A MEMBER OF THE COMMISSION. THE EXECUTIVE  
14 DIRECTOR SHALL HIRE AND SUPERVISE SUCH OTHER STAFF AS MAY BE  
15 AUTHORIZED BY THE COMMISSION.

16           3. LEGISLATIVE AND ADVISORY COMMITTEES

17           a. A LEGISLATIVE COMMITTEE COMPRISING STATE LEGISLATORS OR  
18 THEIR DESIGNEES SHALL BE ESTABLISHED TO MONITOR THE OPERATIONS  
19 OF, AND MAKE RECOMMENDATIONS TO, THE COMMISSION, INCLUDING THE  
20 MANAGEMENT COMMITTEE; PROVIDED THAT THE MANNER OF SELECTION  
21 AND TERM OF ANY LEGISLATIVE COMMITTEE MEMBER SHALL BE AS SET  
22 FORTH IN THE BYLAWS. PRIOR TO THE ADOPTION BY THE COMMISSION OF  
23 ANY UNIFORM STANDARD, REVISION TO THE BYLAWS, ANNUAL BUDGET OR  
24 OTHER SIGNIFICANT MATTER AS MAY BE PROVIDED IN THE BYLAWS, THE  
25 MANAGEMENT COMMITTEE SHALL CONSULT WITH AND REPORT TO THE  
26 LEGISLATIVE COMMITTEE.

27           b. THE COMMISSION SHALL ESTABLISH TWO (2) ADVISORY

1 COMMITTEES, ONE OF WHICH SHALL COMPRISE CONSUMER  
2 REPRESENTATIVES INDEPENDENT OF THE INSURANCE INDUSTRY, AND THE  
3 OTHER COMPRISING INSURANCE INDUSTRY REPRESENTATIVES.

4 c. THE COMMISSION MAY ESTABLISH ADDITIONAL ADVISORY  
5 COMMITTEES AS ITS BYLAWS MAY PROVIDE FOR THE CARRYING OUT OF ITS  
6 FUNCTIONS.

7 4. CORPORATE RECORDS OF THE COMMISSION

8 THE COMMISSION SHALL MAINTAIN ITS CORPORATE BOOKS AND  
9 RECORDS IN ACCORDANCE WITH THE BYLAWS.

10 5. QUALIFIED IMMUNITY, DEFENSE AND INDEMNIFICATION

11 a. THE MEMBERS, OFFICERS, EXECUTIVE DIRECTOR, EMPLOYEES  
12 AND REPRESENTATIVES OF THE COMMISSION SHALL BE IMMUNE FROM SUIT  
13 AND LIABILITY, EITHER PERSONALLY OR IN THEIR OFFICIAL CAPACITY, FOR  
14 ANY CLAIM FOR DAMAGE TO OR LOSS OF PROPERTY OR PERSONAL INJURY  
15 OR OTHER CIVIL LIABILITY CAUSED BY OR ARISING OUT OF ANY ACTUAL OR  
16 ALLEGED ACT, ERROR OR OMISSION THAT OCCURRED, OR THAT THE PERSON  
17 AGAINST WHOM THE CLAIM IS MADE HAD A REASONABLE BASIS FOR  
18 BELIEVING OCCURRED WITHIN THE SCOPE OF COMMISSION EMPLOYMENT,  
19 DUTIES OR RESPONSIBILITIES; PROVIDED, THAT NOTHING IN THIS  
20 PARAGRAPH SHALL BE CONSTRUED TO PROTECT ANY SUCH PERSON FROM  
21 SUIT AND/OR LIABILITY FOR ANY DAMAGE, LOSS, INJURY OR LIABILITY  
22 CAUSED BY THE INTENTIONAL OR WILLFUL AND WANTON MISCONDUCT OF  
23 THAT PERSON.

24 b. THE COMMISSION SHALL DEFEND ANY MEMBER, OFFICER,  
25 EXECUTIVE DIRECTOR, EMPLOYEE OR REPRESENTATIVE OF THE  
26 COMMISSION IN ANY CIVIL ACTION SEEKING TO IMPOSE LIABILITY ARISING  
27 OUT OF ANY ACTUAL OR ALLEGED ACT, ERROR OR OMISSION THAT

1 OCCURRED WITHIN THE SCOPE OF COMMISSION EMPLOYMENT, DUTIES OR  
2 RESPONSIBILITIES, OR THAT THE PERSON AGAINST WHOM THE CLAIM IS  
3 MADE HAD A REASONABLE BASIS FOR BELIEVING OCCURRED WITHIN THE  
4 SCOPE OF COMMISSION EMPLOYMENT, DUTIES OR RESPONSIBILITIES;  
5 PROVIDED, THAT NOTHING HEREIN SHALL BE CONSTRUED TO PROHIBIT  
6 THAT PERSON FROM RETAINING HIS OR HER OWN COUNSEL; AND PROVIDED  
7 FURTHER, THAT THE ACTUAL OR ALLEGED ACT, ERROR OR OMISSION DID  
8 NOT RESULT FROM THAT PERSON'S INTENTIONAL OR WILLFUL AND WANTON  
9 MISCONDUCT.

10 c. THE COMMISSION SHALL INDEMNIFY AND HOLD HARMLESS ANY  
11 MEMBER, OFFICER, EXECUTIVE DIRECTOR, EMPLOYEE OR REPRESENTATIVE  
12 OF THE COMMISSION FOR THE AMOUNT OF ANY SETTLEMENT OR JUDGMENT  
13 OBTAINED AGAINST THAT PERSON ARISING OUT OF ANY ACTUAL OR  
14 ALLEGED ACT, ERROR OR OMISSION THAT OCCURRED WITHIN THE SCOPE OF  
15 COMMISSION EMPLOYMENT, DUTIES OR RESPONSIBILITIES, OR THAT SUCH  
16 PERSON HAD A REASONABLE BASIS FOR BELIEVING OCCURRED WITHIN THE  
17 SCOPE OF COMMISSION EMPLOYMENT, DUTIES OR RESPONSIBILITIES,  
18 PROVIDED, THAT THE ACTUAL OR ALLEGED ACT, ERROR OR OMISSION DID  
19 NOT RESULT FROM THE INTENTIONAL OR WILLFUL AND WANTON  
20 MISCONDUCT OF THAT PERSON.

## 21 ARTICLE VI.

### 22 MEETINGS AND ACTS OF THE COMMISSION

- 23 1. THE COMMISSION SHALL MEET AND TAKE SUCH ACTIONS AS ARE  
24 CONSISTENT WITH THE PROVISIONS OF THIS COMPACT AND THE BYLAWS.
- 25 2. EACH MEMBER OF THE COMMISSION SHALL HAVE THE RIGHT  
26 AND POWER TO CAST A VOTE TO WHICH THAT COMPACTING STATE IS  
27 ENTITLED AND TO PARTICIPATE IN THE BUSINESS AND AFFAIRS OF THE

1 COMMISSION. A MEMBER SHALL VOTE IN PERSON OR BY SUCH OTHER  
2 MEANS AS PROVIDED IN THE BYLAWS. THE BYLAWS MAY PROVIDE FOR  
3 MEMBERS' PARTICIPATION IN MEETINGS BY TELEPHONE OR OTHER MEANS  
4 OF COMMUNICATION.

5 3. THE COMMISSION SHALL MEET AT LEAST ONCE DURING EACH  
6 CALENDAR YEAR. ADDITIONAL MEETINGS SHALL BE HELD AS SET FORTH  
7 IN THE BYLAWS.

8 ARTICLE VII.

9 RULES & OPERATING PROCEDURES:

10 RULEMAKING FUNCTIONS OF THE COMMISSION

11 AND OPTING OUT OF UNIFORM STANDARDS

12 1. RULEMAKING AUTHORITY. THE COMMISSION SHALL  
13 PROMULGATE REASONABLE RULES, INCLUDING UNIFORM STANDARDS, AND  
14 OPERATING PROCEDURES IN ORDER TO EFFECTIVELY AND EFFICIENTLY  
15 ACHIEVE THE PURPOSES OF THIS COMPACT. NOTWITHSTANDING THE  
16 FOREGOING, IN THE EVENT THE COMMISSION EXERCISES ITS RULEMAKING  
17 AUTHORITY IN A MANNER THAT IS BEYOND THE SCOPE OF THE PURPOSES OF  
18 THIS ACT, OR THE POWERS GRANTED HEREUNDER, THEN SUCH AN ACTION  
19 BY THE COMMISSION SHALL BE INVALID AND HAVE NO FORCE AND EFFECT.

20 2. RULEMAKING PROCEDURE. RULES AND OPERATING  
21 PROCEDURES SHALL BE MADE PURSUANT TO A RULEMAKING PROCESS THAT  
22 CONFORMS TO THE MODEL STATE ADMINISTRATIVE PROCEDURE ACT OF  
23 1981 AS AMENDED, AS MAY BE APPROPRIATE TO THE OPERATIONS OF THE  
24 COMMISSION. BEFORE THE COMMISSION ADOPTS A UNIFORM STANDARD,  
25 THE COMMISSION SHALL GIVE WRITTEN NOTICE TO THE RELEVANT STATE  
26 LEGISLATIVE COMMITTEE(S) IN EACH COMPACTING STATE RESPONSIBLE  
27 FOR INSURANCE ISSUES OF ITS INTENTION TO ADOPT THE UNIFORM

1 STANDARD. THE COMMISSION IN ADOPTING A UNIFORM STANDARD SHALL  
2 CONSIDER FULLY ALL SUBMITTED MATERIALS AND ISSUE A CONCISE  
3 EXPLANATION OF ITS DECISION.

4 3. EFFECTIVE DATE AND OPT OUT OF A UNIFORM STANDARD. A  
5 UNIFORM STANDARD SHALL BECOME EFFECTIVE NINETY (90) DAYS AFTER  
6 ITS PROMULGATION BY THE COMMISSION OR SUCH LATER DATE AS THE  
7 COMMISSION MAY DETERMINE; PROVIDED, HOWEVER, THAT A  
8 COMPACTING STATE MAY OPT OUT OF A UNIFORM STANDARD AS PROVIDED  
9 IN THIS ARTICLE. "OPT OUT" SHALL BE DEFINED AS ANY ACTION BY A  
10 COMPACTING STATE TO DECLINE TO ADOPT OR PARTICIPATE IN A  
11 PROMULGATED UNIFORM STANDARD. ALL OTHER RULES AND OPERATING  
12 PROCEDURES, AND AMENDMENTS THERETO, SHALL BECOME EFFECTIVE AS  
13 OF THE DATE SPECIFIED IN EACH RULE, OPERATING PROCEDURE OR  
14 AMENDMENT.

15 4. OPT OUT PROCEDURE. A COMPACTING STATE MAY OPT OUT OF  
16 A UNIFORM STANDARD, EITHER BY LEGISLATION OR REGULATION DULY  
17 PROMULGATED BY THE INSURANCE DEPARTMENT UNDER THE COMPACTING  
18 STATE'S ADMINISTRATIVE PROCEDURE ACT. IF A COMPACTING STATE  
19 ELECTS TO OPT OUT OF A UNIFORM STANDARD BY REGULATION, IT MUST  
20 (a) GIVE WRITTEN NOTICE TO THE COMMISSION NO LATER THAN TEN (10)  
21 BUSINESS DAYS AFTER THE UNIFORM STANDARD IS PROMULGATED, OR AT  
22 THE TIME THE STATE BECOMES A COMPACTING STATE AND (b) FIND THAT  
23 THE UNIFORM STANDARD DOES NOT PROVIDE REASONABLE PROTECTIONS  
24 TO THE CITIZENS OF THE STATE, GIVEN THE CONDITIONS IN THE STATE.  
25 THE COMMISSIONER SHALL MAKE SPECIFIC FINDINGS OF FACT AND  
26 CONCLUSIONS OF LAW, BASED ON A PREPONDERANCE OF THE EVIDENCE,  
27 DETAILING THE CONDITIONS IN THE STATE WHICH WARRANT A DEPARTURE

1 FROM THE UNIFORM STANDARD AND DETERMINING THAT THE UNIFORM  
2 STANDARD WOULD NOT REASONABLY PROTECT THE CITIZENS OF THE  
3 STATE. THE COMMISSIONER MUST CONSIDER AND BALANCE THE  
4 FOLLOWING FACTORS AND FIND THAT THE CONDITIONS IN THE STATE AND  
5 NEEDS OF THE CITIZENS OF THE STATE OUTWEIGH: (i) THE INTENT OF THE  
6 LEGISLATURE TO PARTICIPATE IN, AND THE BENEFITS OF, AN INTERSTATE  
7 AGREEMENT TO ESTABLISH NATIONAL UNIFORM CONSUMER PROTECTIONS  
8 FOR THE PRODUCTS SUBJECT TO THIS ACT; AND (ii) THE PRESUMPTION  
9 THAT A UNIFORM STANDARD ADOPTED BY THE COMMISSION PROVIDES  
10 REASONABLE PROTECTIONS TO CONSUMERS OF THE RELEVANT PRODUCT.

11 NOTWITHSTANDING THE FOREGOING, A COMPACTING STATE MAY,  
12 AT THE TIME OF ITS ENACTMENT OF THIS COMPACT, PROSPECTIVELY OPT  
13 OUT OF ALL UNIFORM STANDARDS INVOLVING LONG-TERM CARE  
14 INSURANCE PRODUCTS BY EXPRESSLY PROVIDING FOR SUCH OPT OUT IN  
15 THE ENACTED COMPACT, AND SUCH AN OPT OUT SHALL NOT BE TREATED  
16 AS A MATERIAL VARIANCE IN THE OFFER OR ACCEPTANCE OF ANY STATE TO  
17 PARTICIPATE IN THIS COMPACT. SUCH AN OPT OUT SHALL BE EFFECTIVE AT  
18 THE TIME OF ENACTMENT OF THIS COMPACT BY THE COMPACTING STATE  
19 AND SHALL APPLY TO ALL EXISTING UNIFORM STANDARDS INVOLVING  
20 LONG-TERM CARE INSURANCE PRODUCTS AND THOSE SUBSEQUENTLY  
21 PROMULGATED.

22 5. EFFECT OF OPT OUT. IF A COMPACTING STATE ELECTS TO OPT  
23 OUT OF A UNIFORM STANDARD, THE UNIFORM STANDARD SHALL REMAIN  
24 APPLICABLE IN THE COMPACTING STATE ELECTING TO OPT OUT UNTIL SUCH  
25 TIME THE OPT-OUT LEGISLATION IS ENACTED INTO LAW OR THE  
26 REGULATION OPTING OUT BECOMES EFFECTIVE.

27 ONCE THE OPT OUT OF A UNIFORM STANDARD BY A COMPACTING

1 STATE BECOMES EFFECTIVE AS PROVIDED UNDER THE LAWS OF THAT  
2 STATE, THE UNIFORM STANDARD SHALL HAVE NO FURTHER FORCE AND  
3 EFFECT IN THAT STATE UNLESS AND UNTIL THE LEGISLATION OR  
4 REGULATION IMPLEMENTING THE OPT-OUT IS REPEALED OR OTHERWISE  
5 BECOMES INEFFECTIVE UNDER THE LAWS OF THE STATE. IF A COMPACTING  
6 STATE OPTS OUT OF A UNIFORM STANDARD AFTER THE UNIFORM  
7 STANDARD HAS BEEN MADE EFFECTIVE IN THAT STATE, THE OPT-OUT  
8 SHALL HAVE THE SAME PROSPECTIVE EFFECT AS PROVIDED UNDER ARTICLE  
9 XIV FOR WITHDRAWALS.

10 6. STAY OF UNIFORM STANDARD. IF A COMPACTING STATE HAS  
11 FORMALLY INITIATED THE PROCESS OF OPTING OUT OF A UNIFORM  
12 STANDARD BY REGULATION, AND WHILE THE REGULATORY OPT-OUT IS  
13 PENDING, THE COMPACTING STATE MAY PETITION THE COMMISSION, AT  
14 LEAST FIFTEEN (15) DAYS BEFORE THE EFFECTIVE DATE OF THE UNIFORM  
15 STANDARD, TO STAY THE EFFECTIVENESS OF THE UNIFORM STANDARD IN  
16 THAT STATE. THE COMMISSION MAY GRANT A STAY IF IT DETERMINES THE  
17 REGULATORY OPT-OUT IS BEING PURSUED IN A REASONABLE MANNER AND  
18 THERE IS A LIKELIHOOD OF SUCCESS. IF A STAY IS GRANTED OR EXTENDED  
19 BY THE COMMISSION, THE STAY OR EXTENSION THEREOF MAY POSTPONE  
20 THE EFFECTIVE DATE BY UP TO NINETY (90) DAYS, UNLESS AFFIRMATIVELY  
21 EXTENDED BY THE COMMISSION; PROVIDED, A STAY MAY NOT BE  
22 PERMITTED TO REMAIN IN EFFECT FOR MORE THAN ONE (1) YEAR UNLESS  
23 THE COMPACTING STATE CAN SHOW EXTRAORDINARY CIRCUMSTANCES  
24 WHICH WARRANT A CONTINUANCE OF THE STAY, INCLUDING, BUT NOT  
25 LIMITED TO, THE EXISTENCE OF A LEGAL CHALLENGE WHICH PREVENTS THE  
26 COMPACTING STATE FROM OPTING OUT. A STAY MAY BE TERMINATED BY  
27 THE COMMISSION UPON NOTICE THAT THE RULEMAKING PROCESS HAS BEEN

1 TERMINATED.

2 7. NOT LATER THAN THIRTY (30) DAYS AFTER A RULE OR  
3 OPERATING PROCEDURE IS PROMULGATED, ANY PERSON MAY FILE A  
4 PETITION FOR JUDICIAL REVIEW OF THE RULE OR OPERATING PROCEDURE;  
5 PROVIDED, THAT THE FILING OF SUCH A PETITION SHALL NOT STAY OR  
6 OTHERWISE PREVENT THE RULE OR OPERATING PROCEDURE FROM  
7 BECOMING EFFECTIVE UNLESS THE COURT FINDS THAT THE PETITIONER HAS  
8 A SUBSTANTIAL LIKELIHOOD OF SUCCESS. THE COURT SHALL GIVE  
9 DEFERENCE TO THE ACTIONS OF THE COMMISSION CONSISTENT WITH  
10 APPLICABLE LAW AND SHALL NOT FIND THE RULE OR OPERATING  
11 PROCEDURE TO BE UNLAWFUL IF THE RULE OR OPERATING PROCEDURE  
12 REPRESENTS A REASONABLE EXERCISE OF THE COMMISSION'S AUTHORITY.

13 ARTICLE VIII.

14 COMMISSION RECORDS AND ENFORCEMENT

15 1. THE COMMISSION SHALL PROMULGATE RULES ESTABLISHING  
16 CONDITIONS AND PROCEDURES FOR PUBLIC INSPECTION AND COPYING OF  
17 ITS INFORMATION AND OFFICIAL RECORDS, EXCEPT SUCH INFORMATION  
18 AND RECORDS INVOLVING THE PRIVACY OF INDIVIDUALS AND INSURERS'  
19 TRADE SECRETS. THE COMMISSION MAY PROMULGATE ADDITIONAL RULES  
20 UNDER WHICH IT MAY MAKE AVAILABLE TO FEDERAL AND STATE  
21 AGENCIES, INCLUDING LAW ENFORCEMENT AGENCIES, RECORDS AND  
22 INFORMATION OTHERWISE EXEMPT FROM DISCLOSURE, AND MAY ENTER  
23 INTO AGREEMENTS WITH SUCH AGENCIES TO RECEIVE OR EXCHANGE  
24 INFORMATION OR RECORDS SUBJECT TO NONDISCLOSURE AND  
25 CONFIDENTIALITY PROVISIONS.

26 2. EXCEPT AS TO PRIVILEGED RECORDS, DATA AND INFORMATION,  
27 THE LAWS OF ANY COMPACTING STATE PERTAINING TO CONFIDENTIALITY

1 OR NONDISCLOSURE SHALL NOT RELIEVE ANY COMPACTING STATE  
2 COMMISSIONER OF THE DUTY TO DISCLOSE ANY RELEVANT RECORDS, DATA  
3 OR INFORMATION TO THE COMMISSION; PROVIDED, THAT DISCLOSURE TO  
4 THE COMMISSION SHALL NOT BE DEEMED TO WAIVE OR OTHERWISE AFFECT  
5 ANY CONFIDENTIALITY REQUIREMENT; AND FURTHER PROVIDED, THAT,  
6 EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS ACT, THE  
7 COMMISSION SHALL NOT BE SUBJECT TO THE COMPACTING STATE'S LAWS  
8 PERTAINING TO CONFIDENTIALITY AND NONDISCLOSURE WITH RESPECT TO  
9 RECORDS, DATA AND INFORMATION IN ITS POSSESSION. CONFIDENTIAL  
10 INFORMATION OF THE COMMISSION SHALL REMAIN CONFIDENTIAL AFTER  
11 SUCH INFORMATION IS PROVIDED TO ANY COMMISSIONER.

12 3. THE COMMISSION SHALL MONITOR COMPACTING STATES FOR  
13 COMPLIANCE WITH DULY ADOPTED BYLAWS, RULES, INCLUDING UNIFORM  
14 STANDARDS, AND OPERATING PROCEDURES. THE COMMISSION SHALL  
15 NOTIFY ANY NON-COMPLYING COMPACTING STATE IN WRITING OF ITS  
16 NONCOMPLIANCE WITH COMMISSION BYLAWS, RULES OR OPERATING  
17 PROCEDURES. IF A NON-COMPLYING COMPACTING STATE FAILS TO  
18 REMEDY ITS NONCOMPLIANCE WITHIN THE TIME SPECIFIED IN THE NOTICE  
19 OF NONCOMPLIANCE, THE COMPACTING STATE SHALL BE DEEMED TO BE IN  
20 DEFAULT AS SET FORTH IN ARTICLE XIV.

21 4. THE COMMISSIONER OF ANY STATE IN WHICH AN INSURER IS  
22 AUTHORIZED TO DO BUSINESS, OR IS CONDUCTING THE BUSINESS OF  
23 INSURANCE, SHALL CONTINUE TO EXERCISE HIS OR HER AUTHORITY TO  
24 OVERSEE THE MARKET REGULATION OF THE ACTIVITIES OF THE INSURER IN  
25 ACCORDANCE WITH THE PROVISIONS OF THE STATE'S LAW. THE  
26 COMMISSIONER'S ENFORCEMENT OF COMPLIANCE WITH THE COMPACT IS  
27 GOVERNED BY THE FOLLOWING PROVISIONS:



1           1. INSURERS AND THIRD-PARTY FILERS SEEKING TO HAVE A  
2 PRODUCT APPROVED BY THE COMMISSION SHALL FILE THE PRODUCT WITH,  
3 AND PAY APPLICABLE FILING FEES TO, THE COMMISSION. NOTHING IN THIS  
4 ACT SHALL BE CONSTRUED TO RESTRICT OR OTHERWISE PREVENT AN  
5 INSURER FROM FILING ITS PRODUCT WITH THE INSURANCE DEPARTMENT IN  
6 ANY STATE WHEREIN THE INSURER IS LICENSED TO CONDUCT THE BUSINESS  
7 OF INSURANCE, AND SUCH FILING SHALL BE SUBJECT TO THE LAWS OF THE  
8 STATES WHERE FILED.

9           2. THE COMMISSION SHALL ESTABLISH APPROPRIATE FILING AND  
10 REVIEW PROCESSES AND PROCEDURES PURSUANT TO COMMISSION RULES  
11 AND OPERATING PROCEDURES. NOTWITHSTANDING ANY PROVISION  
12 HEREIN TO THE CONTRARY, THE COMMISSION SHALL PROMULGATE RULES  
13 TO ESTABLISH CONDITIONS AND PROCEDURES UNDER WHICH THE  
14 COMMISSION WILL PROVIDE PUBLIC ACCESS TO PRODUCT FILING  
15 INFORMATION. IN ESTABLISHING SUCH RULES, THE COMMISSION SHALL  
16 CONSIDER THE INTERESTS OF THE PUBLIC IN HAVING ACCESS TO SUCH  
17 INFORMATION, AS WELL AS PROTECTION OF PERSONAL MEDICAL AND  
18 FINANCIAL INFORMATION AND TRADE SECRETS, THAT MAY BE CONTAINED  
19 IN A PRODUCT FILING OR SUPPORTING INFORMATION.

20           3. ANY PRODUCT APPROVED BY THE COMMISSION MAY BE SOLD OR  
21 OTHERWISE ISSUED IN THOSE COMPACTING STATES FOR WHICH THE  
22 INSURER IS LEGALLY AUTHORIZED TO DO BUSINESS.

23                                   ARTICLE XI.

24                                   REVIEW OF COMMISSION

25                                   DECISIONS REGARDING FILINGS

26           1. NOT LATER THAN THIRTY (30) DAYS AFTER THE COMMISSION  
27 HAS GIVEN NOTICE OF A DISAPPROVED PRODUCT OR ADVERTISEMENT

1 FILED WITH THE COMMISSION, THE INSURER OR THIRD-PARTY FILER  
2 WHOSE FILING WAS DISAPPROVED MAY APPEAL THE DETERMINATION TO A  
3 REVIEW PANEL APPOINTED BY THE COMMISSION. THE COMMISSION SHALL  
4 PROMULGATE RULES TO ESTABLISH PROCEDURES FOR APPOINTING SUCH  
5 REVIEW PANELS AND PROVIDE FOR NOTICE AND HEARING. AN ALLEGATION  
6 THAT THE COMMISSION, IN DISAPPROVING A PRODUCT OR ADVERTISEMENT  
7 FILED WITH THE COMMISSION, ACTED ARBITRARILY, CAPRICIOUSLY, OR IN  
8 A MANNER THAT IS AN ABUSE OF DISCRETION OR OTHERWISE NOT IN  
9 ACCORDANCE WITH THE LAW, IS SUBJECT TO JUDICIAL REVIEW IN  
10 ACCORDANCE WITH ARTICLE III, SECTION 5.

11 2. THE COMMISSION SHALL HAVE AUTHORITY TO MONITOR,  
12 REVIEW AND RECONSIDER PRODUCTS AND ADVERTISEMENT SUBSEQUENT  
13 TO THEIR FILING OR APPROVAL UPON A FINDING THAT THE PRODUCT DOES  
14 NOT MEET THE RELEVANT UNIFORM STANDARD. WHERE APPROPRIATE,  
15 THE COMMISSION MAY WITHDRAW OR MODIFY ITS APPROVAL AFTER  
16 PROPER NOTICE AND HEARING, SUBJECT TO THE APPEAL PROCESS IN  
17 SECTION 1 ABOVE.

18 ARTICLE XII.

19 FINANCE

20 1. THE COMMISSION SHALL PAY OR PROVIDE FOR THE PAYMENT OF  
21 THE REASONABLE EXPENSES OF ITS ESTABLISHMENT AND ORGANIZATION.  
22 TO FUND THE COST OF ITS INITIAL OPERATIONS, THE COMMISSION MAY  
23 ACCEPT CONTRIBUTIONS AND OTHER FORMS OF FUNDING FROM THE  
24 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, COMPACTING  
25 STATES AND OTHER SOURCES. CONTRIBUTIONS AND OTHER FORMS OF  
26 FUNDING FROM OTHER SOURCES SHALL BE OF SUCH A NATURE THAT THE  
27 INDEPENDENCE OF THE COMMISSION CONCERNING THE PERFORMANCE OF

1 ITS DUTIES SHALL NOT BE COMPROMISED.

2 2. THE COMMISSION SHALL COLLECT A FILING FEE FROM EACH  
3 INSURER AND THIRD-PARTY FILER FILING A PRODUCT WITH THE  
4 COMMISSION TO COVER THE COST OF THE OPERATIONS AND ACTIVITIES OF  
5 THE COMMISSION AND ITS STAFF IN A TOTAL AMOUNT SUFFICIENT TO  
6 COVER THE COMMISSION'S ANNUAL BUDGET.

7 3. THE COMMISSION'S BUDGET FOR A FISCAL YEAR SHALL NOT BE  
8 APPROVED UNTIL IT HAS BEEN SUBJECT TO NOTICE AND COMMENT AS SET  
9 FORTH IN ARTICLE VII OF THIS COMPACT.

10 4. THE COMMISSION SHALL BE EXEMPT FROM ALL TAXATION IN  
11 AND BY THE COMPACTING STATES.

12 5. THE COMMISSION SHALL NOT PLEDGE THE CREDIT OF ANY  
13 COMPACTING STATE, EXCEPT BY AND WITH THE APPROPRIATE LEGAL  
14 AUTHORITY OF THAT COMPACTING STATE.

15 6. THE COMMISSION SHALL KEEP COMPLETE AND ACCURATE  
16 ACCOUNTS OF ALL ITS INTERNAL RECEIPTS, INCLUDING GRANTS AND  
17 DONATIONS, AND DISBURSEMENTS OF ALL FUNDS UNDER ITS CONTROL.  
18 THE INTERNAL FINANCIAL ACCOUNTS OF THE COMMISSION SHALL BE  
19 SUBJECT TO THE ACCOUNTING PROCEDURES ESTABLISHED UNDER ITS  
20 BYLAWS. THE FINANCIAL ACCOUNTS AND REPORTS INCLUDING THE  
21 SYSTEM OF INTERNAL CONTROLS AND PROCEDURES OF THE COMMISSION  
22 SHALL BE AUDITED ANNUALLY BY AN INDEPENDENT CERTIFIED PUBLIC  
23 ACCOUNTANT. UPON THE DETERMINATION OF THE COMMISSION, BUT NO  
24 LESS FREQUENTLY THAN EVERY THREE (3) YEARS, THE REVIEW OF THE  
25 INDEPENDENT AUDITOR SHALL INCLUDE A MANAGEMENT AND  
26 PERFORMANCE AUDIT OF THE COMMISSION. THE COMMISSION SHALL  
27 MAKE AN ANNUAL REPORT TO THE GOVERNOR AND LEGISLATURE OF THE

1 COMPACTING STATES, WHICH SHALL INCLUDE A REPORT OF THE  
2 INDEPENDENT AUDIT. THE COMMISSION'S INTERNAL ACCOUNTS SHALL NOT  
3 BE CONFIDENTIAL AND SUCH MATERIALS MAY BE SHARED WITH THE  
4 COMMISSIONER OF ANY COMPACTING STATE UPON REQUEST, PROVIDED,  
5 HOWEVER, THAT ANY WORK PAPERS RELATED TO ANY INTERNAL OR  
6 INDEPENDENT AUDIT AND ANY INFORMATION REGARDING THE PRIVACY OF  
7 INDIVIDUALS' AND INSURERS' PROPRIETARY INFORMATION, INCLUDING  
8 TRADE SECRETS, SHALL REMAIN CONFIDENTIAL.

9 7. NO COMPACTING STATE SHALL HAVE ANY CLAIM TO OR  
10 OWNERSHIP OF ANY PROPERTY HELD BY OR VESTED IN THE COMMISSION  
11 OR TO ANY COMMISSION FUNDS HELD PURSUANT TO THE PROVISIONS OF  
12 THIS COMPACT.

### 13 ARTICLE XIII.

#### 14 COMPACTING STATES, EFFECTIVE DATE AND AMENDMENT

- 15 1. ANY STATE IS ELIGIBLE TO BECOME A COMPACTING STATE.
- 16 2. THE COMPACT SHALL BECOME EFFECTIVE AND BINDING UPON  
17 LEGISLATIVE ENACTMENT OF THE COMPACT INTO LAW BY TWO  
18 COMPACTING STATES; PROVIDED, THE COMMISSION SHALL BECOME  
19 EFFECTIVE FOR PURPOSES OF ADOPTING UNIFORM STANDARDS FOR,  
20 REVIEWING, AND GIVING APPROVAL OR DISAPPROVAL OF, PRODUCTS FILED  
21 WITH THE COMMISSION THAT SATISFY APPLICABLE UNIFORM STANDARDS  
22 ONLY AFTER TWENTY-SIX (26) STATES ARE COMPACTING STATES OR,  
23 ALTERNATIVELY, BY STATES REPRESENTING GREATER THAN FORTY  
24 PERCENT (40%) OF THE PREMIUM VOLUME FOR LIFE INSURANCE, ANNUITY,  
25 DISABILITY INCOME AND LONG-TERM CARE INSURANCE PRODUCTS, BASED  
26 ON RECORDS OF THE NAIC FOR THE PRIOR YEAR. THEREAFTER, IT SHALL  
27 BECOME EFFECTIVE AND BINDING AS TO ANY OTHER COMPACTING STATE

1 UPON ENACTMENT OF THE COMPACT INTO LAW BY THAT STATE.

2 3. AMENDMENTS TO THE COMPACT MAY BE PROPOSED BY THE  
3 COMMISSION FOR ENACTMENT BY THE COMPACTING STATES. NO  
4 AMENDMENT SHALL BECOME EFFECTIVE AND BINDING UPON THE  
5 COMMISSION AND THE COMPACTING STATES UNLESS AND UNTIL ALL  
6 COMPACTING STATES ENACT THE AMENDMENT INTO LAW.

7 ARTICLE XIV.

8 WITHDRAWAL, DEFAULT AND TERMINATION

9 1. WITHDRAWAL

10 a. ONCE EFFECTIVE, THE COMPACT SHALL CONTINUE IN FORCE AND  
11 REMAIN BINDING UPON EACH AND EVERY COMPACTING STATE; PROVIDED,  
12 THAT A COMPACTING STATE MAY WITHDRAW FROM THE COMPACT  
13 ("WITHDRAWING STATE") BY ENACTING A STATUTE SPECIFICALLY  
14 REPEALING THE STATUTE WHICH ENACTED THE COMPACT INTO LAW.

15 b. THE EFFECTIVE DATE OF WITHDRAWAL IS THE EFFECTIVE DATE  
16 OF THE REPEALING STATUTE. HOWEVER, THE WITHDRAWAL SHALL NOT  
17 APPLY TO ANY PRODUCT FILINGS APPROVED OR SELF-CERTIFIED, OR ANY  
18 ADVERTISEMENT OF SUCH PRODUCTS, ON THE DATE THE REPEALING  
19 STATUTE BECOMES EFFECTIVE, EXCEPT BY MUTUAL AGREEMENT OF THE  
20 COMMISSION AND THE WITHDRAWING STATE UNLESS THE APPROVAL IS  
21 RESCINDED BY THE WITHDRAWING STATE AS PROVIDED IN SUBSECTION e.  
22 OF THIS SECTION.

23 c. THE COMMISSIONER OF THE WITHDRAWING STATE SHALL  
24 IMMEDIATELY NOTIFY THE MANAGEMENT COMMITTEE IN WRITING UPON  
25 THE INTRODUCTION OF LEGISLATION REPEALING THIS COMPACT IN THE  
26 WITHDRAWING STATE.

27 d. THE COMMISSION SHALL NOTIFY THE OTHER COMPACTING

1 STATES OF THE INTRODUCTION OF SUCH LEGISLATION WITHIN TEN (10)  
2 DAYS AFTER ITS RECEIPT OF NOTICE THEREOF.

3 e. THE WITHDRAWING STATE IS RESPONSIBLE FOR ALL  
4 OBLIGATIONS, DUTIES AND LIABILITIES INCURRED THROUGH THE EFFECTIVE  
5 DATE OF WITHDRAWAL, INCLUDING ANY OBLIGATIONS, THE PERFORMANCE  
6 OF WHICH EXTEND BEYOND THE EFFECTIVE DATE OF WITHDRAWAL, EXCEPT  
7 TO THE EXTENT THOSE OBLIGATIONS MAY HAVE BEEN RELEASED OR  
8 RELINQUISHED BY MUTUAL AGREEMENT OF THE COMMISSION AND THE  
9 WITHDRAWING STATE. THE COMMISSION'S APPROVAL OF PRODUCTS AND  
10 ADVERTISEMENT PRIOR TO THE EFFECTIVE DATE OF WITHDRAWAL SHALL  
11 CONTINUE TO BE EFFECTIVE AND BE GIVEN FULL FORCE AND EFFECT IN THE  
12 WITHDRAWING STATE, UNLESS FORMALLY RESCINDED BY THE  
13 WITHDRAWING STATE IN THE SAME MANNER AS PROVIDED BY THE LAWS  
14 OF THE WITHDRAWING STATE FOR THE PROSPECTIVE DISAPPROVAL OF  
15 PRODUCTS OR ADVERTISEMENT PREVIOUSLY APPROVED UNDER STATE  
16 LAW.

17 f. REINSTATEMENT FOLLOWING WITHDRAWAL OF ANY  
18 COMPACTING STATE SHALL OCCUR UPON THE EFFECTIVE DATE OF THE  
19 WITHDRAWING STATE REENACTING THE COMPACT.

20 2. DEFAULT

21 a. IF THE COMMISSION DETERMINES THAT ANY COMPACTING STATE  
22 HAS AT ANY TIME DEFAULTED ("DEFAULTING STATE") IN THE  
23 PERFORMANCE OF ANY OF ITS OBLIGATIONS OR RESPONSIBILITIES UNDER  
24 THIS COMPACT, THE BYLAWS OR DULY PROMULGATED RULES OR  
25 OPERATING PROCEDURES, THEN, AFTER NOTICE AND HEARING AS SET  
26 FORTH IN THE BYLAWS, ALL RIGHTS, PRIVILEGES AND BENEFITS  
27 CONFERRED BY THIS COMPACT ON THE DEFAULTING STATE SHALL BE

1 SUSPENDED FROM THE EFFECTIVE DATE OF DEFAULT AS FIXED BY THE  
2 COMMISSION. THE GROUNDS FOR DEFAULT INCLUDE, BUT ARE NOT  
3 LIMITED TO, FAILURE OF A COMPACTING STATE TO PERFORM ITS  
4 OBLIGATIONS OR RESPONSIBILITIES, AND ANY OTHER GROUNDS  
5 DESIGNATED IN COMMISSION RULES. THE COMMISSION SHALL  
6 IMMEDIATELY NOTIFY THE DEFAULTING STATE IN WRITING OF THE  
7 DEFAULTING STATE'S SUSPENSION PENDING A CURE OF THE DEFAULT. THE  
8 COMMISSION SHALL STIPULATE THE CONDITIONS AND THE TIME PERIOD  
9 WITHIN WHICH THE DEFAULTING STATE MUST CURE ITS DEFAULT. IF THE  
10 DEFAULTING STATE FAILS TO CURE THE DEFAULT WITHIN THE TIME PERIOD  
11 SPECIFIED BY THE COMMISSION, THE DEFAULTING STATE SHALL BE  
12 TERMINATED FROM THE COMPACT AND ALL RIGHTS, PRIVILEGES AND  
13 BENEFITS CONFERRED BY THIS COMPACT SHALL BE TERMINATED FROM THE  
14 EFFECTIVE DATE OF TERMINATION.

15 b. PRODUCT APPROVALS BY THE COMMISSION OR PRODUCT  
16 SELF-CERTIFICATIONS, OR ANY ADVERTISEMENT IN CONNECTION WITH  
17 SUCH PRODUCT, THAT ARE IN FORCE ON THE EFFECTIVE DATE OF  
18 TERMINATION SHALL REMAIN IN FORCE IN THE DEFAULTING STATE IN THE  
19 SAME MANNER AS IF THE DEFAULTING STATE HAD WITHDRAWN  
20 VOLUNTARILY PURSUANT TO PARAGRAPH 1 OF THIS ARTICLE.

21 c. REINSTATEMENT FOLLOWING TERMINATION OF ANY  
22 COMPACTING STATE REQUIRES A REENACTMENT OF THE COMPACT.

23 3. DISSOLUTION OF COMPACT

24 a. THE COMPACT DISSOLVES EFFECTIVE UPON THE DATE OF THE  
25 WITHDRAWAL OR DEFAULT OF THE COMPACTING STATE WHICH REDUCES  
26 MEMBERSHIP IN THE COMPACT TO ONE COMPACTING STATE.

27 b. UPON THE DISSOLUTION OF THIS COMPACT, THE COMPACT

1 BECOMES NULL AND VOID AND SHALL BE OF NO FURTHER FORCE OR  
2 EFFECT, AND THE BUSINESS AND AFFAIRS OF THE COMMISSION SHALL BE  
3 WOUND UP AND ANY SURPLUS FUNDS SHALL BE DISTRIBUTED IN  
4 ACCORDANCE WITH THE BYLAWS.

5 ARTICLE XV.

6 SEVERABILITY AND CONSTRUCTION

7 1. THE PROVISIONS OF THIS COMPACT SHALL BE SEVERABLE; AND  
8 IF ANY PHRASE, CLAUSE, SENTENCE OR PROVISION IS DEEMED  
9 UNENFORCEABLE, THE REMAINING PROVISIONS OF THE COMPACT SHALL BE  
10 ENFORCEABLE.

11 2. THE PROVISIONS OF THIS COMPACT SHALL BE LIBERALLY  
12 CONSTRUED TO EFFECTUATE ITS PURPOSES.

13 ARTICLE XVI.

14 BINDING EFFECT OF COMPACT AND OTHER LAWS

15 1. OTHER LAWS

16 a. NOTHING HEREIN PREVENTS THE ENFORCEMENT OF ANY OTHER  
17 LAW OF A COMPACTING STATE, EXCEPT AS PROVIDED IN PARAGRAPH b. OF  
18 THIS ARTICLE.

19 b. FOR ANY PRODUCT APPROVED OR CERTIFIED TO THE  
20 COMMISSION, THE RULES, UNIFORM STANDARDS AND ANY OTHER  
21 REQUIREMENTS OF THE COMMISSION SHALL CONSTITUTE THE EXCLUSIVE  
22 PROVISIONS APPLICABLE TO THE CONTENT, APPROVAL AND CERTIFICATION  
23 OF SUCH PRODUCTS. FOR ADVERTISEMENT THAT IS SUBJECT TO THE  
24 COMMISSION'S AUTHORITY, ANY RULE, UNIFORM STANDARD OR OTHER  
25 REQUIREMENT OF THE COMMISSION WHICH GOVERNS THE CONTENT OF THE  
26 ADVERTISEMENT SHALL CONSTITUTE THE EXCLUSIVE PROVISION THAT A  
27 COMMISSIONER MAY APPLY TO THE CONTENT OF THE ADVERTISEMENT.

1 NOTWITHSTANDING THE FOREGOING, NO ACTION TAKEN BY THE  
2 COMMISSION SHALL ABROGATE OR RESTRICT: i. THE ACCESS OF ANY  
3 PERSON TO STATE COURTS; ii. REMEDIES AVAILABLE UNDER STATE LAW  
4 RELATED TO BREACH OF CONTRACT, TORT, OR OTHER LAWS NOT  
5 SPECIFICALLY DIRECTED TO THE CONTENT OF THE PRODUCT; iii. STATE  
6 LAW RELATING TO THE CONSTRUCTION OF INSURANCE CONTRACTS; OR iv.  
7 THE AUTHORITY OF THE ATTORNEY GENERAL OF THE STATE, INCLUDING  
8 BUT NOT LIMITED TO MAINTAINING ANY ACTIONS OR PROCEEDINGS, AS  
9 AUTHORIZED BY LAW.

10 c. ALL INSURANCE PRODUCTS FILED WITH INDIVIDUAL STATES  
11 SHALL BE SUBJECT TO THE LAWS OF THOSE STATES.

12 2. BINDING EFFECT OF THIS COMPACT

13 a. ALL LAWFUL ACTIONS OF THE COMMISSION, INCLUDING ALL  
14 RULES AND OPERATING PROCEDURES PROMULGATED BY THE  
15 COMMISSION, ARE BINDING UPON THE COMPACTING STATES.

16 b. ALL AGREEMENTS BETWEEN THE COMMISSION AND THE  
17 COMPACTING STATES ARE BINDING IN ACCORDANCE WITH THEIR TERMS.

18 c. UPON THE REQUEST OF A PARTY TO A CONFLICT OVER THE  
19 MEANING OR INTERPRETATION OF COMMISSION ACTIONS, AND UPON A  
20 MAJORITY VOTE OF THE COMPACTING STATES, THE COMMISSION MAY  
21 ISSUE ADVISORY OPINIONS REGARDING THE MEANING OR INTERPRETATION  
22 IN DISPUTE.

23 d. IN THE EVENT ANY PROVISION OF THIS COMPACT EXCEEDS THE  
24 CONSTITUTIONAL LIMITS IMPOSED ON THE LEGISLATURE OF ANY  
25 COMPACTING STATE, THE OBLIGATIONS, DUTIES, POWERS OR JURISDICTION  
26 SOUGHT TO BE CONFERRED BY THAT PROVISION UPON THE COMMISSION  
27 SHALL BE INEFFECTIVE AS TO THAT COMPACTING STATE, AND THOSE

1 OBLIGATIONS, DUTIES, POWERS OR JURISDICTION SHALL REMAIN IN THE  
2 COMPACTING STATE AND SHALL BE EXERCISED BY THE AGENCY THEREOF  
3 TO WHICH THOSE OBLIGATIONS, DUTIES, POWERS OR JURISDICTION ARE  
4 DELEGATED BY LAW IN EFFECT AT THE TIME THIS COMPACT BECOMES  
5 EFFECTIVE.

6           **SECTION 2. Effective date.** This act shall take effect at 12:01  
7 a.m. on the day following the expiration of the ninety-day period after  
8 final adjournment of the general assembly that is allowed for submitting  
9 a referendum petition pursuant to article V, section 1 (3) of the state  
10 constitution (August 4, 2004, if adjournment sine die is on May 5, 2004);  
11 except that, if a referendum petition is filed against this act or an item,  
12 section, or part of this act within such period, then the act, item, section,  
13 or part, if approved by the people, shall take effect on the date of the  
14 official declaration of the vote thereon by proclamation of the governor.