

**Second Regular Session
Sixty-fourth General Assembly
STATE OF COLORADO**

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 04-0044.01 Julie Hoerner

SENATE BILL 04-022

SENATE SPONSORSHIP

Owen,

HOUSE SPONSORSHIP

Williams T.,

Senate Committees
Business Affairs & Labor

House Committees
Business Affairs & Labor

A BILL FOR AN ACT

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

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.

HOUSE
2nd Reading Unamended
March 1, 2004

SENATE
3rd Reading Unamended
January 30, 2004

SENATE
Amended 2nd Reading
January 29, 2004

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.

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.

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

27 4. VENUE IS PROPER AND JUDICIAL PROCEEDINGS BY OR AGAINST

1 THE COMMISSION SHALL BE BROUGHT SOLELY AND EXCLUSIVELY IN A
2 COURT OF COMPETENT JURISDICTION WHERE THE PRINCIPAL OFFICE OF THE
3 COMMISSION IS LOCATED.

4 ARTICLE IV.

5 POWERS OF THE COMMISSION

6 THE COMMISSION SHALL HAVE THE FOLLOWING POWERS:

7 1. TO PROMULGATE RULES, PURSUANT TO ARTICLE VII OF THIS
8 COMPACT, WHICH SHALL HAVE THE FORCE AND EFFECT OF LAW AND SHALL
9 BE BINDING IN THE COMPACTING STATES TO THE EXTENT AND IN THE
10 MANNER PROVIDED IN THIS COMPACT;

11 2. TO EXERCISE ITS RULE-MAKING AUTHORITY AND ESTABLISH
12 REASONABLE UNIFORM STANDARDS FOR PRODUCTS COVERED UNDER THE
13 COMPACT, AND ADVERTISEMENT RELATED THERETO, WHICH SHALL HAVE
14 THE FORCE AND EFFECT OF LAW AND SHALL BE BINDING IN THE
15 COMPACTING STATES, BUT ONLY FOR THOSE PRODUCTS FILED WITH THE
16 COMMISSION, PROVIDED, THAT A COMPACTING STATE SHALL HAVE THE
17 RIGHT TO OPT OUT OF SUCH UNIFORM STANDARD PURSUANT TO ARTICLE
18 VII, TO THE EXTENT AND IN THE MANNER PROVIDED IN THIS COMPACT,
19 AND, PROVIDED FURTHER, THAT ANY UNIFORM STANDARD ESTABLISHED
20 BY THE COMMISSION FOR LONG-TERM CARE INSURANCE PRODUCTS MAY
21 PROVIDE THE SAME OR GREATER PROTECTIONS FOR CONSUMERS AS, BUT
22 SHALL NOT PROVIDE LESS THAN, THOSE PROTECTIONS SET FORTH IN THE
23 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS' LONG-TERM
24 CARE INSURANCE MODEL ACT AND LONG-TERM CARE INSURANCE MODEL
25 REGULATION, RESPECTIVELY, ADOPTED AS OF 2001. THE COMMISSION
26 SHALL CONSIDER WHETHER ANY SUBSEQUENT AMENDMENTS TO THE NAIC
27 LONG-TERM CARE INSURANCE MODEL ACT OR LONG-TERM CARE

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

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

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

26 5. TO EXERCISE ITS RULE-MAKING AUTHORITY AND DESIGNATE
27 PRODUCTS AND ADVERTISEMENT THAT MAY BE SUBJECT TO A

1 SELF-CERTIFICATION PROCESS WITHOUT THE NEED FOR PRIOR APPROVAL
2 BY THE COMMISSION.

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

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

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

13 9. TO ESTABLISH AND MAINTAIN OFFICES;

14 10. TO PURCHASE AND MAINTAIN INSURANCE AND BONDS;

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

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

25 13. TO ACCEPT ANY AND ALL APPROPRIATE DONATIONS AND
26 GRANTS OF MONEY, EQUIPMENT, SUPPLIES, MATERIALS AND SERVICES, AND
27 TO RECEIVE, UTILIZE AND DISPOSE OF THE SAME; PROVIDED THAT AT ALL

1 TIMES THE COMMISSION SHALL STRIVE TO AVOID ANY APPEARANCE OF
2 IMPROPRIETY;

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

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

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

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

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

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

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

22 21. TO ESTABLISH A BUDGET AND MAKE EXPENDITURES;

23 22. TO BORROW MONEY;

24 23. TO APPOINT COMMITTEES, INCLUDING ADVISORY COMMITTEES
25 COMPRISING MEMBERS, STATE INSURANCE REGULATORS, STATE
26 LEGISLATORS OR THEIR REPRESENTATIVES, INSURANCE INDUSTRY AND
27 CONSUMER REPRESENTATIVES, AND SUCH OTHER INTERESTED PERSONS AS

1 MAY BE DESIGNATED IN THE BYLAWS;

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

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

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

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ARTICLE V.

10

ORGANIZATION OF THE COMMISSION

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1. MEMBERSHIP, VOTING AND BYLAWS

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

b. EACH MEMBER SHALL BE ENTITLED TO ONE VOTE AND SHALL HAVE AN OPPORTUNITY TO PARTICIPATE IN THE GOVERNANCE OF THE COMMISSION IN ACCORDANCE WITH THE BYLAWS. NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, NO ACTION OF THE COMMISSION WITH RESPECT TO THE PROMULGATION OF A UNIFORM

1 STANDARD SHALL BE EFFECTIVE UNLESS TWO-THIRDS (2/3) OF THE
2 MEMBERS VOTE IN FAVOR THEREOF.

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

7 i. ESTABLISHING THE FISCAL YEAR OF THE COMMISSION;
8 ii. PROVIDING REASONABLE PROCEDURES FOR APPOINTING AND
9 ELECTING MEMBERS, AS WELL AS HOLDING MEETINGS, OF THE
10 MANAGEMENT COMMITTEE;

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

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

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

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

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

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

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

20 2. MANAGEMENT COMMITTEE, OFFICERS AND PERSONNEL

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

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

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

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

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

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

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

26 iii. OVERSEEING THE OFFICES OF THE COMMISSION; AND

27 iv. PLANNING, IMPLEMENTING, AND COORDINATING

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

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

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

15 3. LEGISLATIVE AND ADVISORY COMMITTEES

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

26 b. THE COMMISSION SHALL ESTABLISH TWO (2) ADVISORY
27 COMMITTEES, ONE OF WHICH SHALL COMPRISE CONSUMER

1 REPRESENTATIVES INDEPENDENT OF THE INSURANCE INDUSTRY, AND THE
2 OTHER COMPRISING INSURANCE INDUSTRY REPRESENTATIVES.

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

6 4. CORPORATE RECORDS OF THE COMMISSION

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

9 5. QUALIFIED IMMUNITY, DEFENSE AND INDEMNIFICATION

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

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

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

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

20 ARTICLE VI.

21 MEETINGS AND ACTS OF THE COMMISSION

22 1. THE COMMISSION SHALL MEET AND TAKE SUCH ACTIONS AS ARE
23 CONSISTENT WITH THE PROVISIONS OF THIS COMPACT AND THE BYLAWS.

24 2. EACH MEMBER OF THE COMMISSION SHALL HAVE THE RIGHT
25 AND POWER TO CAST A VOTE TO WHICH THAT COMPACTING STATE IS
26 ENTITLED AND TO PARTICIPATE IN THE BUSINESS AND AFFAIRS OF THE
27 COMMISSION. A MEMBER SHALL VOTE IN PERSON OR BY SUCH OTHER

1 MEANS AS PROVIDED IN THE BYLAWS. THE BYLAWS MAY PROVIDE FOR
2 MEMBERS' PARTICIPATION IN MEETINGS BY TELEPHONE OR OTHER MEANS
3 OF COMMUNICATION.

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

7 ARTICLE VII.

8 RULES & OPERATING PROCEDURES:

9 RULEMAKING FUNCTIONS OF THE COMMISSION

10 AND OPTING OUT OF UNIFORM STANDARDS

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

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

1 CONSIDER FULLY ALL SUBMITTED MATERIALS AND ISSUE A CONCISE
2 EXPLANATION OF ITS DECISION.

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

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

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

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

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

26 ONCE THE OPT OUT OF A UNIFORM STANDARD BY A COMPACTING
27 STATE BECOMES EFFECTIVE AS PROVIDED UNDER THE LAWS OF THAT

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

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

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

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

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

27 a. WITH RESPECT TO THE COMMISSIONER'S MARKET REGULATION

1 OF A PRODUCT OR ADVERTISEMENT THAT IS APPROVED OR CERTIFIED TO
2 THE COMMISSION, THE CONTENT OF THE PRODUCT OR ADVERTISEMENT
3 SHALL NOT CONSTITUTE A VIOLATION OF THE PROVISIONS, STANDARDS OR
4 REQUIREMENTS OF THE COMPACT EXCEPT UPON A FINAL ORDER OF THE
5 COMMISSION, ISSUED AT THE REQUEST OF A COMMISSIONER AFTER PRIOR
6 NOTICE TO THE INSURER AND AN OPPORTUNITY FOR HEARING BEFORE THE
7 COMMISSION.

8 b. BEFORE A COMMISSIONER MAY BRING AN ACTION FOR
9 VIOLATION OF ANY PROVISION, STANDARD OR REQUIREMENT OF THE
10 COMPACT RELATING TO THE CONTENT OF AN ADVERTISEMENT NOT
11 APPROVED OR CERTIFIED TO THE COMMISSION, THE COMMISSION, OR AN
12 AUTHORIZED COMMISSION OFFICER OR EMPLOYEE, MUST AUTHORIZE THE
13 ACTION. HOWEVER, AUTHORIZATION PURSUANT TO THIS PARAGRAPH DOES
14 NOT REQUIRE NOTICE TO THE INSURER, OPPORTUNITY FOR HEARING OR
15 DISCLOSURE OF REQUESTS FOR AUTHORIZATION OR RECORDS OF THE
16 COMMISSION'S ACTION ON SUCH REQUESTS.

17 ARTICLE IX.

18 DISPUTE RESOLUTION

19 THE COMMISSION SHALL ATTEMPT, UPON THE REQUEST OF A
20 MEMBER, TO RESOLVE ANY DISPUTES OR OTHER ISSUES THAT ARE SUBJECT
21 TO THIS COMPACT AND WHICH MAY ARISE BETWEEN TWO OR MORE
22 COMPACTING STATES, OR BETWEEN COMPACTING STATES AND
23 NON-COMPACTING STATES, AND THE COMMISSION SHALL PROMULGATE AN
24 OPERATING PROCEDURE PROVIDING FOR RESOLUTION OF SUCH DISPUTES.

25 ARTICLE X.

26 PRODUCT FILING AND APPROVAL

27 1. INSURERS AND THIRD-PARTY FILERS SEEKING TO HAVE A

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

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

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

22 ARTICLE XI.

23 REVIEW OF COMMISSION

24 DECISIONS REGARDING FILINGS

25 1. NOT LATER THAN THIRTY (30) DAYS AFTER THE COMMISSION
26 HAS GIVEN NOTICE OF A DISAPPROVED PRODUCT OR ADVERTISEMENT
27 FILED WITH THE COMMISSION, THE INSURER OR THIRD-PARTY FILER

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

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

17 ARTICLE XII.

18 FINANCE

19 1. THE COMMISSION SHALL PAY OR PROVIDE FOR THE PAYMENT OF
20 THE REASONABLE EXPENSES OF ITS ESTABLISHMENT AND ORGANIZATION.
21 TO FUND THE COST OF ITS INITIAL OPERATIONS, THE COMMISSION MAY
22 ACCEPT CONTRIBUTIONS AND OTHER FORMS OF FUNDING FROM THE
23 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, COMPACTING
24 STATES AND OTHER SOURCES. CONTRIBUTIONS AND OTHER FORMS OF
25 FUNDING FROM OTHER SOURCES SHALL BE OF SUCH A NATURE THAT THE
26 INDEPENDENCE OF THE COMMISSION CONCERNING THE PERFORMANCE OF
27 ITS DUTIES SHALL NOT BE COMPROMISED.

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

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

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

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

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

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

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

12 ARTICLE XIII.

13 COMPACTING STATES, EFFECTIVE DATE AND AMENDMENT

14 1. ANY STATE IS ELIGIBLE TO BECOME A COMPACTING STATE.

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

1 DAYS AFTER ITS RECEIPT OF NOTICE THEREOF.

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

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

19 2. DEFAULT

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

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

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

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

22 3. DISSOLUTION OF COMPACT

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

26 b. UPON THE DISSOLUTION OF THIS COMPACT, THE COMPACT
27 BECOMES NULL AND VOID AND SHALL BE OF NO FURTHER FORCE OR

1 EFFECT, AND THE BUSINESS AND AFFAIRS OF THE COMMISSION SHALL BE
2 WOUND UP AND ANY SURPLUS FUNDS SHALL BE DISTRIBUTED IN
3 ACCORDANCE WITH THE BYLAWS.

4 ARTICLE XV.

5 SEVERABILITY AND CONSTRUCTION

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

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

12 ARTICLE XVI.

13 BINDING EFFECT OF COMPACT AND OTHER LAWS

14 1. OTHER LAWS

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

18 b. FOR ANY PRODUCT APPROVED OR CERTIFIED TO THE
19 COMMISSION, THE RULES, UNIFORM STANDARDS AND ANY OTHER
20 REQUIREMENTS OF THE COMMISSION SHALL CONSTITUTE THE EXCLUSIVE
21 PROVISIONS APPLICABLE TO THE CONTENT, APPROVAL AND CERTIFICATION
22 OF SUCH PRODUCTS. FOR ADVERTISEMENT THAT IS SUBJECT TO THE
23 COMMISSION'S AUTHORITY, ANY RULE, UNIFORM STANDARD OR OTHER
24 REQUIREMENT OF THE COMMISSION WHICH GOVERNS THE CONTENT OF THE
25 ADVERTISEMENT SHALL CONSTITUTE THE EXCLUSIVE PROVISION THAT A
26 COMMISSIONER MAY APPLY TO THE CONTENT OF THE ADVERTISEMENT.
27 NOTWITHSTANDING THE FOREGOING, NO ACTION TAKEN BY THE

1 COMMISSION SHALL ABROGATE OR RESTRICT: i. THE ACCESS OF ANY
2 PERSON TO STATE COURTS; ii. REMEDIES AVAILABLE UNDER STATE LAW
3 RELATED TO BREACH OF CONTRACT, TORT, OR OTHER LAWS NOT
4 SPECIFICALLY DIRECTED TO THE CONTENT OF THE PRODUCT; iii. STATE
5 LAW RELATING TO THE CONSTRUCTION OF INSURANCE CONTRACTS; OR iv.
6 THE AUTHORITY OF THE ATTORNEY GENERAL OF THE STATE, INCLUDING
7 BUT NOT LIMITED TO MAINTAINING ANY ACTIONS OR PROCEEDINGS, AS
8 AUTHORIZED BY LAW.

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

11 2. BINDING EFFECT OF THIS COMPACT

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

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

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

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

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

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