



*Colorado Legislative Council Staff*  
**NO FISCAL IMPACT**

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<b>Drafting Number:</b> LLS 04-0044	<b>Date:</b> January 13, 2004
<b>Prime Sponsor(s):</b> Sen. Owen Rep. Williams T.	<b>Bill Status:</b> Senate Business Affairs & Labor <b>Fiscal Analyst:</b> Todd Herreid (303-866-2633)

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**TITLE:** CONCERNING ENACTMENT OF THE "INTERSTATE INSURANCE PRODUCT REGULATION COMPACT".

### **Summary of Assessment**

This bill establishes the Interstate Insurance Product Regulation Commission (commission) as a multi-state compact to receive and review product lines; approve product filings; and develop uniform standards for group annuity, life insurance, disability income, and long-term care insurance. The commission is a not-for-profit entity, separate and distinct from the individual compacting states, but is considered an instrumentality of the compacting states. The bill binds a compacting state, upon legislative enactment of at least 2 or more states, and clarifies that uniform standards of the commission are binding only after 26 states join the compact or after states representing 40 percent of the premium volume for designated insurance products join the compact.

Based upon a model developed by the National Association of Insurance Commissioners (NAIC), the purpose of the commission is to:

- promote and protect the interests of consumers of insurance products;
- develop uniform standards for insurance products;
- establish a central clearinghouse to review insurance products and related advertisements;
- provide regulatory approval for insurance product filings and related advertisements; and
- improve regulatory coordination between state insurance departments.

The bill appoints the Insurance Commissioner as the state's representative to the Interstate Insurance Product Regulation Commission. It also outlines the powers and duties of the commission, the requirements for insurers and third parties seeking to have products approved by the commission, the appeals process for product filings that are not approved, and the procedures for states to withdraw from the compact. In addition, the commission will receive funds from the NAIC and filings fees imposed upon insurers. The commission will be exempt from all taxation in the compacting states.

The bill is not expected to affect state or local government revenues or expenditures. The bill is therefore assessed as having no fiscal impact and is effective 90 days after final adjournment of the General Assembly (August 4, 2004), unless a referendum petition is filed.

### **Departments Contacted**

Regulatory Agencies